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Appropriations Committee
March 03, 2015

[LB108 LB110 LB154 LB417 LB436 LB496 LB532 LB533 LB560 LB593]

The Committee on Appropriations met at 1:30 p.m. on Tuesday, March 3, 2015, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB154, LB532, LB533, LB560, LB417, LB110, LB593, LB496, LB108, and LB436. Senators present: Heath Mello, Chairperson; Robert Hilkemann, Vice Chairperson; Kate Bolz; Ken Haar; Bill Kintner; John Kuehn; Jeremy Nordquist; John Stinner; and Dan Watermeier. Senators absent: None.

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

SENATOR KINTNER: Hi, I'm state Senator Bill Kintner from Legislative District 2, which is the rural part of Sarpy and Cass County, all of Cass County. Thank you.

SENATOR MELLO: Sitting next to Senator Kintner who will be joining us shortly is Senator Jeremy Nordquist, representing the 7th Legislative District in downtown and south Omaha.

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

SENATOR HILKEMANN: Robert Hilkemann, District 4, west Omaha.

SENATOR STINNER: John Stinner, District 48, Scottsbluff.

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

SENATOR MELLO: Sitting next to Senator Bolz is Senator Ken Haar, who's walking in the room as we speak, representing District 21 in northwest Lancaster County.

SENATOR WATERMEIER: Dan Watermeier, Syracuse.

SENATOR MELLO: Assisting the committee today is Rachel Meier, our committee clerk; and Julia, our committee page. Our fiscal analyst for the day is Kathy Tenopir. On the tables in the back of the room you will find some testifier sheets. If you're planning on testifying today, please fill out one of the sheets and hand it to Rachel when you come up to testify. It helps us keep an

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accurate record of today's public hearing. There's also a sign-in sheet on the cabinet if you do not wish to testify but would like to record your position on a bill or a specific budget item. If you have any handouts, please bring at least 11 copies and give them to the page when you come up. If you do not have enough copies, Rachel or Julia will help you get them. During the portion of the day that is the public hearing on legislative bills, we will begin bill testimony with the introducer's opening statements. Following opening statements, we will hear from supporters of the bill, then those in opposition, followed by those speaking in a neutral capacity. We will finish with a closing statement by the introducer if they so choose to give one. We ask you begin your testimony by giving us your first and last name and spelling it for the public record. When we hear testimony regarding state agencies we will first hear from a representative of that state agency. We will then hear testimony from anyone else who wishes to speak on the agency's budget request. We will be using the five-minute light system today for all testifiers other than the introducer of a bill or an agency representative. When you begin your testimony, the light on the table will turn green. The yellow light is your one-minute warning. And when the red light comes on, we ask that you wrap up with your final thoughts. As a matter of committee policy, I'd like to remind senators that the use of cell phones and other electronic devices is not allowed during public hearings. And at this time I would ask all of us, the audience, including senators and staff, to please look at our cell phones and make sure that they are on silent or vibrate mode. With that, at this time we'll begin today's public hearing on Agency 51, the University of Nebraska.

(AGENCY 51, University of Nebraska Budget Hearing)

SENATOR MELLO: Seeing no one else wishing to testify, that will close today's public hearing on Agency 51 and take us to our first of ten bills this afternoon and evening, starting first with LB154, Speaker Hadley. [LB154]

SENATOR HADLEY: Senator Mello, members of the Appropriations Committee, my name is Galen Hadley, that's G-a-l-e-n H-a-d-l-e-y. I represent the 37th District, which is basically the city of Kearney and part of Buffalo County, and I'm here to talk to you about LB154, which is the economic competitive package. I won't take a great deal of time but I think this is an important bill. And I want to quote a little bit from a report that was put out. It was called "A New Paradigm for Economic Development," a very interesting report put out by SUNY in New York. SUNY in New York, I believe, has 64 campuses across their state. And they looked at how higher education could be involved in economic development and they put out a report on the new paradigm. They found the importance of innovation in the economy is giving rise to a new model for state economic development programs, one in which the development and distribution of knowledge is at least as important as the more traditional incentive programs. As you know, in the state of Nebraska and in the Legislature, we have worked, whether it be in infrastructure development, utility development, tax incentives, to help economic development in the state.

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This report really highlights that there is another part to this now. This part is the fact that higher education institutions rely on a combination of four factors to try and influence economic development. They do that through: innovation--which I think is interesting because we have an Innovation Campus--that is using their research power to create knowledge that can have economic impact and then actively working to help move new ideas to the marketplace; knowledge transfer, we have transfer programs; an activist role in revitalizing the communities of the state; and their core mission of producing the educated populace that's need to build, run, and work in an innovation economy. This is an outgrowth, really, of why universities started, especially out in the western part. The Morrill Act of 1862 was a Wisconsin idea, was the idea of having university have an obligation to engage and serve their states and communities. Economic development by universities is an outgrowth of that. There's promise...there is, report said, there is promising evidence of new investment, new companies, new jobs being created through higher education. The report basically talks about a model in which knowledge is the lead incentive that states offer businesses they want to attract and grow, while it is the other incentives that are now the extras. In essence, in a lot of states the model has shifted from tax incentives, TIF financing, such as that, to basically economic development through technology that universities have. Now what do we have in the state of Nebraska. Well, I was looking at this. I thought to myself we have an ag economy. I've heard one out of three jobs are directly or indirectly related to ag economy. So I looked up seed corn. Senator Watermeier, Senator Kuehn, I think you understand what seed corn is, right? But I actually looked up the definition. This comes from the college...Collins English Dictionary. The first definition is the agricultural definition: the good-quality ears or kernels of corn that are used as seed. You have to use those, don't you? You're not going to have a crop without using seed corn, investing in seed corn. The second definition of seed corn that I found is assets or investments that are expected to provide profits in the future, and that's exactly what this bill is. It's an investment that will provide profits in the future. It's an investment that will provide jobs, companies, tax revenues in the future. And I thought of it in terms of like seed corn that we've kind of got the shell of the seed right now because we have the Peter Kiewit Institute, the Innovation Campus, the Building a Healthier Nebraska health science programs, the Rural Futures programs, the National Strategic Research Institute. We have STEM programs, we have the Nebraska Advanced Medical...Biomedical Technology Innovation and Discovery Institute, the Nebraska Business Development Initiatives, the veteran work force development initiatives. So we have the shell, but now we have to put the items in the shell to make it the best kernel of seed corn that we can, and that's what this bill is about is giving funding to fill that shell up so that we can go out and do our best. We are constantly hearing that we want to keep young people in Nebraska. We want to keep people who are graduating from the university tech schools to stay in Nebraska. We want to grow Nebraska businesses. We want to have other businesses come to Nebraska, all with the idea of growing our economy. And when we grow our economy, we grow the tax base. When you grow the tax base, you have the ability eventually to lower taxes, because as you grow the tax base, you take more in, you can lower the tax base. So again, I think this is a program that is filling in the shell. We have a great shell in the

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University of Nebraska system right now. Now the money is needed to fill that in. And I know the question has come up: Well, what's some money going to be used for? I think there's nothing wrong, after you fund this, is to put a part in there that says there will be a yearly report of what this is used for, how does it work out. I think President Linder mentioned and I mentioned the other night, I think this is a dual-edged sword. The Legislature has...needs to fund the university at a level as much as we can, given everything else that we have to do. But it's also then up to the university to use those funds appropriately to get the best return we can for the state of Nebraska. I know there's some people behind me to talk a little more about it, but I would be happy to answer any questions you might have on this important project. [LB154]

SENATOR MELLO: Thank you for your testimony, Mr. Speaker. Are there any questions from the committee? Senator Haar. [LB154]

SENATOR HAAR: Yes, thank you. When we went through this, the first round, as Appropriations Committee, we went through this sort of item by item by item. But you're suggesting kind of the lump sum and then the university decides where to put that money. [LB154]

SENATOR HADLEY: Yes. Senator Haar, I think you want flexibility. We hear of delays in construction or changes in priorities, and I think this allows the university some flexibility. And I thought a lot about this too. We elect a Board of Regents, the people of Nebraska elect, just like they elect us. They charge them with running the university. So I see them making the best decisions they can. Now I see the Legislature having an oversight. If you want \$20 million or more a year, which it will eventually be, to fund these type of things, I think there's nothing wrong with saying we're not going to ask you to tell us up-front, but we're certainly going to ask you after every year of what did you use the funds for and what was the return. What happened? What happened to the Rural Initiatives Program? You put some money in; did it help? Innovation Campus, the program out at Kearney for healthcare, is it putting out more students? Are they staying in rural Nebraska? So I think you could either constrain the university up-front by saying tell us what you want to use it for, or you put in concepts that says after you've used it, you come and tell us what you used it for. I hope that answers your question. [LB154]

SENATOR HAAR: Uh-huh. It does. It does. But maybe I can piggyback then, because earlier I asked the question. And I handed over the sheets we had acted on here in the preliminary budget, so maybe that kind of answers the question then that I had of, instead of going over each of these items and looking at them, you're suggesting the Regents and the university decide how to spend that. [LB154]

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SENATOR HADLEY: I...basically, what do we give them? I'm not very good with numbers but is it quite a bit of money every year to run the university through General Funds, don't we? [LB154]

SENATOR HAAR: Yeah. [LB154]

SENATOR HADLEY: And we basically do not sit down and say...I do have a couple ideas for UNK that I'll chat with you later about, but other than that, (laughter) I have no other ideas. [LB154]

SENATOR HAAR: And then finally, you said four points and I only have three down. When the... [LB154]

SENATOR HADLEY: Oh. [LB154]

SENATOR HAAR: One the Innovation, knowledge transfer, activist role in community, and what was the fourth? [LB154]

SENATOR HADLEY: And core...a core mission of producing the educated populace... [LB154]

SENATOR HAAR: Okay, right. [LB154]

SENATOR HADLEY: ...that we need to build, run, and work in the innovation economy. [LB154]

SENATOR HAAR: Okay. Thank you. [LB154]

SENATOR HADLEY: Just one last thing. You know, Senator Mello and number of us were on a committee this summer where we looked at the economic incentive programs and what we're spending on economic. Senator Watermeier was on the program. You know, we're spending a lot of money, a lot of money on economic incentive programs. I think you would find that \$20 million is probably a relatively small amount compared to what we're spending on other economic incentive programs. [LB154]

SENATOR MELLO: Senator Hilkemann. [LB154]

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SENATOR HILKEMANN: Senator Hadley, so you're asking basically \$10 million, a total of \$30 million in this appropriation. [LB154]

SENATOR HADLEY: Uh-huh. [LB154]

SENATOR HILKEMANN: Up and above, we've just heard the university say that they don't want...they're afraid if they increase the tuition too much it's going to hurt them in getting in it. So they've asked this Appropriations Committee to add another 8 percent to their budget. [LB154]

SENATOR HADLEY: Uh-huh. [LB154]

SENATOR HILKEMANN: This is up and on top of that 8 percent. Is that correct? [LB154]

SENATOR HADLEY: Yes, that's my understanding. [LB154]

SENATOR HILKEMANN: And you're saying that they should have no restrictions as to where that is applied. [LB154]

SENATOR HADLEY: I am saying that I trust the university to spend it appropriately and then report to us, for us to work on an oversight basis. [LB154]

SENATOR HILKEMANN: Okay. [LB154]

SENATOR MELLO: Thank you, Senator Hilkemann. I think just for the public record, I think that 8.8 percent and 8.3 percent includes... [LB154]

SENATOR HADLEY: It does include. I'm sorry, I... [LB154]

SENATOR MELLO: ...I think this, this proposal, I believe. [LB154]

SENATOR HILKEMANN: Thank you. [LB154]

SENATOR HADLEY: Yeah. Yeah. [LB154]

SENATOR MELLO: Senator Stinner. [LB154]

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SENATOR STINNER: That's what I wanted, to correct that. [LB154]

SENATOR MELLO: Okay. [LB154]

SENATOR HILKEMANN: Okay. [LB154]

SENATOR HADLEY: I put those little things out there just to make sure you're paying attention as I talk up here. (Laughter) [LB154]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Mr. Speaker. [LB154]

SENATOR HADLEY: Thank you. [LB154]

SENATOR MELLO: We'll first take proponents for LB154. [LB154]

JAMES LINDER: Did we lose our Chair? [LB154]

SENATOR HILKEMANN: He'll be back. [LB154]

SENATOR KUEHN: He's taken over. You're good. [LB154]

JAMES LINDER: (Exhibit 1) Oh, okay. Well, a protocol question and, for the record, I'll first state my name as Dr. Jim Linder, L-i-n-d-e-r, interim president of the University of Nebraska. And my protocol question is several of the concepts that are in my testimony for LB154 we addressed during the Q&A, and is it sufficient to have the written testimony as part of the record so I could avoid reading that? I can abridge my comments and save you some time. [LB154]

SENATOR HILKEMANN: I would appreciate, I think the committee would appreciate if you'd abridge your comments. [LB154]

SENATOR STINNER: Absolutely. [LB154]

JAMES LINDER: Thank you. So first I want to thank Speaker Hadley for sponsoring this important legislation. I have significant involvement in business and I appreciate the impact that you can make if you have a well-constructed plan that you anticipate what the return would be.

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And so I want to spend just a few minutes reviewing the full proposal because I think that is essential for us. We do want to create companies in the state so that young people like Kevin Knudson can have jobs that stay in Nebraska when they finish. And really, that was the thinking that drove the concepts behind LB154 and our effort to incorporate into that plan funding that would touch every aspect of Nebraska, large and small cities. And we can build on economic strengths, as has been summarized in some of the editorials that the leading newspapers in Nebraska have opined upon, and you'll see those in the booklet that we provided to you. What this \$20 million does is really allow the university to pursue economic competitiveness initiatives, building on many of the strengths that are already present in the university, whether that's Innovation Campus, PKI, our activities in Rural Futures Institute, because we are already doing some activities in that area, many times through the reallocated dollars that we've done, but those initiatives are not always enough. Now I want to stress there's a strong business case for this investment because it has the potential for work force development, recruiting new talent to our state, recruiting companies to our state, job creation, and educational opportunities. So we thought we should begin to get a handle on what the impact would be and so we asked Jerry Deichert, director of the Center for Public Affairs Research at the University of Nebraska-Omaha, to conduct an economic analysis on what this competitive package would be. He projects it would create more than 1,100 jobs, generate \$58 million in labor income, and have \$108 million impact on the state's economy in fiscal year 2017. So his analysis points to a five-to-one return on our \$20 million "requestment." And details of Jerry's report are included in your binder of information that we provided to you. So these are the reasons why I think this proposal is important for the state of Nebraska and it incorporates several different areas, many of which we've talked about today. And I'll be brief in highlighting those again. The Health Science Complex at Kearney is just a pivotal asset for central Nebraska because it allows to train more allied health professionals and nurses that would work in this part of the state if they're trained in this part of the state. We've put together a magnificent facility in central Nebraska at the Health Science building, but there currently is not funding for personnel to work in this building. And a portion of this request addresses those needs. Second is Nebraska Innovation Campus. The state provided an initial capital investment that we've been able to leverage with significant private sector funding to put the infrastructure in place for Innovation Campus. If you talk to people who have expertise in looking at the way these campuses evolve, they will say that we are ahead of schedule. And that's shocking to many people because they think Innovation Campus should be done in three years, whereas these type of activities typically run 20 years to fully build them out. The experience we've had so far has been very positive. University took the step of moving the Department of Food Science and Technology to Innovation Campus to serve as a magnet to draw in companies that want to work in that area, since the focus of Innovation Campus is food, fuel, and water. And we have ConAgra who is there now and just announced three new partners: Hastings HVAC, Echo Canyon Services, and Quantified Ag, who will move later this year. So by the time the summer has rolled around, you'll see the Innovation Campus bustling with students and faculty and companies that are trying to expose our students to real-world activities.

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And we think this will lead to more companies coming to Innovation Campus and attracting students. The third part of our request was the Peter Kiewit Institute, and this is an activity that I'm certain all of you are familiar with, either from the media coverage or through past budgetary actions. It's been a keen focus of the Board of Regents because every indicator and every message that we get from the business community in Nebraska is they need more people who are trained in engineering and information technology skills. And Peter Kiewit Institute, which houses the College of Engineering from UNL and the College of Information Science and Technology from UNO, is really poised to meet that need. So we've been candid with ourselves about where PKI is succeeding and where it needs to do more. President Milliken commissioned a study of PKI when he was still in office and that led to a strategic plan that the chancellors are implementing. They changed the governance of PKI. It laid out an initiative to grow enrollment and grow the faculty and increase research activities that would be meaningful to companies that are located in Nebraska. And the plan is actually already having an impact. The enrollment in the College of Engineering grew 8.5 percent this year and the enrollment in the College of Information Science and Technology grew by 13 percent, both well above our goals and above national averages. It just goes to show that if you put great programs in an institution, students will come, and many times those will be out-of-state students that are attracted to getting this type of education. We think this will go a long ways in meeting work force needs in Nebraska. We talked quite a bit about the Rural Futures Institute and I won't belabor this other than underscoring the obvious fact that Nebraska is principally a rural state. So we have an obligation to try and grow those communities in rural Nebraska. And Chuck Schroeder, who is executive director of RFI, will use the money to hire faculty who are expertised in working on these problems. And what we learn in Nebraska won't just be confined to Nebraska. We can take a leadership role in the country on how you address rural issues. The fifth activity that I, again, mentioned earlier is the National Strategic Research Institute. This is really a gem because we have 1 of 13 university-affiliated research centers in the country. Through our partnership with U.S. STRATCOM, we're working on technologies to develop the detection of chemical and biologic weapons, advanced vaccines, to detect nuclear forensics in the case of a terrorist act, consequence management, and space law. And these activities are key to the security of our country. This is entirely a defensive activity. But by having NSRI as part of the University of Nebraska system, private enterprise wants to be in Nebraska and work closely with them. And in that last regard, we're exploring business engagement and work force development opportunities to drive economic growth. One of the key ones is a new biomedical institute, which will be jointly led by UNMC and UNO, and provide new opportunities for faculty to develop their technologies. It will also be synergistic with a discussion that you'll soon have about the advanced interprofessional education program that builds on simulation. So much of that is dependent on software and faculty invention. We think these programs will synergize each other. So we're doing what we can, not in just our large cities but in throughout Nebraska. We're talking about developing "maker spaces" both at UNO and UNK that are extensions of the "maker space" that is emerging at University of Nebraska-Lincoln. So as we've talked about there has

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been an ambitious package put forward and we believe that it can have a strong return for the state, and as Speaker Hadley mentioned, we have no hesitation in being required to report what that return is so that you can be assured that we're using those dollars well. So with that, I will conclude my testimony and happily answer any questions that you might have. [LB154]

SENATOR HILKEMANN: Senator Haar. [LB154]

SENATOR HAAR: Yes. Just I'm hearing some different numbers here. It looks to me like LB154 is asking for \$10 million the first year and \$20 (million) the second. So it's not just \$20 (million). Is that correct or...? [LB154]

JAMES LINDER: It's \$10 million the first year, \$10 million the second, so it's rolling \$20 (million). [LB154]

SENATOR HAAR: Oh, okay. That's... [LB154]

JAMES LINDER: I think that was a confusion earlier about \$20 versus \$30. [LB154]

SENATOR HAAR: Okay. And then I know some of these, but to what extent are these really private-public partnerships? [LB154]

JAMES LINDER: So that's a very good question and I can look at...this is the list that you have. [LB154]

SENATOR HAAR: Yes. [LB154]

JAMES LINDER: And for several of these I can give you concrete examples. For others they may be not within my knowledge base because they happened before my ten-month tenure. PKI would not exist were it not for the private sector. The building was built there by privately donated funds. Many of the students who study there study on so-called Scott Scholars and they're attracted to come to PKI because of that funding. These are all students who have ACT scores in the 34 to 35-36 range. They could go anywhere they want but we're able to provide them that kind of scholarship support. PKI as a physical structure is bursting. We have plans to recruit faculty in engineering and IS&T, and there literally are not offices for them. And in the private support category, as we're building a new dormitory at the UNO campus, we negotiated with a donor to donate a floor that could be used extensively for education space supported by private funds. That's PKI. Innovation Campus, the private developers who are working with us there have put a lot of their capital at risk to build the infrastructure that is there and ConAgra

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and other partners, you know, are part of that public-private partnership through ongoing relationships, for example, with the College of Business. On...those are clearly two examples. Building a Healthier Nebraska, the facility at UNK includes private dollars, aside from the state appropriation that came in there, and there are separate endowed chairs and professorships that people are setting up at UNK to help support faculty who teach there. One thing to understand about an endowed chair and professorship is that it rarely covers the entire salary. Because if you have a \$1 million endowment it would typically generate, you know, \$40,000 to \$50,000 of spendable money, and you might be paying somebody \$100,000 or more. But what it does is offset the need for tax dollars to recruit that person or it provides money that they can use to support their own program. So I would say it's pervasive that we have public-private activities in these economic activities, which is reflected in the fact that I think the State Chamber, the Lincoln Chamber, and the Omaha Chamber all wrote in support of this bill. So those are entities usually that are sensitive to expending tax dollars, but they see the value of this. [LB154]

SENATOR HAAR: Uh-huh. [LB154]

JAMES LINDER: I do have the answer to your question about some of the numbers that seem disparate. [LB154]

SENATOR HAAR: Yeah. Yeah. [LB154]

JAMES LINDER: It should have been \$2 million on the Health Science, not \$1 (million), as was in the report. And the PKI and Innovation Campus were simply switched between the \$4.5 and the \$4.0. Otherwise, everything... [LB154]

SENATOR HAAR: But it all adds up to this package. [LB154]

JAMES LINDER: It all adds up to \$20 (million). Yes, sir. [LB154]

SENATOR HAAR: Will any of those professorships pay as much as coaches' jobs or...? (Laugh) [LB154]

JAMES LINDER: No. No, I wish academic professors were paid as well as coaches, as an academic professor. [LB154]

SENATOR HAAR: So do I. [LB154]

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SENATOR HILKEMANN: Dr. Linder, a question I have for you is, you know, when we...what concerns me about this, we would allocate \$30, is this going to end up just like foundation funds which sort of get absorbed into the university? You know, we just...we're told we have \$2.3 billion in a foundation. We find that maybe 1 percent of that foundation goes to continuing on cost of the education. Is that same thing going to happen with money like this? [LB154]

JAMES LINDER: So let me first be clear if I gave you a misunderstanding of the foundation funds: 1 percent is discretionary cash; the other 99 percent supports the university on an ongoing basis, but it may be targeted activities. For example, my wife and I donated money for a nursing scholarship. It only goes for nursing students. Chancellor Gold cannot use it for some other purpose. [LB154]

SENATOR HILKEMANN: Right. [LB154]

JAMES LINDER: So the request of \$10 million for each year in the biennium would fund these activities. And as we do with Program of Excellence money, when central administration allocates it to a campus, we require they report on how they did it so it doesn't get lost. And if it appears that they're not using the money wisely, we have no hesitation toward, you know, reallocating that money. So if one of the activities that are laid out here was not as impactful as another one, I'm sure that President Bounds would take that action. [LB154]

SENATOR HILKEMANN: Okay. [LB154]

SENATOR MELLO: Thank you, Senator Hilkemann. Senator Haar. [LB154]

SENATOR HAAR: Well, once again, I hear two numbers, and Senator Hilkemann just said \$30 million, but in the bill that we caught, LB154, the copy, it says \$10 million from the General Fund for 2015-16 and \$20 (million) from the General Fund for '16-17. [LB154]

JAMES LINDER: And if I... [LB154]

SENATOR HAAR: But it's \$10 and... [LB154]

JAMES LINDER: ...you have...you're picking up the \$10 from the first year and you're adding \$10 in the second year, so it is \$20... [LB154]

SENATOR HAAR: Total. [LB154]

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JAMES LINDER: ...\$20 total. [LB154]

SENATOR HAAR: Twenty total, not thirty, yeah. [LB154]

JAMES LINDER: Yeah, not \$30. [LB154]

SENATOR HAAR: Yeah. Okay. Yeah. [LB154]

JAMES LINDER: So the subsequent year would not be \$30. It would still be \$20. [LB154]

SENATOR HAAR: Okay. Gotcha. [LB154]

SENATOR MELLO: Any other questions from the committee? Senator Kintner. [LB154]

SENATOR KINTNER: You know, in the mid-1950s, my father was working on his master's degree at University of Louisville in Kentucky, and he did his master thesis on, I think, heat coils. And they got some research money from, I think, Reynolds Metals or General Electric or somebody, and there was some economic spin-off from what they did. I don't know who benefited. But the point was, there wasn't any taxpayer money. There was...it was private money and they did what they did and he wrote his thesis and went on to that nice career at General Electric in the aircraft engine group as an engineer. When did all this tax money come in for research and economic development? Is that '80s or '90s or '70s? When did that start to just think, hey, if we put taxpayer money, which, by the way, we take at the point of a gun. You pay your taxes or you go to jail, so we're literally taking this money at the point of a gun. If you don't pay your taxes, we're going to arrest you and put you in jail. So we're forcibly taking this from people and we're spending it on the common good. And you're making the case that you're part of the common good and we're going to return some economic value for it. When did we start looking at it as economic development through the university? [LB154]

JAMES LINDER: I think a lot of the discussion about economic development related to research, whether it's heat coils or something else, is talking about more federal grant dollars or, in some instances, sponsored research agreements between a company and the university. And those dollars, and we talk about the fact that the university of Nebraska is a \$400 million research enterprise, those are largely not tax dollars. And those dollars are rigorously defined as to what they can be spent on. If you get an NIH grant to study E. coli, you've got to study E. coli. You can't decide to go do something else with it. The proposal that we've put forward to you does request we use tax dollars and we are targeting those dollars to be spent on what we believe are industries that we want to grow more rapidly in Nebraska because, as you can see, we're

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spending currently \$13.5 million of our reallocated monies on these initiatives. We just think there are gaps where we could do better. [LB154]

SENATOR KINTNER: If we gave you the full, the asking amount, the full amount that you wanted, there would be virtually...I don't think there would be money left over for tax relief. There would be no tax relief. We would remain...the rates would stay right where they are. Is there any concern that at some point we kill the golden goose and that, you know, at some point companies are going to say, well, jeez, why would I come to Nebraska? I can be in Kansas or South Dakota with no income tax, or Colorado. Or any of those states would be a little bit better in some ways, maybe not all ways, than us. We have some things that are benefits here that aren't money but they're benefits that...is there a concern that we're not going to be a competitive state in terms of attracting businesses... [LB154]

JAMES LINDER: You know... [LB154]

SENATOR KINTNER: ...in terms of our tax policy, other things? [LB154]

JAMES LINDER: Yeah, tax policy. So I mean I have to first say I'm absolutely positively not an expert in tax policy and I hear the dialogue and I realize where Nebraska sits in terms of total tax burden. At the same time, you know, you pick up many publications and they talk about how good it is to do business in Nebraska, Lincoln and Omaha, with our current tax rates. So there's a disconnect there in my mind that I don't understand. I do subscribe to the comment that Speaker Hadley made that if we can grow and have more businesses that are supporting that tax burden then that does create the opportunity to lessen taxes for individuals. But again, I'm not an expert in tax policy and I don't know where the tipping point is. [LB154]

SENATOR KINTNER: Yeah, I have to listen to the chamber of commerce and, yeah, you know, I'm not an expert either. I'm listening to people that deal with it every day. But, yeah, I'm trying to wrap my brain around this whole thing and see where it all fits in. Thank you very much for your candid responses. Appreciate it. [LB154]

JAMES LINDER: You're welcome. [LB154]

SENATOR MELLO: Any other questions from the committee? Senator Kuehn. [LB154]

SENATOR KUEHN: Thank you, Senator Mello. Dr. Linder, just one of the things that's bothering me a little bit is just the lack of a desire to prioritize any of these initiatives. So hypothetically, if we were to decide as a body that we felt this was worth a \$10 million

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investment or a \$5 million investment, it's a little troubling to me. Because as I look at this list of priorities, I know that both to me, as a legislator, and to my constituents, there's a wide variability of what we would consider to be good investments,... [LB154]

JAMES LINDER: Right. [LB154]

SENATOR KUEHN: ...some stronger than others. So my concern is just the lack of a desire for the university to prioritize these or to allow us to. I understand the idea of letting the Regents make those decisions and use...make those decisions wisely, but ultimately, we have the purse strings and are accountable to that. So when I balance the importance of filling the facility at UNK, which is a great building, a great facility and undoubtedly will return very quickly with an additional \$2 million, that's a no-brainer to me. When I look at balancing that with an additional \$2 million for STEM education, knowing that pretty much everything in higher ed right now is noun, verb, STEM, and ask for funding, they're not equivalent to me. And so I guess I have concerns. Could you give us a little bit more guidance as to why you feel it's not appropriate to give this body a prioritization or to provide some sort of ranking scheme for these relatively costly projects? [LB154]

JAMES LINDER: Yes, very fair question. If I think back to the historic development of the budget requests that the Regents approved, we put together initially, in May of 2014, the general areas we wanted to work on. And that came to a \$20 million total request over the biennium. Then at the fall meetings of the Regents we tried to give them more granularity on how we would spend that money without asking the entities that were involved to develop a detailed program statement, because the risk is they get nothing. And so we didn't want to create the expectation that you're going to get \$2 million or whatever when it might not happen. So I think it's, in acknowledgment of your point, there clearly are areas that we've got to do. You can't open an empty building at UNK with nobody to teach there. And in that same regard, it would be highly desirable to have money to fund its operating and maintenance, which we have in our Agency 51 request. So we would be guided by what was appropriated. We would ask the entities who are reflected here what they would do with the money. Do they have alternative money that they could use? Senator Haar's comment about the private sector, you know, if the private sector was willing to step up on one of these initiatives, that would free the state dollars for something else and we would again be happy to report to you, prior to a dollar being spent, what we were going to use it for and then report on its effect at some time in the future. [LB154]

SENATOR KUEHN: So then would you be acceptable if this appropriation came with a sunset that said if this committee evaluates and determines that this appropriation is worthy of ongoing, we would have to actively renew that? [LB154]

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JAMES LINDER: As long as we could decide the criteria for that, I would say yes. You know, you'd be...these are ongoing funds so we would be hiring people to do this work and we would, you know, we wouldn't want to tell the nursing and PA instructors out at Kearney that they no longer have a job or some of the other initiatives. And some may be shorter lived. You know, some of the STEM initiatives actually are folded into what we're doing with the high school and software and things like that, so they could be available for reallocation. [LB154]

SENATOR KUEHN: And that's one of my concerns also. Your budget request included a \$1.8 million deduction for pediatric cancer research that then you asked to just be reallocated to your base. So you know, the optometry program was gotten rid of but then reallocated. And so that becomes another one of my questions with the lack of oversight and prioritization for this committee, is the program was eliminated and the appropriation remained. And so now certainly some of these programs, I would agree, are short term; others, such as the UNK Health Science facility, is a long-term, quick turnaround investment in outstate Nebraska. So I guess that again is part of my concern over how we're handling and approaching this appropriation is, you know, when we have satisfied our need in the STEM programs, does that additional \$2 million to the base just stay and we have another request for, yeah, the program is gone, but it goes into our base and we don't deal with it anymore. So one of my concerns with regard to how this particular set of initiatives is being approached, especially in light of other elements of your request, such as the \$1.8 million and the, what was it, \$150,000 optometry program that is no longer in existence but asked to be in your base, so. [LB154]

SENATOR MELLO: Thank you, Senator Kuehn. Are there any other questions from the committee? Seeing none, thank you, Dr. Linder. [LB154]

JAMES LINDER: Thank you very much. [LB154]

SENATOR MELLO: Next proponent for LB154. [LB154]

BART RUTH: (Exhibit 2) Chairman Mello and members of the committee, my name is Bart Ruth, B-a-r-t R-u-t-h, and I am the incoming president of the Ag Builders of Nebraska. I'm the sixth generation to live on the Ruth homestead in Butler County, and a University of Nebraska graduate. I'm pleased to be here today, on behalf of the Ag Builders membership, to speak in enthusiastic support of LB154. We believe this bill has important implications for the success of Nebraska agriculture and our state's overall economic competitiveness. The University of Nebraska has been a vital partner to agriculture in our state since the university was founded almost 150 years ago. The campuses have a long and successful history of helping Nebraska farmers and ranchers become more productive and more efficient in feeding people in our state and around the world. With the university's continued support, Nebraska is now poised to take a

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leading role in meeting the world's food, fuel, and water needs of the future. We would not be in that position without the expertise and talents of faculty and students from the University of Nebraska system. Senators, your support is a key reason why the University of Nebraska has been so successful in helping to advance Nebraska agriculture. I want to express my appreciation to members of the Legislature, and this committee in particular, for providing a stable level of state support that has allowed the University to recruit talented faculty, keep tuition affordable, and attract top students; and invest in important priorities that move our state forward. Your support is paying great dividends. Enrollment in the College of Agricultural Sciences and Natural Resources is reaching record levels, a bold agenda for research growth is in place, and innovative programs are building a new generation of agricultural and natural resources entrepreneurs for Nebraska. The Nebraska College of Technical Agriculture in Curtis also is a key component of this year's budget request. Underfunding has long been a challenge for NCTA and the university is seeking \$1 million more in state support over the next two years to move faculty and staff salaries closer to market averages, hire a critically needed veterinarian and meat science instructor, update classrooms and laboratories, and improve farm practicum technology and equipment used for teaching. Put simply, a strong university system means strong Nebraska agriculture. That partnership is in place today and we have an opportunity and an obligation to be even more in the future. The investments proposed in LB154 would have a significant impact on economic growth in Nebraska. The Ag Builders are supportive of all the components of this legislation, though I would specifically thank you for your support of Innovation Campus in your preliminary budget recommendation. Agriculture is one of the core themes of Innovation Campus, and the research that would be done there in food science, plant science, biotechnology, nutrition, and many other areas has enormous potential for advancements in our field. This is the kind of project that is a game changer for the state and will have a substantial ripple effect. Innovation Campus will help us attract new talent to our state, foster job growth and business development, and lead to the development of new products and technologies that help feed the world. I'm very excited about what's already happening there and foresee a very bright future. Another area of interest in LB154 is support for the University of Nebraska's Rural Futures Institute. The RFI, which engages NU faculty and partners around the state, builds local leaders who seek and develop economically, socially, and culturally vibrant communities. Since its creation in 2012, the Rural Futures Institute has awarded about two dozen grants to faculty and external partners to pursue teaching, research and engagement projects focused on topics important to rural communities, including work force development, healthcare, leadership and engagement, and agricultural entrepreneurship. The institute's current budget supports limited personnel and programming. Additional investments would advance the institute's mission to become a globally recognized center for issues related to rural development. Additional funds would identify faculty experts in research, education, engagement, public policy, cultural advocacy, and continue the faculty grant program. Other components in the university's economic competitiveness proposal have tremendous potential for economic development in Nebraska as well. Our membership is tremendously excited about what the university is doing to

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serve our state and grow the economy. On behalf of the Ag Builders of Nebraska, I strongly encourage you to invest in our state's continued economic competitiveness by providing support to the University of Nebraska for the initiatives outlined in LB154. Thank you for your time today, and I would be happy to respond to questions. [LB154]

SENATOR MELLO: Thank you for your testimony, Mr. Ruth. Are there any questions from the committee? Senator Haar. [LB154]

SENATOR HAAR: Well, one of the things that kind of keeps coming up is it's almost like back to the basics. Should the university just be teaching, you know, students or is there this service and this research and this economic component to it? How do you see it? [LB154]

BART RUTH: Well, as someone engaged in day-to-day agriculture, I think there's a critical need for all of that. We need highly educated young people coming back to America's farms and ranches. The technology has gotten to the point where it takes quite a bit of background knowledge not only in mechanics but engineering, mathematics, computer science, all those things, to work on a farm today. And I think as we've seen over the past few years, production agriculture has been tremendously successful. But I'm not sure the same is true for our rural communities who are still languishing with poor job opportunities, poor Internet access, all those things that really need to happen to make this state competitive globally. So I think we need to work hand in hand with the education side as well as developing economic activities within our state. [LB154]

SENATOR MELLO: Thank you, Senator Haar. Any other questions from the committee? Seeing none, thank you, Mr. Ruth. [LB154]

BART RUTH: Thank you. [LB154]

BRUCE BOHRER: (Exhibit 3) Good afternoon, Chairman Mello, members of the Appropriations Committee. My name is Bruce Bohrer. I'm the executive vice president and general counsel, as well as the registered lobbyist, for the Lincoln Chamber of Commerce. For the record, my last name is spelled B-o-h-r-e-r. I'm happy to be here today in support of LB154. I'm here on behalf of the Lincoln Chamber of Commerce and also the Greater Omaha Chamber of Commerce. And as you've already heard, I know that the State Chamber of Commerce and Industry has also submitted a letter of support. You should also have received letters of support from David Brown from the Greater Omaha Chamber, as well as from Lincoln Chamber President, Wendy Birdsall. Our chambers are supportive of LB154 because we understand the essential role the University of Nebraska and programs identified under LB154 plays in advancing our state's economic growth and competitiveness. We believe the funds invested under

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these programs are productive expenditures that pay dividends and improve our economic competitiveness. We believe in the critical role of partnerships. As Governor Ricketts noted in his State of the State Address, Nebraska is a special place. We are more than just lines on a map. We are bound together by more than just our common geography. It's a culture. It's a way of life. Collaboration is in our pioneer spirit. It's in our DNA. It is a part of our state's culture. We are thankful for that because it produces such great synergy and shared success. Of course, it's not just about collaboration and partnership. LB154 investments are attractive to our chambers of commerce because they will be strategic and produce positive economic impacts. The university economic impact analysis indicates investments under LB154 will produce exceptional direct, indirect, and induced economic impacts. It is our responsibility as citizens, and yours as elected officials, to be good stewards and to be strategic about how we grow and how we invest public dollars. It's no small accomplishment that our NU system has developed world-class institutions, programs, and research in this state. This has been accomplished through support from this Legislature, business and university collaboration, and leveraging our strengths. With the passage of LB154, we have the opportunity to build upon our statewide momentum. We urge your support and thank you for your time and attention today and for your service to the state. With that, I will conclude my remarks and be happy to answer any questions you might have. [LB154]

SENATOR MELLO: Thank you for your testimony today, Mr. Bohrer. Are there any questions from the committee? Seeing none, thank you, Bruce. [LB154]

BRUCE BOHRER: Yeah. [LB154]

SENATOR MELLO: (Exhibit 1 of Agency 51 hearing, and Exhibits 4 and 5 of LB154 hearing) Any other testifiers today in support of LB154? Seeing none, the committee should have received letters of support for LB154 in the binder you have in front of you from the following individuals and entities: Jerry Deichert, director of Center for Public Affairs Research from the University of Nebraska-Omaha; the Nebraska State Chamber of Commerce and Industry; Greater Omaha Chamber of Commerce; the Lincoln Chamber of Commerce; Michael Schnieders, president from CHI Health Good Samaritan Hospital; Professor Shane Farritor, Department of Mechanical Engineering from the University of Nebraska-Lincoln; interim executive director Scott Snyder from the Peter Kiewit Institute; Greg Ptacek, director of Economic Development from the city of Neligh; Paul Grundy, M.D., from IBM Industry Academy and IBM's Global Director of Healthcare Transformation, and president, Patient-Centered Primary Care Collaborative; Donald Kyle, vice president of Discovery Research, Purdue Pharma L.P.; William Jeffrey, president, chief executive officer of SRI International; Paul Umbach, founder and president of Tripp Umbach; Calvin Hinz from Calvin L. Hinz Architects; Harrison Johnson, president of the veteran student organization from the University of Nebraska-Omaha; Retired Colonel James Harrold, Ph.D. candidate and adjunct instructor, School of Public Administration from the University of Nebraska-Omaha; Homer Buell, Shovel Dot Ranch,

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University of Nebraska President's Advisory Council; Eugene Glock from Cedar Bell Farms, University of Nebraska President's Advisory Council; Steve Pella, vice president of corporate affairs from Black Hills Corporation, University of Nebraska President's Advisory Council; Elaine Pile, director of the Nebraska Association of County Extension Boards; Ryan Wilkins, University of Nebraska President's Advisory Council; Helen Krause, University of Nebraska President's Advisory Council; Larry Armbright; Wes and Norma Daberkow. Is there anyone here wishing to testify in opposition to LB154? Seeing none, is there anyone here wishing to testify in the neutral capacity? Seeing none, Speaker Hadley, would you like to close? [LB154]

SENATOR HADLEY: Chairman Mello, members of the committee, I'll just take just a minute or two. I want to go back to my analogy earlier when I was talking about seed corn. I would guess you look at the problem the seed is an investment, investing in that cost you hope to grow a stalk of corn. And, Senator Watermeier, two years? [LB154]

SENATOR WATERMEIER: The minimum. [LB154]

SENATOR HADLEY: Minimum. You get a return from that investment, on that seed. I hope you look upon this as not a cost or an expense. A cost or an expense is when we spend \$75 million down at Beatrice State Development, BSDC, because we lost accreditation. An expense is when we lost \$21 million on the foster care program with basically no returns. Here you have a chance to make an investment in the state of Nebraska. And from the research that I read and looked at, this is what's happening across the country. If we want to have that private-public partnership, it's important that we make that investment. [LB154]

SENATOR MELLO: Thank you, Mr. Speaker. Any questions from the committee? Seeing none, thank you. [LB154]

SENATOR HADLEY: Thank you. [LB154]

SENATOR MELLO: That will end today's public hearing on LB154 and take us to our next public hearing of the day. We are going to combine LB532 from Senator Hilkemann and LB533 from Senator Stinner. Senator Hilkemann will testify, then Senator Stinner will testify immediately, and we will take support, opposition, and neutral testimony on both bills at the same time. [LB154]

SENATOR HILKEMANN: (Exhibits 1 and 2) Fellow members of the committee, before I start here, I have to say that while I took my little break, we've been a little bit hard on these people here today. And I heard there was a rumor out there that Dr. Bounds canceled his moving van, so

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we better be a little...(laughter). Good afternoon, Chairman Mello and fellow members of the Appropriations Committee. I am Robert Hilkemann, R-o-b-e-r-t H-i-l-k-e-m-a-n-n, representing the 4th District, and I'm here to introduce LB532. LB532 will appropriate money for a virtual learning center at the UNMC campus, which will be known as the iExcel center. I'm excited and pleased to be able to introduce and champion this effort for UNMC. It brings together three of the most important areas of my life: education, medicine, and my Nebraska rural background. LB532 will provide \$25 million in seed money for a public-private, \$105 million venture at UNMC. This project will transform the way medical education is carried out in Nebraska and lead the way for future national, international medical education. I put a little picture out there that you might look at there. I received my basic education in a little rural school in Wayne County, Nebraska, and that little guy that's on there, that could have been me writing "I will not talk in class" during my days. And I started off that way, then I taught in a small school in southeast Nebraska, and we always hoped that if we had a...we wanted to talk about Bernoulli's principle, we always hoped that the film arrived from the ESU at least some time during the week that we were talking about Bernoulli's principle, and then hope that the 16-millimeter film didn't break. And 40 years ago, when I'm in medical...or podiatric medical school in Chicago, that was well before PowerPoints, before digital films and so forth. So you can about imagine when I walked in at Toledo Medical Center a few weeks ago with Senator Stinner and...to just be fascinated by the technology that's available for medical education today. Now I was told the center that we saw in Toledo was sort of "virtual light" to what the potential is that we have here at UNMC. You know, I put my hand up on one of the screens, here comes a whole set of icons. Touch one icon, here's the heart; touch that same icon again, it's labeled; touch the icon again, the heart begins to function; touch it again and there's a teaching program that goes on with that. This was just the beginning of some of the wonderful options that were available. I would tell you on your one...we also stepped into a virtual learning center, and I think it's on the tenth page there. If you look at this, this was a virtual cave that we stepped in that they can take a heart, an eye, a lung or whatever else and they can blow that up. They can actually go in...surgeons in the future will be able to go into these, not only for teaching purposes, but this will be for planning purposes, for tumors, for investigation of what can be done. This is the future of medicine and they can take a CT scan, whatever it might be. They can plan what-ifs and they can better prepare, which is certainly going to be an improvement for medicine. So our experience there was certainly somewhat of a Star Wars type of event. We saw technology that is on cutting edge. It's exciting. It's first of a kind. I believe that it's important that we invest in that opportunity and here's why. Education is changing and it's changing rapidly, particularly in medical education. We have the millennial learners. They are used to digital. They're used to visual. They're used to experiential type of learning--far different from the way it was when I taught or when I actually was a student myself. And this center will be exactly that. Industries such as aviation have learned the value of simulated learning. Our pilots spend hours each month learning to handle the unexpected as well as the expected. And with what we've got available today, we can simulate these same experiences for the medical students as well. Now this center will

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complement and expand on the learning opportunities presently available at the Sorrell Center at UNMC, which already has some of those simulated learning experiences. So the iExcel program will not replace what exists; it will certainly enhance and expand the learning opportunities. I'm going to use the word "we" because I just can't separate myself from the medical profession. We refer to it as the practice of medicine. So there's a first time for all of us to do a digital block or to do a triple bypass. Now of course we've done this and we do it in a very stepwise process under close supervision. That's why it takes over ten years for a lot of the highly trained specialists to get to be ready to go out and practice. Well, with the virtual learning center, the learning opportunity process will be shortened and it will be enhanced. Students and residents will have the opportunity to learn techniques and do examinations hundreds or even thousands of times before they...and master that procedure before they actually perform it on patients, which is certainly going to be good in not compromising patient safety. Now I want to make one thing crystal-clear, and I talked with Dr. Gold about this so he should know I was going to say this. Virtual learning will not nor will it ever replace actual patient care. And medicine is an art. It involves learning bedside manner. It involves handling families. You just can't do that virtually. You have to do that in it. And I've been assured that this is not going to be...what our plan is going to be. A distinct advantage that we saw when we were there with the virtual learning opportunities. And one of the things they expanded, brought an eyeball. It was about the size of a globe. They can take that, you can stand right next to it, they've got the technology, for example, they can show how macular degeneration develops, how it process, how it goes through it; how cataracts develop. You think about this in the learning opportunities where you can see it as that progression occurs. This is definitely going to improve every phase of our medical education and that...I'm just using an eyeball. This can be done with virtually all of the different body parts that are there. During your medical education, you generally get...you do rotations. They can be three-week rotations. They can be three-month rotations, whatever that happens to be. And you might be in radiology or cardiology or whatever. Well, believe me, while you're there, hopefully you will pick up what some of the more normal things are, but there's a lot of the unusual. Well, while you're learning this, you can use the virtual portions of these, what we can simulate, and that is going to improve the overall education for these residents and medical students. One of the other things, we had...they had three floors there at Toledo and the first floor was all of these wonderful high-tech knowledge thing. Now on the second floor they had a lot of the mannequin-type things that they use, and one of these slides you'll actually see one of the little mannequins. Well, these can be utilized. They've got...there are mannequins that will actually reproduce what it is to deliver a baby at different aspects. They could put in NG tubes, whatever else. We saw this all occurring here because of the various simulated processes that were there. Have another level where they have...where they actually have the...where they can do the cadaver research and things of that sort. That is all part of it and this is going to be part of the learning center that they're proposing here at UNMC. They also have one stage where they had ER, they had an operating room, they had the...so that they can actually stage preparation for a major disaster. It's completely under film. Once they go through preparations of this, they can review that film,

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much as we review films after a football game and what did we do, how can we improve it, how can we make this a safer venue for the treatment of patients. One of the things that's really exciting about the Nebraska center which will set...what sets it apart from the one at Toledo is that Nebraska's model is going to be unique in the sense that it is what we call a hub-and-spoke model. And this means that the learning opportunities that we have available at UNMC are going to be able to be set up so they can happen in Scottsbluff or North Platte or Alliance or any of the...Norfolk, whatever the out areas. And I'm going to leave that to Dr. Stinner when he...or Senator Stinner when he...I'm granting more degrees here today again but (laughter)...and he will talk about that in his testimony there. So this is really going to transform the way that we do medical education, not only at UNMC but for outstate. Can you imagine what that's going to mean for our outstate physicians who can go to one of these learning centers that we have? It saves them all the face time that we have, windshield time driving in to UNMC for their medical education, and we can be updated. If there's a major outbreak, we can use this to get that information out rather quickly. This is one thing that we're going to do that is...that we have an opportunity to do to fund that is potentially going to help every Nebraskan. Better educated healthcare workers means improved quality of healthcare. It will mean improved outcomes. Access will be improved. This ultimately has the opportunity of even lowering the cost of healthcare. So less competent care workers, when we have less competent healthcare workers are very costly to the system and order lots of unnecessary tests and do a lot of unnecessary treatment. Hopefully we can avoid that with this. Nebraskan, every Nebraskan should take pride in our Medical Center. UNMC has earned high regard national rankings among medical educators, particularly in our family practice. We think about the wonderful international publicity we've just received for the Ebola and our biocontainment unit that we have. The new cancer center that's being built at UNMC is going to be an international leader. We're going to be bringing...people are going to be coming to Omaha, Nebraska, for their cancer care. Rather than go on to the MD Andersons and the Mayo Clinics, they're going to be able to get that care right here in Omaha, Nebraska. So this not only will that bring in patients. We are going to be able to recruit. Some of the leading researchers in the field are going to want to come to Nebraska. This teaching and learning center is going to augment and help in that...to even take that to a higher level. Dr. Gold is going to testify behind me and there are many economic and technological benefits and I believe that he's going to refer to that. And I know that Senator Stinner is also going to be talking about his Toledo experience. But I have to say one of the things that really struck me when I was there at Toledo and I sat there. It was the first thing that hit me when I was hearing the lecture about this is that in my career as a podiatrist I was always involved in education one way or another, and for a while I served on what's call the Cut Score Committee. And what a Cut Score Committee is, is that you make the decision on who's going to pass the board and it's kind of a complex process. But there's about 12-14 educator practitioners come together. We go through the examination and we determine this is the person you probably don't want to have them as a partner, you probably wouldn't want them as a doctor but they certainly got the competency that they should at least pass. We used to use that term "minimal

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competency." With this center that's going to be a term of the past. We're going to talk about maximum mastery of the content. This has that possibility to do that. So there's some...I've got some slides here that we've provided from the university. It's a \$25 million investment on our part. It's going to be \$105 (million). That's 3 to 1 odds. That's better than a lot of the odds we've seen here today of some of the appropriations we've been asked. This is just the beginning. This is going to create an economic engine for University of Nebraska and Dr. Gold will probably share with you today, we have an opportunity to possibly get some federal dollars involved with this as well for another \$50 million boost. So as we know, this is technology. It's going to constantly be changing. So Nebraska is going to be on the very leading edge of this new technology. I believe that we have always trained our medical professionals well. Academic rigor has always been a part and should be and will continue to be a demanding part of being a medical professional, whether it's being a physician, a nurse practitioner, or nurse, or whatever else. This system will not only be used for training our physicians and our residents. It can be used at every level of healthcare and it will eventually get down to possibly even be utilizing a classroom like what you have at Hastings there, Senators. So we're going to better prepare our students than we've ever done. Our students are better prepared when they come through the medical school now than they've ever been. The cost of medical education is skyrocketing. We...our residents have had...they've had to have their hours cut back because of the demand, so they're not getting the number of hours that they can. We need opportunities like this to continue to train the very best. With that, I'll conclude my testimony for now, Senator Mello. [LB532]

SENATOR MELLO: Thank you, Senator. [LB532]

SENATOR HILKEMANN: And I'll take any questions. [LB532]

SENATOR MELLO: Thank you, Senator Hilkemann. Any questions from the committee?
Senator Haar. [LB532]

SENATOR HAAR: Wow, your enthusiasm just spills out into the room. I love it. I love it.
[LB532]

SENATOR HILKEMANN: Thank you. [LB532]

SENATOR HAAR: So when will I be able to get my doctor's degree? [LB532]

SENATOR HILKEMANN: Senator Mello is leaving in a little bit. Maybe I'll be able to grant you one. [LB532]

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SENATOR HAAR: Well, with this, it sounds really great. Thank you. [LB532]

SENATOR HILKEMANN: Thank you. [LB532]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Senator Hilkemann. [LB532]

SENATOR HILKEMANN: You bet. [LB532]

SENATOR MELLO: Senator Stinner. [LB533]

SENATOR STINNER: Is it good afternoon or is it good evening? I don't... [LB533]

SENATOR MELLO: Still afternoon for another 15 minutes. [LB533]

SENATOR STINNER: It's still afternoon. Well, good afternoon, Senator Mello and members of the Appropriations Committee. And, Bob, that was terrific. I can't match that enthusiasm. In fact, I didn't think a podiatrist could get that worked up but (laughter). I get the boring part of this thing. For the record, my name is John Stinner, spelled J-o-h-n S-t-i-n-n-e-r. It is a privilege to introduce LB533. LB533 appropriates \$1.5 million from General Funds for the fiscal year 2015-16 and \$3 million from the General Fund for the fiscal year 2016-17 to the Board of Regents of the University of Nebraska for the start-up of operations of a Global Center for Advanced Interprofessional Learning at the University of Nebraska Medical Center. LB533 also sets forth the legislative intent to provide \$5.3 million for both fiscal year 2017-18 and fiscal year 2018-19 for the operations of the center. As a senator that represents the western part of the state, I see the benefits that this center can be for all of Nebraska. This center will provide opportunities statewide and worldwide for medical professionals of all types to master their skills in complex, high-risk medical scenarios in what is a no-risk environment. The Medical Center has an excellent record for recruiting and training Nebraska healthcare work force across the state. This strong commitment is evidenced by the fact that 85 percent of the Medical Center students are from Nebraska. Training is provided close to the student's home to provide the access necessary to gain, retain, and develop new skills. This program will further enhance the ability to attract more students to the healthcare work force. The University of Nebraska operates a satellite center of the College of Nursing in Scottsbluff that can greatly benefit from the center and use training methods the current generation of learners embrace. Other satellite simulation centers in Kearney, Norfolk, and Lincoln, for example, will efficiently bolster continuing education and statewide training opportunities to improve the quality of healthcare services statewide and beyond. The entire state's medical community, including those at Scottsbluff and

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Gering, from first responders to hospital-based physicians will have access to the virtual system to master skills in situations that might not...they may not otherwise see before a real catastrophe occurs in their communities and state. The high standards of care will be learned by healthcare teams and outcomes will be routinely measured, allowing for continuous improvement. To master the highest levels of patient safety from the most routine to the most complex procedures requires time and repetitive practices under supervision achievable only using clinical simulation. In a simulation center, students and practitioners will practice, learn to work in healthcare teams, debrief, and receive instant feedback without fear of harming patients. The training is hands-on and competency based. The students progress at their own pace with competency based on mastery and not passing a grade. If Nebraska establishes this center, the training provided will not only improve healthcare provider performance but also lower costs and, most importantly, improve the outcome for patients. We need to adequately fund the operations of this center and start doing so in the next biennial budget. I would urge you to advance LB533. Thank you. [LB533]

SENATOR MELLO: Thank you for your testimony, Senator Stinner. Any questions from the committee? Senator Haar. [LB533]

SENATOR HAAR: Yes. At an accountant's level of detail, could you tell me the difference between these two bills? No, just real briefly, how do these two bills come together? [LB533]

SENATOR STINNER: One actually builds the simulation center. This one funds the operation of the...and ramps up to that \$5.3 million. And it establishes kind of a hub-and-spoke concept with the first one going into Scottsbluff and then I think Kearney, Norfolk, Lincoln, those types of things. So this takes it further: the one-time expenditure of \$25 million, then obviously the ongoing expenses concerning the operations. [LB533]

SENATOR HAAR: Good. Thank you. [LB533]

SENATOR STINNER: So two different pieces but Senator Mello decided we're going to put this...package this together. [LB533]

SENATOR HAAR: Good. Thank you. [LB533]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Senator Stinner. [LB533]

SENATOR STINNER: Thank you. [LB533]

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SENATOR MELLO: We will now take testimony in support of both LB532 and LB533. [LB532 LB533]

JEFFREY GOLD: (Exhibit 3) Good afternoon, Senator Mello, members of the Legislature's Appropriations Committee. I am Jeffrey Gold, that's J-e-f-f-r-e-y G-o-l-d. I'm a physician and I have the great honor of serving as the chancellor of the University of Nebraska Medical Center. I'm truly grateful for the opportunity to share some thoughts regarding the future of the education of quality healthcare professionals in our state and to set an example for the rest of the nation and the world. I've just submitted my testimony to you, but rather than read this lengthy testimony, given the phenomenal enthusiastic information provided by two of the members of the committee, I thought I would share a brief story with you. On my way down here today from Omaha, I was walking though the main lobby of the hospital and I saw a young man with a young woman, clearly his daughter. I would say he was in his late 20s, was over 6 feet tall, looked like he played for the Huskers at some time in his career. And the little girl was five or six. And they were just walking down the lobby of the hospital and it was sort of incongruous to see this hulk of a gentleman with this tiny little child, and so I stopped and asked him what they were doing and why they were there. And the little girl, must have been five or six years old, told me very clearly that her mom has cancer, she had a tumor in her belly, but that she was having a big operation today. [LB532 LB533]

RACHEL MEIER: Senator Mello, could you pause the hearing? [LB532 LB533]

SENATOR MELLO: If you could please hold, Chancellor Gold. We've got to make some changes to our tapes. [LB532 LB533]

SENATOR KINTNER: See, we're high tech here--cassette tapes. (Laughter) [LB532 LB533]

JEFFREY GOLD: We're talking technology. [LB532 LB533]

SENATOR HAAR: You're now a little more like Netflix where we can just put you on hold and start you again. [LB532 LB533]

JEFFREY GOLD: I learned that from my children. [LB532 LB533]

SENATOR MELLO: I apologize, Chancellor Gold. Please continue. [LB532 LB533]

JEFFREY GOLD: My pleasure, thank you. Anyhow, this little girl told me that her mom had cancer and that she was having a big operation today and there was a big tumor in her belly, but

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she was sure that she was going to be okay because the doctors told her and told her dad that she was going to be okay. And the reason I am down with you today is to be sure that the future generations of physicians and nurses, pharmacists and healthcare professionals can be sure that that young lady's mom is fine and that for generations to come we educate that kind of healthcare professional. Ladies and gentlemen, LB532 and LB533 will establish a Global Center for Advanced Interprofessional Learning, which is the next generation of education. It is the model that will best prepare the future healthcare professionals to care for patients in what we all know to be a rapidly changing healthcare system. The overall goal of the center is to increase student enrollment, to improve student retention, to improve the quality of patient care for currently practicing healthcare professionals, to avoid medical errors by teaching future doctors, nurses, and healthcare professionals using a variety of simulation technologies to more effectively teach a critical spectrum of professional and procedural competencies, not minimal competencies but, as you heard stated so eloquently, true mastery. This will never replace the mentorship that comes from bedside education and the experience of caring for patients like this little girl's mom. But it will jump-start the learning curve and minimize a tremendous amount of errors that currently occur in our healthcare system, costing us literally billions of dollars annually, not to mention the pain and suffering that occurs to family members and friends. The cutting-edge technology proposed in this center includes advanced simulation models in what we call immersive three-dimensional virtual reality training environment--truly a Star Wars like environment. And what you may not know is I had the honor over the last decade of my life of officiating over the planning, the development, the construction, and the implementation of the project in Toledo, Ohio, that two of your committee members had an opportunity to visit with us several weeks ago, and I am very grateful to them for taking the time to do so but more so for putting in the hard work, having the vision, and having the courage to bring this to this committee. The transformational philosophy change in the health professions in this project will create distinction and distinctiveness for the University of Nebraska Medical Center and for our whole system. It will enhance our educational excellence, bringing us to true competence. It will bridge the educational generational gap for millennial learners. It will create a hub-and-spoke model, providing the university quality education across the state of Nebraska in underserved urban communities as well as across the rural networks of our state. It will focus on health and wellness and allow us to distribute telehealth services, implement interprofessional team-based education and exemplify that care, and to engage in the public health triple initiatives of enhancing access, enhancing quality, providing work force, and reducing cost. Equally importantly, as a tax-paying citizen of Nebraska, it allows us to leverage the core educational programs based on state initiatives with...through the tremendous generosity of the philanthropic community, military relationships, high-tech businesses, technology commercialization, other University of Nebraska campus work. It would allow us to leverage the competitive grant community and our investment in the sustainability of our own healthcare systems across the state that are currently struggling. As mentioned earlier, there is also the potential of leveraging tens of millions of dollars of federal money interested in supporting the educational programs

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and preparedness for critically infectious diseases, such as Ebola. Ladies and gentlemen, the University of Nebraska Medical Center strives to be a leader, a global leader. Our high ranking for our educational programs reflect that goal. Our national reputation for expertise in many areas, including cancer, transplantation, Ebola, other highly infectious diseases and treatment reflect that goal and are part of our future. UNMC's reputation to successfully leverage public and private government and industry partnerships reflect that goal. This project offers UNMC a great opportunity to do just that--to leverage state funds with potential federal funds, as well as public and private investments in infrastructure with ongoing and sustainable partnerships. We are poised to lead the nation and indeed the world with a bold and visionary game-changing approach to bring together all of the health professions and all of the health disciplines to learn in an experiential environment. This is a truly transformational investment in the future of healthcare, education, and commercialization. And I thank you for this opportunity. [LB532 LB533]

SENATOR MELLO: Thank you for your testimony, Chancellor Gold. Are there any questions from the committee? Senator Haar. [LB532 LB533]

SENATOR HAAR: Yes. The software for this kind of technology, is that already available or will you be producing some of that software? [LB532 LB533]

JEFFREY GOLD: The answer to the question, sir, is both. There is existing software which will come with the technology. A lot of this technology was actually built initially for the commercial aviation, space exploration, and petroleum exploration industries. It has been modified for education and for healthcare delivery, but one of the commercial entrepreneurship goals of this is to build software, to build content, and to market that content on a global level as a source of that. And hence, it is deeply connected to the economic development initiatives that you heard Dr. Linder and our Speaker testify previously. [LB532 LB533]

SENATOR HAAR: Okay. Thank you. [LB532 LB533]

SENATOR MELLO: Senator Kintner. [LB532 LB533]

SENATOR KINTNER: Thank you for coming, Dr. Gold. I'm not opposing this; I'm not supporting it. I'm trying to wrap my brain around it, see where it fits into the grand scheme of everything we're doing here. But you did say one thing that I wasn't sure about. You said that Senator Stinner and Senator Hilkemann, you said they had the courage to bring this forward. Is that...did I get that right, they had the courage to bring this proposal forward? Is that...did I hear that right? [LB532 LB533]

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JEFFREY GOLD: Yes. [LB532 LB533]

SENATOR KINTNER: My question is what courage does it take to spend someone else's money? [LB532 LB533]

JEFFREY GOLD: I view this as an investment in the future of the quality of healthcare of the sustainable institutions, hospitals, clinics, physician practices across the state of Nebraska. When I look at the needs of this state...and I've been here just over a year, sir, so I have nowhere near the track record of those of you sitting in this room. But I have crisscrossed this state many, many times, as far out as Scottsbluff, north and south, etcetera. And everything I hear people say is that they need healthcare work force. They need quality educational tools to keep their community hospitals, to keep their physician practices and the nurse practices sustained. And this is a way that we can leverage public, private dollars in order to create that sustainable environment. And while I am fully understanding the importance of agriculture, fully understanding the ranching and the business communities and the importance of that to the economy of the state, I do know this, that if we don't have a quality healthcare system we'll never attract the corporate investments and we will not be able to keep the young people and their children in this state long term. So I think that is what gives our senators who have testified and gives me the courage to sit before you today. [LB532 LB533]

SENATOR KINTNER: Thank you, Dr. Gold. Appreciate it. [LB532 LB533]

SENATOR MELLO: Senator Kuehn. [LB532 LB533]

SENATOR KUEHN: Thank you, Dr. Gold. Just a couple quick questions with regard to that capacity issue. Would you anticipate or how do you anticipate that the center is going to increase the capacity, whether that's new numbers of medical graduates or allied health graduates, increasing those numbers of healthcare practitioners you just referred to? [LB532 LB533]

JEFFREY GOLD: So I think it will have several ways that will be helpful. The single largest limiting factor in enrollment in...whether it's in a medical doctorate program, a nursing program, a pharmacy program, etcetera, is what we call experiential learning. That is to say the bedside learning that occurs in the hospital and the clinic, in the operating room, in the emergency room, etcetera. If we can compress some of that into a simulated environment we can optimize the use of the true bedside environment and make sure that that learning is most effective. So I think that there will be increases in enrollment. It's very difficult to say what those numbers will be until we actually try to push the envelope because the accreditation organizations that make the decision on the balance between experiential learning in a "sim center" and experiential learning in a operating room or in a emergency room have yet to really come to grips with this question.

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But I can tell you, being the immediate past-chair of the organization that accredits every medical school in the United States and Canada, there's a definite recognition that we must move in this direction and they laud the efforts of institutions trying to do so. [LB532 LB533]

SENATOR KUEHN: My second question has to do with how this may fit into the greater scope of healthcare delivery in the state, whether that's public health, whether that's providing healthcare with our military and veteran services and integrating with the Department of Health and Human Services. So how would you see this as a \$25 million brick-and-mortar appropriation with an ongoing \$5 million investment by the people of Nebraska interacting with those public health and other health delivery systems that we have in the state? [LB532 LB533]

JEFFREY GOLD: Thank you. That's a great question as well. Several ways. One is through the provision of continuing education across the state to maintain the expertise of all of the healthcare professionals without having to undergo hours and hours of windshield time, stay in hotels, leave their families, and more importantly leave their practices. So it will allow them to stay in their community. Secondly, it will increase the access and the education around telehealth and telemedicine, so it will produce educational programs that are not only immediately usable by the healthcare professionals but can be used in schools and churches and other locations to make us a healthier community through better health education. It will also allow us to recruit and retain more healthcare professionals in the state, because if they can have access to university-based quality continuing education they're less likely to be pulled to the East Coast and the West Coast of the United States and they're more likely to want to raise their families here. And there are many others, but I think those are some of the key ones. [LB532 LB533]

SENATOR MELLO: Thank you, Senator Kuehn. Any other questions from the committee? Seeing none, thank you, Chancellor Gold. [LB532 LB533]

JEFFREY GOLD: My pleasure. Thank you. [LB532 LB533]

SENATOR MELLO: Any other testifiers on LB532 or LB533? Good afternoon. [LB532 LB533]

ELIZABETH BLOWERS: (Exhibit 4) Good afternoon, Chairman and members of the committee. My name is Elizabeth Blowers, for the record that is E-l-i-z-a-b-e-t-h B-l-o-w-e-r-s, and I will receive my Ph.D. in cancer research from UNMC this summer. Following graduation I intend to further my training as a healthcare professional by completing the M.D. program at UNMC's College of Medicine. I am here today in support of LB532 and LB533 and thank Senators Hilkemann and Stinner for supporting this initiative. As an inspiring physician-scientist and a member of UNMC's Interprofessional Society, which is a student-driven group that promotes interactions between the various healthcare professionals in our campus, the

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construction of the center is an issue that is near and dear to my heart. I fully believe the innovative center will establish UNMC as a leader in the training and education of this nation's researchers and scientists, and think that it will aid students in their studies about the nature and the behavior of disease pathways, and believe that it will help facilitate the application of that knowledge to enhance health and reduce illness and disease. The center will promote interprofessional education of and collaboration between researchers, clinicians, and other healthcare professionals at the community, state, national, and global levels through both direct interaction and teleconferencing. As has been mentioned before, the spoke-and-hub technology will allow training of and collaboration with all professionals in the state to enhance the education and the care of all Nebraskans. Importantly, this interdisciplinary training promoted by the center will also improve care by providing an atmosphere in which clinicians and researchers can discuss the challenges faced in clinics to improve care. For example, my Ph.D. thesis project has focused on the development of chemotherapeutics for the treatment of pancreatic cancer. Pancreatic cancer is an incredibly lethal disease. Unfortunately, only 6 percent of patients diagnosed with the disease will live more than five years beyond their diagnoses. There are two clinical challenges to treating pancreatic cancer. One is the late stage at which the disease is diagnosed and a second is the presence of a dense layer of fibrous tissue that surrounds the pancreas and prevents chemotherapeutics from ever actually getting to tumors in the pancreas. Through collaborations with clinicians, we have identified markers of early disease to help identify pancreatic cancer earlier. Also, we are exploring options for developing new chemotherapeutics and for delivering those drugs alongside drugs that also target that dense layer of fibrous tissue so that our drugs can actually reach a pancreatic tumor. Our novel detection of and treatment for pancreatic cancer is just one example of how interdisciplinary training can impact care. And I believe that the center will inspire many other researchers and physicians to work together to improve how we treat patients. Additionally, as has been mentioned, computational hardware housed in the center will promote the development of state-of-the-art simulation models and sophisticated computational programs that will actually allow clinicians and researchers to virtually address problems that can't be solved using traditional models and methods. Furthermore, these programs will allow other healthcare professionals to assess the outcomes of new techniques, new treatments, and other novel forms of care. Lastly, this computational software will allow experts to design new programs that are state of the art that will allow us to integrate our knowledge of organ systems, disease pathways, and drug interactions so we can improve the way we approach care. Lastly, construction of the center is an investment in Nebraska's future as the center will absolutely increase research funding. The unique features of this world-class, state-of-the-art facility will certainly improve the scientific environments of UNMC and will facilitate the development of worldwide, meaningful collaborations that will establish UNMC as a top-tier institution for the training of medical and research professionals. Overall, I think this proposed center will serve as a gold standard model for the education of researchers and medical professionals in the state of Nebraska, and will improve the care received by Nebraskans. Importantly, it will draw the best and the brightest

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researchers and clinicians to our state. I strongly urge your support of this initiative. I want to thank you for the opportunity to testify and I will happily take any questions. [LB532 LB533]

SENATOR MELLO: Thank you, Ms. Blowers, for your testimony. Are there any questions from the committee? Seeing none, thank you. [LB532 LB533]

ELIZABETH BLOWERS: Thank you. [LB532 LB533]

SENATOR MELLO: Next testifier on LB532 and LB533. [LB532 LB533]

MICHAEL VISENIO: (Exhibit 5) Thank you, Chairman Mello and members of the Appropriations Committee, for the opportunity to speak today. My name is Michael Visenio, for the record M-i-c-h-a-e-l V-i-s-e-n-i-o, and I'm a first-year medical student at UNMC. I represent Student Delegates, a student-run interprofessional health policy advocacy organization. I am here today on behalf of the student delegates at UNMC in support of LB532 and LB533, two bills that would establish and help fund the construction of the Global Center for Advanced Interprofessional Learning. As has been said, the facility would provide a state-of-the-art space for interprofessional education at the university, bringing together physicians, nurses, pharmacists, allied health professions, first responders, and researchers under one roof to truly learn in a team-based environment. However, as a student and future physician, I want to take a slightly different approach by illustrating the importance of this center from a clinical and educational standpoint. Currently, we as students are in our different college programs, silos so to speak, rigorously learning medical or scientific knowledge with little interaction and opportunity to witness the expertise of other disciplines. So while we may all be working toward similar goals, we are not exposed enough to the clinical nuances of each individual profession. The addition of this center would bring together all these silos of discipline, fostering the spirit of collaboration and teamwork for students at an earlier age, long before they enter the work force where interacting with professions is a must to ensure effective and efficient patient care. For example, the center would have the capability for students to practice clinical scenarios that simulate both in- and out-of-hospital events. Imagine a simulation where health professionals work together to resuscitate a patient who goes into cardiac arrest or one where the goal is to stabilize a trauma patient who has multiple gunshot wounds. In these scenarios, all hands are on deck. The physicians are evaluating the patient and deciding a course of action. The nurses are establishing vitals or administering medications, and those from respiratory therapy, phlebotomy, radiography, or anesthesiology are all helping. While we are all competent clinicians on our own, working as a full medical team is a relatively new dynamic for students that takes practice. Multidisciplinary team-based learning will allow physicians, nurses, and allied health professionals to determine their role in these and other clinical scenarios so that they can practice to the fullest extent of their capabilities to help save the patient's life. The possibilities for

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clinical simulation are endless. Now imagine a situation where a bus full of school children crashes on the interstate, resulting in multiple injuries. First responders may be stretched thin and local hospitals may be overwhelmed by the number of patients streaming in. Scenarios like this are rare, but because they happen, having first responders being able to practice a mass casualty simulation would be one advantage provided by the center. Just as important is that first responders and clinicians can also practice a smooth transition to the hospital despite the high-stress environment. Building competency and clinical skills earlier in our training is another advantage this center would provide. During pre-clinical years, many health professions students have little opportunity to experience or practice the wide range of clinical skills that we are expected to know when we begin clinical rotations during the third year. By having a center where we can practice these skills to the point of feeling competent, we can then enter clinics and hospitals feeling more confident in our ability to partake in patient care. Furthermore, because a clinical educator's time is very valuable, students having a higher level of competency in basic skills would allow the educator to focus on more advanced procedures to maximize the content and value of teaching. The benefits of this center extend to rural Nebraska both in clinical training and for attracting the best and the brightest students to the state. Those in more rural towns can come to practice clinical scenarios or train in simulated clinics or surgery suites while collaborating with other health professions, to then take back that knowledge and enhance their area healthcare system. On an education front, as a medical student, one of my deciding factors for choosing a medical school was what facilities the college provides to enhance the medical education beyond book and lecture learning. Therefore, to have a facility like the Global Center for Advanced Interprofessional Learning would undoubtedly prove attractive for future generations of bright and talented students to come to Nebraska and also for physicians to stay in the state and especially in rural areas. The Global Center for Advanced Interprofessional Learning would be of great benefit to both the university and the state. I urge your support of this initiative and I'm happy to take questions. [LB532 LB533]

SENATOR MELLO: Thank you for your testimony, Mr. Visenio. Are there any questions from the committee? Seeing none, thank you. [LB532 LB533]

MICHAEL VISENIO: Thank you. [LB532 LB533]

SENATOR MELLO: Are there any other proponents for LB532 and LB533? [LB532 LB533]

JAMES LINDER: Senator Mello, James Linder, interim president of the university. Just for the record, I would like the committee to be aware of the academic affairs committee of the Board of Regents is aware of this project and is fully supportive of it. [LB532 LB533]

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SENATOR MELLO: Thank you for your testimony, Dr. Linder. Any other questions from the committee? Seeing none, any other testifiers in support of LB532 and LB533? Seeing none, the committee should have received a letter of support for both LB532 and LB533 from the Nebraska Medical Association. (See Exhibit 1 of Agency 51 hearing.) Is there anyone here today in opposition to LB532 and LB533? Seeing none, is there anyone here in the neutral capacity for LB532 and LB533? Seeing none, Senator Stinner, Senator Hilkemann, would you like to close? [LB532 LB533]

SENATOR STINNER: Thank you. There's two things I really kind of wanted to bring out that I took away from my visit is I know we've talked a lot about simulation for medical. This is a transferable medium, if you will. It can be adapted to veterinarian medicine. It can be adapted to the trades. So it isn't just in the medical side of things, even though it's emanating out of UNMC. I see this starting to evolve into other areas, like engineering would be an example. So I don't want anybody to get fixated on the fact this is just this one thing. It's a broader learning tool. The second thing we talked a little bit about, some of you, about distance learning, and that's one of the things that resonates with me. I live out in the western part of the state. What we normally would do in the old days is send one person to Lincoln, Omaha, try to get them trained, or Denver; get them trained, bring them back, and hopefully we'd have enough people around the table to do the training. Nowadays, because of distance learning, webinars, seminars, all of that kind of stuff, we get a whole bunch of people around that table. That's what this will provide. A lot more people can participate in that type of training. So it will bring a lot more and a lot better training to western Nebraska. Thank you. [LB532 LB533]

SENATOR MELLO: Thank you, Senator Stinner. Senator Hilkemann. [LB532 LB533]

SENATOR HILKEMANN: Thank you very much for the opportunity to close. Twenty-five million dollars coming out of the cash fund and the public-private partnership. Eighty million is going to be donated. I know that they've already had people out to Toledo that have capabilities of making this happen. And I wanted to end this...my thing by having people say, is it live or is it Memorex? And Dr. Gold told me that he is today lecturing in Toledo as a hologram at...because of the technology that they have there. So this tells you the opportunities that we have that's available with this. One of my favorite professors in podiatry school was Dr. Juan Gyaffa. He was a neurologist from Northwestern Med Center. He used to give these wonder pearls and quips while he was lecturing and one of the ones that I've got written down over the years is what we know--he was a Frenchman--what we know is but a small island in the sea of ignorance, and what we choose to ignore is immense. Let's not ignore an opportunity to support quality medical education for the future of Nebraska. Thank you very much. [LB532 LB533]

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SENATOR MELLO: Thank you, Senator Hilkemann. Are there any questions from the committee? Senator Haar. [LB532 LB533]

SENATOR HAAR: So how do we know if this is the real Dr. Gold or a hologram? (Laughter) [LB532 LB533]

SENATOR HILKEMANN: Anybody that would sit here for...anyone who would sit here for four hours knows he's real. (Laughter) [LB532 LB533]

SENATOR MELLO: Senator Bolz. [LB532 LB533]

SENATOR BOLZ: I appreciate the bill. I appreciate the vision and the hard work and all of the collaboration that has gone into this. I think it has been diligently and thoughtfully put together. But the question that I've thought about several times in preparing for this bill hearing is, why this? There are probably 25 million ways to spend \$25 million. In a different year there may have been a different proposal. So just help me understand why this initiative is worth such a significant investment. Why this one? [LB532 LB533]

SENATOR HILKEMANN: Doctor...or Senator, (laughter) this is the...this is an opportunity that we need to be on...let's be the leader. We've been the leader in Ebola but this is...this is going to be the future of medical education. We have an opportunity to be on the cutting edge, the leader in this area. And so I think that that's why we should make that investment now. And every year that we delay this, it's going to cost more. And the other thing is that this is a public-private. We're making really a very small investment in what is going to happen for this project. And so I think it's an opportunity for us to seize right now. UNMC is really on a roll with what we've had so I think that this is one of the things that we can enhance the university and move from there. [LB532 LB533]

SENATOR BOLZ: Very good. As I said, I appreciate the work but we literally have pounds of ideas before us and I understand it's a significant investment. So I appreciate the work. [LB532 LB533]

SENATOR HILKEMANN: Do know, Senator Bolz, that this is not coming from General Funds. [LB532 LB533]

SENATOR BOLZ: But reserve funds still come from taxpayers. [LB532 LB533]

SENATOR HILKEMANN: Absolutely. You bet. [LB532 LB533]

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SENATOR BOLZ: Yeah. Thank you. [LB532 LB533]

SENATOR MELLO: Any other questions from the committee? Seeing none, that will close today's public hearings on LB532 and LB533, and take us to our next public hearing, LB560, Senator Williams. Can I take a quick show of hands who's going to testify today on LB560? Okay. Thank you. Senator Williams, welcome. [LB532 LB533 LB560]

SENATOR WILLIAMS: Good afternoon, Chairman Mello and members of the Appropriations Committee. I'm Matt Williams, M-a-t-t W-i-l-l-i-a-m-s, and I represent the 36th Legislative District, and I'm not a hologram although I am going to be asking for a significant amount of money. I'm proud to be here today to introduce LB560. This bill has everything to do with creating the future of Innovation Campus, and you need to know I'm passionate about that future. And in full disclosure, you should know that some years ago I was appointed by the University of Nebraska Board of Regents to serve on the board of directors of Innovation Campus. I'm one of five private-sector board members, which again shows the ability of the university to link with the private sector, to recognize that we have differences but working together we create opportunities. Before I get to the heart of LB560, let me just pose a question to the senators that are here today. Remember back when you were elected to this body and I was just elected, so I was elected in November and then you realize you've got to come to Lincoln and find a place to live and get that all figured out. And so you come to Lincoln and you find a developer. You maybe find the right neighborhood. You find the contractor, and you put all the pieces together. And then the developer says to you, and by the way, if I can just get three or four other people just like you to sign on the dotted line, we'll be able to break ground and we will have a place for you to live in about two years. Now did we just solve your housing needs? And the bottom line is that's why I am here today with the building needs of Innovation Campus. A very brief and quick history lesson: Innovation Campus was created because of the vision of the state following the issues with the State Fair and its long-term viability. Recognizing that the State Fair had issues and the university had a vision, these two opportunities were put together in such a way that Innovation Campus became more than just a project on paper. Through the process of moving State Fair to Grand Island and the University of Nebraska paying \$21.5 million to acquire the land, that dream started to move forward. A few years later, Governor Heineman and this Legislature stepped up and invested \$25 million into the campus. Without a doubt, we would not be here today had that decision not been made. At full build out, Nebraska Innovation Campus will be a 2.2 million square foot campus with uniquely designed buildings and amenities that encourage people to create and transform ideas into global innovation. That sounds like a grand venture. That sounds like a dream for the future. But remember, I'm just a farm kid from Nebraska. To me it's very simple. Innovation Campus is a start-up company, a start-up business that began operations in 2009 and now, five years later, has developed over 178,000 square feet that houses the University of Nebraska Food Science and Technology Department, ConAgra Foods, and other private companies. It's the home of a 45,000 square foot greenhouse that has the

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ability for great expansion. It's the home of the Nebraska Innovation Campus Conference Center, which is managed by the Alumni Association, which is great space for hosting all types of events. It's also the home for a uniquely designed maker space that allows for creative innovation. So Innovation Campus is more than just these buildings. And if our vision for the future is to be achieved, it does require additional investment and that's what we're here to talk about through LB560. LB560 is very simple. It would provide a one-time appropriation of \$25 million to construct facilities on Innovation Campus to accelerate the attraction of private-sector tenants to the property. The funding in the bill would be matched by at least an equal amount of private funding. The DAS budget director would only release the state funds upon receiving evidence that the private funds have been committed to the specific building project under consideration. After 50 percent of the completed building is occupied by tenants, the share of the building owned by the University of Nebraska would be sold and all proceeds from that sale would be credited back to the Nebraska Innovation Campus Building Acceleration Fund created by this bill. The balance of the fund would be used in matching funds for additional buildings in the construction of Innovation Campus in the future. It is the intent of LB560 to transfer the \$25 million from the Cash Reserve Fund to the General Fund for the purpose of these buildings. One question that I believe needs to be addressed head-on: Why should the state be involved? What's the return on our investment? Here's my answer: Our role as legislators should be to use the limited assets at our disposal in a manner to help grow our state by linking great students with great faculty with great private companies. I'm convinced that over time Innovation Campus will create new innovation. It will create new opportunities for faculty and students. It will create long-term purpose and vision. And it will just plain create new jobs. But we're not talking just about jobs for university employees and we're not talking just about jobs here in Lincoln. By linking the private sector with the university we're giving students the opportunity to participate in cutting-edge research and development. Not only will those students gain valuable experience, but the product of their hard work with private companies will result in innovations that will benefit farmers, ranchers, and businesses all across our state and all around this world. Innovation means being able to adapt. That's what we are talking about today--adapting to the largest single challenge of Innovation Campus. That challenge is simple: How do we build the next building? Remember the question I asked about that condo or that home in Lincoln when you were elected. So here's the bottom line. When a company is being recruited by Innovation Campus and our answer is, as soon as we get two or three other companies to sign on the dotted line, we'll break ground and we'll have that building for you in about two years, what does that company do? They go somewhere else and we lose that opportunity, just like you and my wife and I had to find a different place to live. We have the opportunity to make this investment through LB560, and I'm proud to support LB560 and I hope you will also. And I stand ready to answer any questions that I might help you with. Thank you, Chairman Mello. [LB560]

SENATOR MELLO: Thank you so much, Senator Williams. Are there any questions from the committee? Senator Kintner. [LB560]

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SENATOR KINTNER: Senator Williams, very interesting. Thanks for coming. I'm only asking you because you're a banker. If it was...generally when one of my colleagues brings something, I talk to them off-mike. I don't waste time talking. But you're a banker so this is too good to pass up. Here's my question. You fund growth. You fund innovation as a banker. You fund good ideas. You fund companies. You fund housing. You fund all kind of things as a banker. Why would the private sector not totally fund this and public tax dollars have to be used? If it was a good deal, wouldn't the private sector be knocking down the door or at least couldn't you talk them into it? [LB560]

SENATOR WILLIAMS: Let me answer that question, Senator Kintner, not from wearing my banker hat but wearing my development hat. And you may not know this but I've been involved with economic development for the last 40 years across this state and in my community. And the plain fact is that the incentive programs that are out there make a difference. And we need to link the private sector with the public sector to make this happen. Let me go back to the major premise to start with. And I don't know how many times over these years I've tried to sell a company to come to a cornfield, and it doesn't work. You have to have that building put up. So that's what LB560 would do, would give us the vehicle to do that. Now your question is, why wouldn't private people rush to the table to do that whole building themselves if it's that good a deal? They don't because there is significant risk in it. I feel extremely pleased that we have companies that will be willing to step up and pay for half of this building on the front end and then, as soon as this building is leased and half full, that same company will buy out the university position. I think that's a great place to be, compared to what I've seen over my years of economic development. [LB560]

SENATOR KINTNER: Well, you are the right guy to ask then. Good. So what you're saying is, the state will assume the risk and the private sector will get the reward? [LB560]

SENATOR WILLIAMS: No, the state will make an investment of which they are going to get fully paid back as soon as the building is half full. I still think the private side of this is taking much more risk than the dollars that will be put in by this revolving fund. [LB560]

SENATOR KINTNER: And the money comes back to the state how? [LB560]

SENATOR WILLIAMS: The company that invests on the other half,... [LB560]

SENATOR KINTNER: Uh-huh. [LB560]

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SENATOR WILLIAMS: ...basically fifty-fifty, the round number is it takes \$50 million to build an 80,000 square foot shell building that can then be built out. As soon as that is built, we have a contractual arrangement with that company that will buy the university back out and the money comes back into the revolving fund. [LB560]

SENATOR KINTNER: But what to the taxpayers? Don't the taxpayers get the money back? [LB560]

SENATOR WILLIAMS: They certainly can. We would prefer that that money, that \$25 million, stay in that fund to be reused again until we are completely built out at the university. [LB560]

SENATOR KINTNER: Okay. [LB560]

SENATOR WILLIAMS: That's certainly my preference. [LB560]

SENATOR KINTNER: Okay. [LB560]

SENATOR WILLIAMS: Then we are always one building ahead so that we're not back here in two more years saying, hey, the problem is how do we build the next building. If we do this now with this revolving concept, we will always be able to build that next building. [LB560]

SENATOR KINTNER: But the private sector wants a return. The private sector always wants a return. They always want a return for their money. [LB560]

SENATOR WILLIAMS: Absolutely. [LB560]

SENATOR KINTNER: And our return is we just keep putting money in, revolves and keeps being...what do the taxpayers get out of this exactly? [LB560]

SENATOR WILLIAMS: The taxpayer gets the ongoing innovation that will be the spin-off of Innovation Campus, the jobs that will be created across the state and the world and the innovation into things that companies like ConAgra will do. That's the investment. That's the growing our state. [LB560]

SENATOR KINTNER: Think I'd feel a lot better if I was an investor in ConAgra, but okay. Well,... [LB560]

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SENATOR WILLIAMS: So would I. (Laughter) [LB560]

SENATOR KINTNER: Would...Senator, thank you very much. I appreciate it. [LB560]

SENATOR WILLIAMS: Thank you, Senator Kintner. [LB560]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Senator Williams. First proponent on LB560. [LB560]

HARVEY PERLMAN: (Exhibit 1) Mr. Chairman, members of the committee, I'm Harvey Perlman, H-a-r-v-e-y P-e-r-l-m-a-n, chancellor of the University of Nebraska-Lincoln, chair of the board of directors of Nebraska Innovation Campus Development Corporation. I've had the privilege of being involved with Innovation Campus since its inception. I'm here in support of LB560. In response to the admonition of our chair, we have limited our oral testimony. However, I hope you will examine the letters we have submitted from individuals in the development community that confirm the importance of this bill. Since many of you were not in the Legislature when Innovation Campus was created, let me take a brief moment to explain what it's about. The major objective of Innovation Campus is to attract private sector companies to locate there to take advantage of the research and innovation as well as the human talent represented by our students. In this way we hope to enhance economic development in the state of Nebraska and to keep young people in Nebraska by creating jobs that match their education and training. We know that private companies are attracted to engagement with universities for innovation and to support their work force needs. The University of Nebraska-Lincoln has, over the last decade, significantly increased its research profile and our efforts to grow enrollment make us an attractive partner for private companies. This is particularly true as we promote our major strengths in food, energy, and water as the themes of Innovation Campus. We began this project on a clean slate. The former State Fairgrounds lacked any usable buildings or infrastructure. Moreover, the university paid \$21.5 million as our contribution of moving the State Fair to Grand Island. Thus, we faced the problem of all new developments: How do we make the investments necessary to create the campus before we have any income to fund those investments? Fortunately, we identified a private developer who was willing to take on a significant risk to stand behind TIF financing for some of the infrastructure and to make necessary additional investments, and they have made very significant speculative investments in Innovation Campus. Also, Governor Heineman recommended and this Legislature approved \$25 million in 2011, which permitted us, with additional at-risk investments by the private developers, to begin construction on four buildings. Most of you have been to the new Innovation Campus Conference Center within the former 4-H Building. That space is the only state-owned building on the property; is an amenity designed to attract private-sector partners. All of the remaining buildings were constructed by a private developer and available for lease. Thus far, we

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have occupied the Conference Center, its accompanying office building. By July of this year we will open additional facilities. The Food Innovation Center consists of a four-story laboratory building and a major food processing facility. We are moving our Food Science Department into this space in a major collaboration with ConAgra Foods which has leased space and is partnering with us on a sophisticated food processing pilot plant. The building also has another signed tenant: Vern Powers from Hastings, who has leased space for research supporting his company and to house two start-up companies with high potential. We recently have been engaged with several major national food processing companies to create the Alliance for Advanced Sanitation, which will address critical sanitation research for the food processing industry. Collaborative partners to date include ConAgra, Nestle, Cargill, Hershey, Johnsonville, Neogen, and Ecolab. This was modeled after the Food Allergy Research and Resource Program which is a coalition of food companies that support research at UNL on food allergies. In addition, we are constructing the Greenhouse Innovation Center. This center will contain a Lemnotech machine, one of a very limited number in the world, that allows us to identify phenotypes of plants that have valued characteristics, such as drought resistance. The facility will be completed this spring and we already have had several companies express interest in using it. Now that facilities are coming on-line, we have increased private sector interest. This is the central problem that LB560 seeks to address. Until we have facilities actually available, it is very difficult to be competitive in luring private sector companies to locate on the property. During last year we competed, in cooperation with the Nebraska Department of Economic Development, the Lincoln Chamber, and the city of Lincoln, for two significant technology companies from out of state. While we were outbid by another state, I believe that our competitive position would have been improved if we had facilities for them available at that time. It's hard to tell a company looking for a new site that it will take us two years to have a building designed, built, and available for their use. As I have come to learn from our experience and in visiting and talking to other universities who manage such innovation parks, we must get ourselves into a position where we have a continuing inventory of empty space available for lease within a reasonable time. Yet, it is not likely that we can find a private investor willing to bear the entire risk of constructing buildings on the expectation of finding tenants. LB560 creates a creative mechanism to accelerate construction on Innovation Campus. We propose that the state invest \$25 million in a one-time appropriation to create a fund for future construction. The private developer has agreed that it would be in a position to match that amount so that construction could start on a new building without an identified tenant. When half the building was leased, the developer would buy out the state's investment, thus, replenishing the fund. We could then turn around and start another building. In this way the fund could be an evergreen fund that would allow us to always have unleased space with which to compete for private sector partners and to build economic growth for Nebraska. As Innovation Campus becomes built out or is in a position to sustain continuing investment with its own resources, the fund could revert back to the state. This would be a unique public-private partnership designed to build economic growth for Nebraska and would clearly accelerate the

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opportunities we have for Innovation Campus. I hope this committee and the full Legislature will support this initiative. And I'd be happy to answer any questions you might have. [LB560]

SENATOR MELLO: Thank you for your testimony, Chancellor. Any questions from the committee? Senator Stinner. [LB560]

SENATOR STINNER: I do. What's the occupancy right now or what's the vacancy rate availability of space for somebody that would like to locate there? [LB560]

HARVEY PERLMAN: I believe there is about 15,000 to 20,000 square feet of space that has not yet been leased. A lot of the space in the facilities that are coming on-line in July are leased by the university for its Food Science Department. [LB560]

SENATOR STINNER: Okay. [LB560]

HARVEY PERLMAN: But there are spaces available for lease. [LB560]

SENATOR STINNER: So your vision would be that you'd build a core and shell and that would be available for any potential people, and you would partner with a developer. [LB560]

HARVEY PERLMAN: Yes. [LB560]

SENATOR STINNER: So the developer fills half the spot, obviously has rents or something going, either in a condo situation, and leverages back out the university to start another project. [LB560]

HARVEY PERLMAN: Correct. [LB560]

SENATOR STINNER: Would that other project then compete with that half that he has to sell or to rent? [LB560]

HARVEY PERLMAN: You know, it takes a developer with a good deal of patience to be our partner and we happen to be fortunate to have one. But that's absolutely true. [LB560]

SENATOR STINNER: Okay. And deep pockets. [LB560]

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HARVEY PERLMAN: Yeah. You know, this developer is going to take, to answer some of the issues that Senator Kintner raised, this developer has taken considerable risk already. They've made very significant investments in the facilities and they're up for lease. Tenants have to be approved by us, not by them, so they can't go out and just pull any tenant you want into the property. I mean we probably could have leased for call centers and other kinds of operations already, but we're not going to do that because the idea is to create really good relationships with the university, either through research or through student internships, the kind of companies that will really build economic growth here. So they've taken that risk already. My understanding is that until you get the cash flow from half a building, it's very difficult to get financing at a rate that allows your lease rates to be competitive. That's the magic of the half. [LB560]

SENATOR STINNER: I get that part of it. [LB560]

HARVEY PERLMAN: Yeah, I'm sure you do. [LB560]

SENATOR STINNER: And thank you because I was going to ask you what kind of covenants you were going to have on it because you can attract all kinds of different businesses. Now would the tenants that are moving in, your vision would be that the tenant finish on the buildings... [LB560]

HARVEY PERLMAN: Yes. [LB560]

SENATOR STINNER: ...or would the developer do it? [LB560]

HARVEY PERLMAN: Well, the tenant has their choice as to whether they want to physically do it themselves or have the developer do it. But... [LB560]

SENATOR STINNER: Okay. [LB560]

HARVEY PERLMAN: ...the developer is willing to do it and it's a part of the tenant improvement part of the lease. [LB560]

SENATOR STINNER: Right. [LB560]

HARVEY PERLMAN: So it's incorporated in the lease that they do, yes. [LB560]

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SENATOR STINNER: Okay. Evergreen fund, that's, to me, you don't envision a time limit of five years or ten years on this money to come back into the... [LB560]

HARVEY PERLMAN: No, realistically, Senator, I would prefer not to have a time limit because you would hope it would roll if it were successful. But you know, realistically, if this Legislature sees that it's not successful and it's not doing what the fund is entitled to do, it's always...you know, it will be there when it's there for you to decide that you've had enough. [LB560]

SENATOR STINNER: Thank you. [LB560]

SENATOR MELLO: Thank you, Senator Stinner. Senator Kuehn. [LB560]

SENATOR KUEHN: Chancellor Perlman, could you run me through, just to make sure that I'm up to speed, on just kind of the complete budget history of Innovation Campus? Your own testimony, looking at \$21.5 (million) initial investment, additional investment \$25 million in 2011 by the Legislature. We've got some reductions in tax revenues due to TIF financing of the original one. You're looking at \$7.5 million in recurring investments annually from the General Fund with an additional request for \$4 (million) more to raise that to \$11.5 million a year, and \$25 million more in an evergreen fund. So are there any additional expenditures in Innovation Campus that I have left out? [LB560]

HARVEY PERLMAN: Well, there are quite a few planned additional expenditures in Innovation Campus that will be borne by the university. [LB560]

SENATOR KUEHN: Okay. [LB560]

HARVEY PERLMAN: We are bearing the lease for Food Science, which is a large part of the construction that's out there, and that's coming out of the university's budget. [LB560]

SENATOR KUEHN: And so is that out of your General Funds operating budget or is that...? [LB560]

HARVEY PERLMAN: That's all we have, Senator. (Laugh) [LB560]

SENATOR KUEHN: Okay. I didn't know if those were endowed funds or... [LB560]

HARVEY PERLMAN: No. [LB560]

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SENATOR KUEHN: ...or other foundation funds. [LB560]

HARVEY PERLMAN: No. [LB560]

SENATOR KUEHN: So... [LB560]

HARVEY PERLMAN: There is some private philanthropy in this. There were some private philanthropy that helped us build the Greenhouse Innovation Center, yeah, so there is some. [LB560]

SENATOR KUEHN: Okay. Thank you. [LB560]

SENATOR MELLO: Any other questions from the committee? Senator Hilkemann. [LB560]

SENATOR HILKEMANN: Two questions, Chancellor Perlman: This would be an interest-free loan to the developer or to the university, then to the developer ultimately? [LB560]

HARVEY PERLMAN: You know, my instinct is it...I don't think it would be on interest and looked at as a loan. But I do believe the fund would grow because, in setting the price that the developer would pay us at the time that the building is half occupied, we would take into account both inflationary impacts and also any tax benefits that the university would have received, you know, because we're a state agency. So in fact, I believe the fund would grow over time, but the price that they would pay would be more than \$25 million. [LB560]

SENATOR HILKEMANN: Second question: Been out to the Innovation Campus and saw what's built there now. What percentage of the property that you have set aside for Innovation Campus is presently built on? [LB560]

HARVEY PERLMAN: You know, I'm not good...there's about 370,000 square feet I think that is being built. Our maximum is about 2.1 million square feet that are available at the scale that we're currently building. There's 240-250 acres out there but only 110 acres are available for development. The rest is in a floodplain. [LB560]

SENATOR HILKEMANN: Okay. So... [LB560]

HARVEY PERLMAN: We have a considerable amount of space yet to be built on. [LB560]

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SENATOR HILKEMANN: We've probably seen 10 percent of the project at this point. [LB560]

HARVEY PERLMAN: Exactly. [LB560]

SENATOR HILKEMANN: Okay. [LB560]

SENATOR MELLO: Thank you, Senator Hilkemann. Any questions from the committee? Seeing none, thank you, Chancellor. [LB560]

HARVEY PERLMAN: Thank you, Mr. Chairman. [LB560]

SENATOR MELLO: (Exhibit 2, and Exhibit 1 of Agency 51 hearing.) Any other testifiers today on LB560? Seeing none, the committee received letters of support for LB560 from the city of Lincoln; AngelouEconomics; the University of Arizona, Tech Parks Arizona; the Lincoln Chamber of Commerce; and ConAgra Foods. Is there any opposition to LB560? (Laughter) [LB560]

SENATOR WILLIAMS: I jumped the gun on you. [LB560]

SENATOR MELLO: That is an intimidation tactic I've not seen so far. (Laughter) Is there anyone here in the neutral capacity? Seeing none, Senator Williams, would you like to close? [LB560]

SENATOR WILLIAMS: Yes, I would. And excuse me for jumping up here so quickly to do that. Senator Kuehn, in the numbers that you were running, don't forget that the \$21.5 million was not...did not come from the Legislature to buy the land. That was from the University of Nebraska. And the 15,000 square feet that are left, that's out of that nearly 200,000 to 250,000 that's there. It's not very much. And I'm going to close by attempting to answer Senator Bolz's question of the person that was closing on the last testimony. I've never had the opportunity to be involved in a project for something like Innovation Campus. The plain fact is, and you see...you've heard this today, you have academic people that work and think one way, and you have private sector business people that work and think a different way. And I was privileged to be asked by the Board of Regents to serve as one of the five private-sector people on this board of university people and private sector, and that was really my first experience, firsthand, of recognizing the difference that university people, education people, think a certain way. It's not right or wrong. It's the way they think. Business people think a different way. It's not right or wrong. It's the way they think. But I will tell you, the synergies that I have seen when we couple those two together, when we have the opportunity to be challenged by the academic side to the

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business side, and the business side to the academic side, is why companies like Nestle and ConAgra want to be linked with our students and our faculty. And that team becomes more important and larger than the single members, and that's why we're here. And, Senator Kintner, that's your answer. That's where development comes from. That's why this will be growth for our state. And I am convinced that 20 years ago (sic), and I hope I'm still around but if I'm not I'll be hopefully looking down, not looking up, and recognizing that this was a wonderful investment. Thank you. [LB560]

SENATOR MELLO: Thank you, Senator Williams. Is there any questions from the committee? Senator Bolz. [LB560]

SENATOR BOLZ: Senator Williams, I appreciate your vision and the value of those relationships and partnerships. I just have to question why is the building so central? Why can't those relationships and partnerships evolve and grow into economic growth without a building? We heard yesterday from Creighton University about their partnerships with the federally qualified health centers and how they were providing a training ground of mutual benefit. Why a building? [LB560]

SENATOR WILLIAMS: We have those partnerships going at the university and I'll tell you about one that's located in my community. The Monsanto facility, the water utilization center in Gothenburg that's using...doing world-class research on drought-resistant crops and partnering with the skills that university faculty people have. We're trying to create the synergies when you can in one spot locate students, faculty, combined with that private sector challenge that happens, and that you can't do long distance. I'm convinced that has to be together under one roof. And that's the difference between this request and other requests that you have to use, that we have to use the Cash Reserve Funds. This one is different, that synergy that happens with the combination of private and public. [LB560]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Senator Williams. [LB560]

SENATOR WILLIAMS: Thank you. [LB560]

SENATOR MELLO: Real quick, we're going to take a five-minute break and I'm going to give everyone a quick update of the calendar for the remainder of the evening. We are going to have a joint hearing with LB417 from Senator Nordquist as well as LB110 from Senator Larson in regards to appropriating funds related to pediatric cancer. We will then move to LB496, Senator Kuehn; then LB593, Senator Nordquist; LB108, Senator Crawford; and LB436 with Senator Cook. I remind everyone we have received a number of letters of support for these remaining

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bills so when you hear someone testify, it would be probably best, both in regards to being mindful of the time for the night, to try not to repeat testimony for the remainder of the bills for the evening. Thank you.

BREAK

SENATOR MELLO: Welcome back to the Appropriations Committee hearing for the night and we made a quick adjustment in tonight's schedule. Instead, we're going to start off tonight with the remaining evening of starting off with LB593 from Senator Nordquist. We will then go to a joint hearing of LB417 with Senator Nordquist and LB110 with Senator Larson. We'll then go to LB496 with Senator Kuehn, then LB108 with Senator Crawford, and the final hearing of the night will be LB436 with Senator Cook. Senator Nordquist. [LB593]

SENATOR NORDQUIST: Thank you, Mr. Chairman and members of the esteemed and very powerful Appropriations Committee. I'm state Senator Jeremy Nordquist from District 7 in downtown and south Omaha. This opening, hopefully, will be brief. LB593 is a bill that would appropriate funding to the University of Nebraska Medical Center, \$250,000 to--I'll just read it real quick--to study current health data systems available to the state of Nebraska and make recommendations about health data systems that are currently unavailable that would be beneficial to the state for purposes of increasing efficiency and effectiveness of public healthcare dollars spent in the state. It's the intent that the Department of Health and Human Services and the Department of Insurance would collaborate with the university in this effort. We spend...in fiscal year '14 we spent \$1,829,911,570 of federal and state dollars combined on our Medicaid Program. We served 235,497 residents. In terms of dollars, now people would maybe...some people may question the quality, but certainly in terms of dollars, we're buying a Bentley, essentially, in terms of if we want to make it an analogy of a car here. But we bought a Bentley without a dashboard, essentially, and we don't even know what gauges to put in our dashboard right now. That's what we're asking to do with this appropriation to the University of Nebraska Medical Center to ask for their expertise. Senator Mello, Senator Campbell and I have talked a lot about this over the interim in looking in...she certainly has a bill, the Medicaid redesign bill, whether or not that includes expansion, is up to this committee. But we need better data analytics when it comes to that \$1.8 billion that we're spending in our Medicaid Program. And as policymakers, we don't have those tools available to us. Many states have moved forward with a formal relationship between the state and their academic medical center, state-run academic medical center, to kind of outsource that analytics outside of the department. But we weren't comfortable taking that step yet until we get a more thorough understanding of how we can use the MMIS system that pays claims in Medicaid, to look at our utilization with all of our different Medicaid patient population. So that's the intent of this bill. Certainly as we move forward, we can continue a dialogue with the university of whether or not that's the appropriate number. I

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think initially that was our round number that we started with and we can come to a more appropriate number if changes need to be made in that. Thank you. [LB593]

SENATOR HILKEMANN: Thank you, Senator Nordquist. Are there questions from the committee members? Senator Haar. [LB593]

SENATOR HAAR: Yes. I take it that this would gather data from doctors and providers and all kinds of (inaudible). [LB593]

SENATOR NORDQUIST: Right. So...well, certainly this initial piece is to study what's all out there, what would make sense, you know, as far as if we did establish a relationship long term with the university or any other institute, what data they need, what we don't have in place. We are investing tens of millions of dollars, state and federal dollars, in a new MMIS Medicaid payment system. That's taking place right now. The department is working on that. It's replacing the system that was developed. I think the basic system was developed in the '60s or '70s, so we are making a major transformation in the data system that we have. Now the question is, how do we utilize that data to inform policy to make sure that both the administrators of Medicaid but us as policymakers are utilizing that data in the best way possible to drive efficiencies into our Medicaid system? [LB593]

SENATOR HILKEMANN: Senator Watermeier. [LB593]

SENATOR WATERMEIER: Thank you, Chairman. Senator Nordquist, I just struggle with who does the study, gets the money in the long term. Just help me out. [LB593]

SENATOR NORDQUIST: Right. So we questioned that. Obviously, you know, you could go out and look at private. I'm sure there are plenty of private vendors out there. Probably, you know, the multitude of dollars would probably be more significant and I think there's some benefit for us to help this...for the researchers that we have at the University Medical Center, whether it's in the Center of Health Policy or any other department of public health, which certainly would have some interaction here. Those...there's benefit to building expertise in helping them, you know, expand their scope of what they do in a typical basis. But there is...the reason we're looking at the university is it's kind of a model that's worked for other states around the country partnering with their state-run academic medical center to outsource some of the data analytics from the Medicaid department. To look at the bigger public policy access and utilization questions that we would have influence over, it's probably a bigger question than internal staff that Medicaid is looking at on a daily basis. They're probably looking at more of a micro level. We need more of a macro level analysis. [LB593]

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SENATOR WATERMEIER: I would agree with you completely on that. But on the big picture of it, data for me is where it's at and I will just spend every minute I have as far as this and I struggle with this. When I saw this come through here, I just...this is a big red flag for me, so we're going to have to talk about this. [LB593]

SENATOR NORDQUIST: All right. Thank you. [LB593]

SENATOR HILKEMANN: Additional questions? Senator Stinner. [LB593]

SENATOR STINNER: Senator Nordquist, you mentioned a efficiency, you know, to try to drive efficiencies, you're going to accumulate data and start to drive efficiencies. [LB593]

SENATOR NORDQUIST: Right. Right. [LB593]

SENATOR HILKEMANN: How much cost savings do you envision in this or how far out of line, maybe better stated, how far out of line is our Medicaid system as it relates to being an efficient system? [LB593]

SENATOR NORDQUIST: Right. Well, that is a great question. If you talk to the hospitals, they would say...in meetings they've said probably a third of the dollars we spend are not being spent in the...either the most efficient way possible or being...I don't know if they put the term "wasted" on it, but that's how I'll characterize the discussions we've had about it, that essentially it is a third of our healthcare dollars that if we could, you know, utilize the data in a better fashion. Up until now, quite frankly, our data system has been...has not been...we've not have been able to pull the data that we need and utilize it in a smart manner, but we're making that investment now. Now it's time to see what dashboard indicators we need on an ongoing basis or, obviously, the micro level of the department but macro level of state policymakers too. And all of these questions are just...you know, we can have these dialogues during session, but I think we need something to help focus us on what we need to do to move forward. [LB593]

SENATOR STINNER: Is there a best practice out there or a system that's sitting out there? [LB593]

SENATOR NORDQUIST: There will be somebody testifying neutral from the university that he's looked at...and I don't know if he's got it written into his testimony, he pulled for Senator Campbell and I kind of a rundown of what some other states have done. But I think that's part of a more in-depth, what we would also be including here is a more in-depth look at that, of what is being the most effective ways that states are utilizing their data. [LB593]

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SENATOR STINNER: Thank you. [LB593]

SENATOR HILKEMANN: Additional questions? Senator. Are there additional proponents for LB593? Seeing none, are there any opponents for LB593? Seeing none, are there any persons who would like to testify in a neutral capacity on LB593? Please come forward. [LB593]

JIM STIMPSON: (Exhibit 1) Good evening, Senators. It's a pleasure to be here. I'm Jim Stimpson, S-t-i-m-p-s-o-n, director of the UNMC Center for Health Policy. I'm here for myself...I'm here speaking for myself in a neutral position. I'm not representing the University of Nebraska. UNMC is well-positioned to conduct an objective, evidence-based study of the health data systems, and provide recommendations from the systematic review on how best to improve the efficiency, effectiveness, and use of the existing public health data in Nebraska. UNMC has national leaders and robust capacity in health data analytics, program evaluation, policy analysis, and technical support. UNMC can build upon ongoing research partnerships between the College of Public Health and the Nebraska Department of Health and Human Services, such as the Joint Public Health Data Center. The Joint Public Health Data Center is a partnership between DHHS and the UNMC College of Public Health that has a data inventory of public health databases in Nebraska, and it includes descriptions and contact information for each source of data. The Joint Center was developed to increase awareness and use of public health data by researchers and to simplify the data request process. The 95 data sets currently cataloged are organized by category including health indicators, risk factors, environmental health, and population information. For each database contained within the catalog, there is background and methodology about the data and a contact for the owner of the database. To request access to one or more of the data sets in the inventory, individuals are instructed to fill out a form and to request the data from the appropriate data owner. UNMC, in partnership with data owners such as DHHS and the Department of Insurance, can build upon this existing resource by systematically reviewing sources of health data divided into several categories: Children and Family Services, Behavioral Health Services, Public Health, Health Care Services and Work Force, Long-Term Care and Developmental Disabilities, Biomedical, Corrections, and Veterans' Homes. Like the Joint Data Center, information about these sources of data would be provided, but in addition, UNMC scientists would identify data that is currently unavailable and opportunities to improve efficiency and access to data. There may be plausible opportunities to form partnerships with other health data providers in the state that may be mutually beneficial, such as with the Nebraska Health Information Initiative. The study may also inform future initiatives to create new databases by first referencing whether the existing data system can answer the question efficiently before building a new siloed database. I would be happy to answer any questions. Thank you for this opportunity. [LB593]

SENATOR HILKEMANN: Are there questions? Senator Watermeier. [LB593]

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SENATOR WATERMEIER: Thank you, Mr. Chairman. I appreciate your testimony here and I understand you're here on your...not because of the university or on behalf of the university, on your own. [LB593]

JIM STIMPSON: Correct. [LB593]

SENATOR WATERMEIER: Can you tell me a little bit about this Joint Public Health Data Center? I had heard about this before. When was it formed? [LB593]

JIM STIMPSON: Four years ago. It was part of a CDC grant initiative that the funding for that initiative ended this past year. [LB593]

SENATOR WATERMEIER: Ended? I see. Well, like I mentioned earlier to Jeremy, Senator Nordquist, this is a big deal to me. Data is a big deal. I think there's enough savings in all these things that we could buy several innovative campuses. But this has got to be done right. And these kind of things really scare the daylights out of me: who gets this data, who starts collecting it, and in what form. So this is a big concern of mine, right where I want to be at. And I'll be working on this as hard as I can with Senator Nordquist. [LB593]

SENATOR HILKEMANN: Senator Stinner. [LB593]

SENATOR STINNER: Have you met the new Health and Human Services director? [LB593]

JIM STIMPSON: No, I have not. [LB593]

SENATOR STINNER: I'm just wondering what this new director would say about this type of study or maybe take it in a different direction. I'm hoping that these new people come in with best practice ideas. So that's all I had to say. [LB593]

SENATOR HILKEMANN: Additional questions for Dr. Stimpson? Seeing none, thank you very much for your testimony. Are there additional persons who would like to testify in the neutral capacity? [LB593]

BRUCE RIEKER: (Exhibit 2) Good evening. My name is Bruce Rieker, vice president of advocacy for the Nebraska Hospital Association, and that is B-r-u-c-e R-i-e-k-e-r, and I'm here on behalf of the Hospital Association testifying in a neutral capacity. Data analytics and data is king to us in the healthcare world as we make the transition to population health, this

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transformation that we're going through that's both policy driven as well as economically driven and we're transforming the way we deliver care. It's very important through the L...excuse me, the LR422 that turned into a particular bill, I believe it's LB549, that we've also testified in support of. But why this is very important to us is--and I heard Senator Watermeier's question--is because of the waste and inefficiency in the current system that we have. Whether you're a critic inside the delivery of the healthcare system or on the outside, most of the critics would say that there's probably a 30 percent waste in the current Medicaid Program. Well, if we're spending \$1 billion or better than \$1 billion of federal money and \$700 (million) to \$800 million of state money, that's \$1.8 billion. That can buy a lot of Innovation Campuses. There's no doubt about it. And there are states out there that have done an excellent job with this and one of them is our neighbor to the west. And I've visited with several of you on this committee during the election process and over the last year about how important this is and how we at the Nebraska Hospital Association contend that this is probably one of the best investments of data analytics now. In our testimony, and you'll see that we have put together parameters as to what we think ought to be covered in that study. But we're also looking for a blueprint that you, the Legislature, and we, the healthcare providers and other stakeholders such as payers, including the taxpayers, could react to in the next...next year during the short legislative session. We are strong proponents that this should be an independent third party. There are many groups out there that have done this for other states. We've met with the folks that did it for Colorado and I have...I'm not going to put words in Governor Ricketts' mouth, but he is a very strong supporter of us investing in data analytics. We haven't had a conversation about who should do it, but we think that you, the Legislature, would be wise to put it in an RFP process and have these various entities that have done this for other states around the country give you their proposal of what they can do. The university can bid that proposal as well, or respond to that request for proposal as well. But that's the perspective we're coming from, from the Hospital Association. With that, I'd be more than happy to answer any questions about my testimony or the work we've done on this issue. [LB593]

SENATOR HILKEMANN: Senator Haar. [LB593]

SENATOR HAAR: So you're saying in your neutral capacity, you're saying a great idea but it should be done a little differently than the bill is talking about. [LB593]

BRUCE RIEKER: Yes. [LB593]

SENATOR HAAR: Okay. Thank you. [LB593]

BRUCE RIEKER: It's probably one of the most important investments you can make. [LB593]

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SENATOR HAAR: Gotcha. [LB593]

SENATOR HILKEMANN: Senator Watermeier. [LB593]

SENATOR WATERMEIER: Thank you, Chairman Hilkemann. Is it going to be difficult to put an RFP together to cover what you want, I mean, if you throw it out there to the public? [LB593]

BRUCE RIEKER: Colorado had... [LB593]

SENATOR WATERMEIER: I can't quite see how that will happen but...I mean I want it to happen but I can't quite see it. [LB593]

BRUCE RIEKER: Yeah, Colorado has most of their RFP and everything that they did to build their system on their Web site. We've looked at it. The...I would say it's the equivalent of our health information network here in Nebraska. I've met with their legal counsel. She's on the chair of that particular component of their data analytic system. And what they did is they put together a public-private partnership that is governed, and the entities that run their data analytic system out in Colorado are accountable and responsible to this public-private governing board. And, yeah, they have some growing pains, there's no doubt about it. But it's also helped bring the private proprietary interest to the table. It...you know, it helps bring together the public side of it, the nonprofit side of it. And I'm not saying that Colorado is the only game in town. There are some other states that have done a very good job. And we would suggest, if we had the opportunity to help develop the RFP, working with you folks and payers and other stakeholders. You know, it isn't only ours, but we think that this is critical to delivering the efficiency that we need to see especially in our Medicaid Program. But it will transcend just Medicaid. It will include Medicare. It will be payers, some would call it an All-Payer Claims Database. I don't know if that's the right vernacular but that's what some would call it. It's not going to be easy, there's no doubt about it, and there's HIPAA laws. There's proprietary information. There's private information, you know. And it wasn't...I'm not going to say that it was pretty, but there are some states that have done a very good job and they've demonstrated savings already to their states through better utilization of this information, because the ultimate goal is to provide the appropriate care at the appropriate time. And we've had various discussions in other committees about how much...how many people present themselves to our emergency room. That is not a cheap place to get your care. Okay? So if we can do a better job of managing the care...and I'll give you an example. Now, I'm up on my little soap box here. Here's what Oregon did. Oregon's governor, who had an unfortunate end to his career recently, but nonetheless had a great idea that he asked the HHS to identify how many people in the state of Oregon were the super utilizers of healthcare. And Oregon is a little bit over two and a half times the size we are, but they had over

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600,000 people that were in Medicaid. They identified 16,100 people, less than 4 percent, that accounted for over 80 percent of their expenditures. We in this state could not identify those folks or at least HHS couldn't tell us who they are right now. So if it's 3 or 4 percent, that's probably, what, 10,000 people in Nebraska that are costing us the most money. And it's not to deny them care; it's to provide them appropriate care at the appropriate time. Not in the first year, and yes, I've heard and we've seen the reports that when Medicaid was expanded there was a larger utilization of the ER the first year. The second year it went down. They saved over \$300 million of state money in the second year because they provided care in a more appropriate way because they had the data and made the investment to do it right. We don't have that. [LB593]

SENATOR WATERMEIER: What did you classify that group that was expensive? I missed that. [LB593]

BRUCE RIEKER: Super utilizers. [LB593]

SENATOR WATERMEIER: Super utilizers, okay. [LB593]

SENATOR HILKEMANN: Senator Stinner. [LB593]

SENATOR STINNER: Yeah, I didn't catch it if you said this. How much did Colorado end up saving first year, second? I think they were in the second or third year. [LB593]

BRUCE RIEKER: I gave you Oregon numbers. [LB593]

SENATOR STINNER: Yeah. [LB593]

BRUCE RIEKER: I don't know the exact numbers for Colorado, but I also know that they've experienced savings. I'd have to look that number up, but they have a very good road map. We've looked at their RFPs and their contracts and their governing boards as how they set that up. I'm not saying that it's a cut and paste sort of thing, but I will get the information about what Colorado has saved in their Medicaid Program. [LB593]

SENATOR HILKEMANN: Are there additional questions? Mr. Rieker, you and I visited about this earlier on about a year ago. I got the idea that this was a project that would be a whole lot more than \$250,000. [LB593]

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BRUCE RIEKER: It might be. Okay. To build the system? There's no doubt about it, you know, and that's one of the things. I know it's not subject to the hearing today, but last year, finally, the Legislature was able to appropriate funds for the MMIS system, Medicaid Management Information System. Okay. It would help eliminate some of the overpayments in the deal, the things we have to deal with, with Medicaid recovery audit contractors and some of those others where we're putting Band-Aids on top of Band-Aids--not to use a healthcare scenario--to track some things down. But the MMIS system, we hope that you will continue to fund the development of that, but that will cost over \$100 million. Okay? But 10 percent of that is state money; 90 percent is federal. And I know it's all taxpayer funds. However, if we eliminated one-third of the waste in the Medicaid Program, we'd pay for that in less than four or five months. [LB593]

SENATOR HILKEMANN: So I'm going to ask you, in your opinion, do you think that the allocation being asked here will give us the type of information that we're seeking? Is this adequate? [LB593]

BRUCE RIEKER: I don't know. It depends on the parameters you put on it. If you want them to...if you want these entities to bid a proposal or respond to a proposal that does an assessment or an inventory of what we have and what we don't have and what it should do, it might get us there. I don't know what the magic number is, but that's part of why we suggest that you ask for a response or, you know, a response for the proposals. What we would like to see is not only do they tell us what we have and what we don't have, but also to tell us what it would take to build what we should have. And that is the starting point, a blueprint. I heard Senator Williams talking about another bill as I was waiting for this one to come up about that investment in a contractor. We would hope that you, the Legislature, would design a package whereby you would get a blueprint as to what this would look like and then we can have that discussion with the private payers, the public payers, the taxpayers, the providers, and the patients. And so, that's where we would see it going. I can't tell you what the number is. I think it's something that we can help you probably get some idea of what that number may be and what Colorado...I don't know what Colorado paid for theirs. I don't know what Oregon paid for theirs, but they used outside entities that do this. [LB593]

SENATOR HILKEMANN: Okay. Additional questions? Seeing none, thank you very much. [LB593]

BRUCE RIEKER: You're welcome. Thank you. [LB593]

SENATOR HILKEMANN: Are there additional persons who would like to testify in the neutral position? Seeing none, Senator Nordquist, you may close. [LB593]

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SENATOR NORDQUIST: I'll be real brief. I do think the amount in there would be sufficient for the university to conduct this type of a survey and report back. Whether we...if we went out for a private bid, I have no idea what those...you know, there are companies like Maximus and those around the country that do similar analysis. The discussion about Colorado...and I should say, we have a concurrent effort going on. I passed a bill two years ago, LB76, which set up a task force of health insurance with individuals, Medicaid, Department of Insurance to come back with a recommendation. It was supposed to be January, it's going to take...or December, this last December. It's going to take longer than that to come back with a recommendation on making healthcare costs more transparent for consumers. And that's kind of what the All-Payer Claims Database has been utilized for a lot in other states where they take data from private health insurers and Medicaid and Medicare and pool it all together and utilize it. This approach...and I don't know if it's right. Maybe we should have appropriated money and let that group do it. This is more focused on with us having a new MMIS system, what is it that we can do on things that we're spending public dollars on, zeroing in on cost savings. And one example, the new director...and I looked forward to visiting with them, both director of the department and of Medicaid. Louisiana utilized their MMIS system and this was presented at a conference recently. They take...they took and GIS mapped certain conditions and found hot spots and one example they laid out was they had this public housing unit that had children with asthma going to the ER multiple, multiple times higher than what the average population was. And they sent in some public health workers and found out that there was a mold problem in the heating and air system. They remedied that and it plummeted and it saved tens of thousands of dollars just on that one location of that one incident in their Medicaid Program. So that's the type of...that's more on a micro level but there are macro level policy questions that we need to get our hands on the data. And Senator Campbell and I have talked about this all interim, and we're just scratching our heads because we don't even know where to start with this. [LB593]

SENATOR HILKEMANN: Okay. Any additional questions for Senator Nordquist? Seeing none, thank you very much. That will end the hearing for LB593. We will now begin the hearing, we're going to join LB41...oh, yes, and we'll be...we're doing joint LB417 and LB110. Senator Nordquist. [LB593]

SENATOR NORDQUIST: (Exhibit 1) Thank you, Senator Hilkemann and members of the esteemed and powerful Appropriations Committee. I'm state Senator Jeremy Nordquist from District 7 in downtown and south Omaha, here to introduce LB417. This bill would continue funding for pediatric cancer research. This was initially a bill introduced by Senator Danielle Conrad and was incorporated into our budget last cycle. The budget bill was LB907. The initial bill was LB764 and we appropriated \$1.8 million of General Fund to pediatric cancer research infrastructure at the University of Nebraska Medical Center. Essentially the dollar amount at the time was to essentially say we're all going to put a dollar in, in Nebraska, towards pediatric cancer research. And the main reasons that we focus on pediatric cancer research is childhood

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cancer rates have been increasing over the last several decades. We have one of the highest rates of pediatric cancer in the nation here in Nebraska. More Nebraska children die from cancer than any other disease. And because we are essentially one of the, unfortunately, one of the leading states in incidence, we thought our Medical Center should be very engaged and leading the way in research. And it came out really at the last hearing that this is not an area where there are a lot of research dollars being invested. And even small investments can make a significant difference. With the money that's been appropriated so far, I know the report I handed out is the report we required them to submit at the end of the year. Now keep in mind that's probably, by the time they got the money, maybe a five- or six-month time period for them to report back. But even by that time they had six projects underway. They had hired a few research staffers and they've already started on innovative projects that the state was using this funding to kind of generate baseline data to go after larger funding requests at the National Institutes of Health. And also the research...the board...the researchers, some of this funding was used to help, you know, essentially relieve some of their time for additional research in pediatric cancer. So it's a great start and I think we need to find whether or not it's \$1.8 million. I think we have a lot of competing priorities in this budget, but I certainly think we need to find a way to continue our investment in this area to make sure that the research that's been started can continue. We can continue to maintain the staff. I will say that in the report, it notes that there has been private...this has helped leverage private investment, too, in pediatric cancer research. I don't have the dollar amounts. It's not in the report. I don't know if there will be someone testifying after me. If not, we'll find out exactly how much that is. But I'd appreciate your support of this. [LB417]

SENATOR HILKEMANN: Okay. Are there questions for Senator Nordquist? Okay, seeing none,... [LB417]

SENATOR NORDQUIST: All right. [LB417]

SENATOR WATERMEIER: I guess I have one. [LB417]

SENATOR HILKEMANN: Oh, oh, Senator Watermeier. [LB417]

SENATOR NORDQUIST: Oh, okay. [LB417]

SENATOR WATERMEIER: I was a little bit thrown there. Is it ongoing to pay for an existing, or did it start...is it going to start new at \$1.8 now? [LB417]

SENATOR NORDQUIST: So this bill would continue it at \$1.8 million. [LB417]

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SENATOR WATERMEIER: Okay. I was unclear of that. Okay. [LB417]

SENATOR NORDQUIST: Yeah. Right. Right. [LB417]

SENATOR HILKEMANN: Okay. Who's...is Senator Larson here to...? Okay. [LB417]

JEFF FRYMAN: Good evening, Vice Chair Senator Hilkemann and members of the Appropriations Committee. My name is Jeff, J-e-f-f, Fryman, F-r-y-m-a-n, and I am a committee clerk for Senator Tyson Larson, and on behalf of him, he could not...he had a conflicting engagement this evening so he couldn't be here to testify, so I'm opening LB110 for him. LB110 appropriates \$500,000 from the General Fund for fiscal year 2015 through '16 and fiscal year 2016 through '17 to the University of Nebraska for pediatric cancer research and clinical care at the University of Nebraska Medical Center. Included in the appropriation are funds to support two additional pediatric cancer specialists. Specifically, it would include a pediatric neuro-oncologist, of which there are only currently less than 40 nationwide, and a nurse practitioner. It is also intended in LB110 that private matching funds are required. Passage of this legislation would provide much needed medical services to the children of Nebraska and the Midwest region. Not only would we be adding extra care for these children in need of specialty services, the appropriation would allow the University of Nebraska Medical Center to partake in clinical trials associated with the disease. By doing so, it is intended that these appropriated funds, both public and private, be utilized to leverage additional private funding as the program and research continues to grow and expand. Although LB110 is specific in its appropriated amount, Senator Larson realizes and understands that no predetermined price tag can be placed on the needs for services to these children. LB110 would take one step forward in allowing Nebraska to become a central hub for the diagnosis, care, and treatment of pediatric cancer services. And on behalf of Senator Larson, I strongly urge you to support the measure. Andy Hoffman, both a constituent and friend of Senator Larson, will be following my opening with his testimony to answer any questions the committee might have. Thank you. [LB110]

SENATOR HILKEMANN: Okay. Do we have questions? Senator Bolz. [LB110]

SENATOR BOLZ: Could you just clarify for me, the bill language says it is intended that the funds appropriated be utilized to leverage additional private funding. I mean is it intended that an additional \$10 of private funding? I mean is there anything that would hold us back from saying it should be a one-to-one match? I'm just looking for clarity in terms of the matching funding requirement. [LB110]

JEFF FRYMAN: I specifically wouldn't know that. You might have to discuss that with Senator Larson or people behind me. I'm not completely sure on that issue. [LB110]

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SENATOR BOLZ: Okay. Maybe you could ask Senator Larson to follow up with me? [LB110]

JEFF FRYMAN: Okay. Uh-huh. Absolutely. [LB110]

SENATOR BOLZ: Thank you. [LB110]

SENATOR HILKEMANN: Additional questions? Thank you very much. Are there additional proponents for either LB110 or LB417? [LB110 LB417]

DAVID HOLMQUIST: (Exhibit 2) Good evening, Senators. Thank you for the opportunity to testify. My name is David Holmquist, D-a-v-i-d H-o-l-m-q-u-i-s-t. I'm a registered lobbyist. I represent the American Cancer Society Cancer Action Network. My comments in support of LB110 and LB417 this evening will be brief. I think brevity is next to godliness in this case, although I'm not putting myself in the same ranks. Currently, Nebraska ranks fifth in childhood cancer incidence. Paraphrasing Chancellor Gold, who stated at a healthcare meeting that I attended last year, his statement was that Nebraska should be embarrassed by the high incidence of childhood cancer that we have in our state, and I feel that that is an imperative that we need to address. And therefore, I think it's imperative that we continue the \$1.8 million in funding that was appropriated last year for pediatric cancer research and make it a permanent line item in the budget you are crafting. I actually would like to see us almost double it to say \$3 million because I think it's a critical area that Nebraska can take a lead in. We are already, unfortunately, taking a lead in the incidence of childhood cancer, so I think the talents and resources of the Med Center could be used very legitimately to increase that appropriation, although the Med Center is not asking for an increase. While the number of cancers in children is small when compared to adult cancers, our humanity must provide resources and efforts to find best practices in addressing these cancers in children. I have with me an 18-page study that was published by the American Cancer Society in their annual cancer facts and figures for 2014, and if any of you would like it I can make...have copies of this made available to all of your offices. So if you'd like to have that, I'd be happy to do so. I'll go ahead and have copies made and distribute them through your offices. Because it's a year old, I can't give you enough of the original booklets because somebody in our office destroyed the old booklets. But in closing, I simply would like to reiterate the importance of cancer research and cancer treatment of children. It is a critical area of need. As I mentioned, we have a very high incidence, as others I'm sure will tell you, and we have the talents and the resources available in Nebraska. If we can add some more resources to that, we can make a difference in addressing childhood cancer. I'd be happy to answer questions if I am able to. [LB417 LB110]

SENATOR HILKEMANN: Are there questions for Mr. Holmquist? Senator Bolz. [LB417 LB110]

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SENATOR BOLZ: Thanks for staying late with us tonight. [LB417 LB110]

DAVID HOLMQUIST: Yes. [LB417 LB110]

SENATOR BOLZ: And I, you know, I of course support efforts to try to address pediatric cancer, certainly. I think I flipped pancakes for that cause last week, so just to be clear about that. But the question relates to where we should be leveraging our research dollars. You reference that we are...we have higher incidences in Nebraska than in other places. Would our research dollars be better utilized in a public health research initiative to try to get at the root causes of that rather than some of these initiatives to treat cancer? [LB417 LB110]

DAVID HOLMQUIST: I'm not a scientist. I can't answer that legitimately for you. I think there certainly should be perhaps a two-pronged approach and one of those would be to investigate what the public health implications are. I can tell you that the states that have a higher incidence rate than us are in New England. Maine, New Hampshire, Massachusetts, Connecticut all have a higher incidence rate than we do. I believe those are the four states ahead of us. So what is it that's unique about New England and what's unique about principally eastern Nebraska that causes us to have a higher incidence rate? That might be able then to address preventive measures. But at the same time, we have children being diagnosed here and in other states coming into the Med Center to be treated. And we have the expertise. We have the Buffett Cancer Center being constructed. And I think anything we can do as a state to care for our own children and also to identify cures and treatments for those in our state and other states is money well spent and a good investment in the good life. [LB417 LB110]

SENATOR BOLZ: Very good. [LB417 LB110]

DAVID HOLMQUIST: Did I answer that all right? I'm not a scientist. [LB417 LB110]

SENATOR BOLZ: The late hour is making me bold enough to say, you know, we do know how to prevent some cancer and that is by... [LB417 LB110]

DAVID HOLMQUIST: We do, yes. [LB417 LB110]

SENATOR BOLZ: ...preventing the use of tobacco... [LB417 LB110]

DAVID HOLMQUIST: Absolutely. [LB417 LB110]

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SENATOR BOLZ: ...and we'll be talking about that more in this committee together, won't we? [LB417 LB110]

DAVID HOLMQUIST: Yes, we will. [LB417 LB110]

SENATOR BOLZ: Very good. [LB417 LB110]

DAVID HOLMQUIST: Thank you for introducing that legislation. [LB417 LB110]

SENATOR HILKEMANN: Additional questions? Thank you very much. [LB417 LB110]

DAVID HOLMQUIST: Thank you, Dr. Hilkemann. [LB417 LB110]

SENATOR HILKEMANN: Are there additional--come forward--proponents of these? [LB417 LB110]

ANDREW HOFFMAN: Good evening, Senators. My name is Andy Hoffman from Atkinson, Nebraska, H-o-f-f-m-a-n. I am chairman of the Team Jack Foundation board of directors. It is an honor to be here this evening in front of you, the Appropriations Committee. I am here in support of LB110. Each year in the United States approximately 4,000 children are diagnosed with pediatric brain cancer. Nearly 30 percent of these children will die from this disease, making it the leading childhood cancer cause of death in the United States. Because of the location of a brain tumor, it is one of the most difficult diseases to treat. Making this disease even more daunting is the fact that there are over 120 different types and kinds of pediatric brain cancer. Children will typically undergo an invasive neurosurgery, which may in and of itself cause mortality. Children will typically undergo radiation treatments, which can cause stroke and lead to other problems later in life, like a tumor reoccurrence. Treatment also typically includes some form of chemotherapy. A brain tumor attacks the center of life. The brain is our hard drive. It is where a child hears, smells, tastes, and talks. This is where a child learns naturally how to emotionalize everything in life that is good or bad. It is what processes the feeling of love from a parent or triggers a child to say thank you to a stranger. A brain tumor can rob a child of all of these basic life functions. A brain tumor leaves behind a lifetime of cognitive and physical deficits for kids, which can include seizure disorders, learning disabilities, hydrocephalus, poor balance, uncontrolled headaches, secondary cancers, personality changes, and other lifetime conditions that require ongoing specialized treatment. It's more than just a cancer. It is a permanent disability. Because brain tumors are so challenging to treat, neuro-oncology is universally recognized as a specific subspecialty of oncology. According to the United Council for Neurologic Subspecialties, neuro-oncology as a practice field is, quote, is a subspecialty that

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involves a neurological, medical, surgical, and oncological management of patients with nervous system neoplasms. A neuro-oncologist as a separate oncological specialist will guide a patient in making treatment decisions for their brain tumor. They are the quarterback of a brain tumor patient's care. On the adult side of cancer treatment, the University of Nebraska Medical Center has invested in a neuro-oncology department for adults in Nebraska that treat with a brain tumor. As a Nebraskan, I'm proud that UNMC has become one of the national leaders in the treatment of this disease for adults. What LB110 would do is help lay the groundwork for UNMC to give kids the same level of treatment and access to clinical trials that their adult counterparts are currently receiving. With the funding provided by LB110, the Legislature would enable Nebraska's only public academic science center to recruit and hire a pediatric neuro-oncologist. While, obviously, deference would be given to UNMC, a pediatric neuro-oncologist would essentially serve two primary functions. First, they would be responsible for providing and directing the clinical treatment for Nebraska's brain tumor kids. Second, they would be involved in scientific research that would include both laboratory research and clinical trials. The impact that a pediatric neuro-oncologist could have on kids right here in Nebraska would be immediate. Because of this difficult to treat disease, the pediatric, pediatric--a child--the pediatric brain tumor patient requires the convergence of actually two separate and distinct subspecialties of oncology: both pediatric oncology, which is a subspecialty; and neuro-oncology, which is a subspecialty. Thankfully, the greater oncological community has recognized the need for this kind of subspecialist and created the position of pediatric neuro-oncologist. By approving of LB110, you would be giving Nebraska's brain tumor children access to what other children all across the country already are receiving--a bona fide specialist for their disease. In the fall of 2013, the Team Jack Foundation joined three other private nonprofit foundations in funding a \$1.2 million national clinical trial. In working with the principal investigator for this trial, out of Dana-Farber Cancer Institute, Harvard Medical School, we conditioned our involvement on having Nebraska become one of the clinical trial sites for this clinical trial. This was a clinical trial that would have brought an innovative new treatment to Nebraska's brain tumor children. In the end, Nebraska was unable to facilitate the clinical trial and did not become a trial site. It is our belief that a pediatric neuro-oncologist at the UNMC Cancer Center would give this institution the platform to host these kinds of treatments so that our kids, Nebraska kids, could receive the latest in treatments right here in Nebraska. In conclusion, I would kindly ask this respectful committee to approve LB110. On behalf of the Team Jack Foundation, I am proud to inform all of you that we are ready to stand side by side with this great legislative body and provide matching funds, dollar for dollar, Senator Bolz. The Fred and Pamela Buffett Cancer Center is 1 of only 67 centers in the United States with the National Cancer Institute designation. Together, let's add center of excellence in the care and treatment of pediatric brain cancer to this prestigious institution's resume. Thank you so much for this opportunity and your consideration of LB110. [LB417 LB110]

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SENATOR HILKEMANN: Thank you, Mr. Hoffman, for certainly your willingness to contribute to this...to pediatric cancer. It's greatly appreciated by the state of Nebraska. Are there questions that we would have for Mr. Hoffman? Seeing none, I guess we'll be easy to you tonight. Thank you very much for your time. [LB417 LB110]

ANDREW HOFFMAN: Thank you so much for having me. [LB417 LB110]

SENATOR HILKEMANN: Are there additional proponents? Okay. [LB417 LB110]

GARY PETERS: (Exhibit 3) Good evening, members of the Appropriations Committee. My name is Gary Peters, G-a-r-y P-e-t-e-r-s. I am from Aurora, Nebraska, and I am here to testify in support of LB110 and LB417. I represent my son, Jacob Peters, who died fighting cancer in 2011 at the age of 17. I testified in front of this committee last year and I am back because children in Nebraska are still dying from cancer. We have built some momentum and we need to keep it moving forward. My oldest son Jacob was diagnosed with T-cell lymphoblastic lymphoma on January 31, 2011. He started his first chemotherapy protocol February 4. He relapsed on June 3 so we started a new protocol called ICE. He relapsed again, so we started a third protocol using methotrexate. He relapsed again, so we restarted the original protocol and Jacob was told he would need a bone marrow transplant. He relapsed again and this time he also had leukemia. At this point the national study group that was following his case gave up. They said there was nothing left to be done. They said we should try to keep him comfortable and prepare for his death, but his primary doctor did not give up. He recommended a radical protocol being developed at Memorial Sloan-Kettering in New York, but this treatment would be far worse than the chemotherapy that he had previously endured. I don't have time to tell you all the miseries that Jacob endured over the next four weeks, but believe me, it was hell. Ultimately, this new therapy did work for a short time, but just four days before the scheduled bone marrow transplant, test results showed that Jacob relapsed once again. The leukemia was in check, but the lymphoma had come back. In the eleventh hour his doctor wanted to try this last protocol one more time in hopes of moving forward with the transplant more quickly this time. Even though Jacob was well aware of the horrific ordeal that he had just endured and the consequences of another round of this chemotherapy, he would not quit and wait to die, so he chose to give it one more shot. That's the way he attacked this disease from the start. When the doctors told him what to expect and what his limitations would be during all of these various chemotherapy protocols, he would say, I'll do my job right, you do your job right. This last round of chemotherapy is what killed my son, and I want everybody to understand that very clearly. The treatment meant to save Jacob's life is what killed him. His body could not handle any more of the poison that was being injected. He died of sepsis and multiple organ failure on November 16, 2011. His mind and body had been ravaged by multiple massive infections, diabetes, neuropathy, lymphoma, leukemia, and the day he died we learned that he had developed a brain tumor, but he never quit. He died fighting. My wife and I brought along his "My Journey" beads as an illustration of what he

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endured. The total length of this string is 11 foot 4 inches, and it pales in comparison to what some other kids have had to go through. Jacob did this in nine months. None of these beads are larger than a marble and they all represent something he endured on his journey through the treatment: port activations, blood transfusions, spinal taps, injections, various scans, etcetera. Just about anything that you can think of is represented on this string of beads. There are even smiley faces that represent the good days, but you will only find three of those on that entire string. The total cost of Jacob's treatment was \$2.4 million and ultimately the treatments did not work. We are continuing to treat pediatric cancer patients with the same protocol over and over again, and I've been told that it works 90 percent of the time. But what if you are one of the 10 percent? I have told people that Jacob always gave 100 percent effort in everything he was doing. Giving 90 percent effort was never good enough on the football field, the basketball court, or on the track. Getting 90 percent was never good enough in the classroom and, ultimately, 90 percent was not a good enough rate of cure for his cancer. The definition of insanity is doing the same thing over and over again and expecting a different result, yet that is where we are right now with pediatric cancer treatments. We need help. Our children need help. We lose enough children through accidents and natural disasters which we cannot control. This disease seems like something we should have better control over. I reject the notion that nothing else could be done for Jacob. There has to be something better out there. The only way that we are going to help these children is through research, and research takes time and money. You as a committee cannot give any more time, but you can give money. These bills will not help my child but it may help someone else's child. New drugs take years to be tested and approved and some cancer patients don't have years. My son only had 290 days from the day of his diagnosis. You have accepted a difficult task as a senator. There are a lot of bills that probably deserve to be funded that won't. There are other causes that carry more political clout than this one, but none are more noble than this. This is a chance for you to take the lead and continue the momentum to help find ways to protect our children. Once again, thank you for your time. Appreciate you spending the evening, putting in the time. Any questions for me? [LB417 LB110]

SENATOR HILKEMANN: Thank you, Mr. Peters, for your testimony. Are there questions?
Senator Bolz. [LB417 LB110]

SENATOR BOLZ: I just wanted to thank you for sharing your story. It is a helpful reminder of the impact for real families, and we appreciate it. [LB417 LB110]

GARY PETERS: Thank you. [LB417 LB110]

SENATOR HILKEMANN: Any other questions? It reminds me of what I said here: What we know is but a small island. [LB417 LB110]

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GARY PETERS: Yeah. [LB417 LB110]

SENATOR HILKEMANN: Thank you very much for your time. [LB417 LB110]

GARY PETERS: Thank you. [LB417 LB110]

SENATOR HILKEMANN: Are there additional proponents? [LB417 LB110]

MITCHELL AHLSCHEDE: (Exhibit 4) Thank you, Vice Chairman Hilkemann. Thank you, Senators, for the opportunity to speak on behalf of LB110 and LB417 this evening. Thank you for hearing the testimony on these bills after such a long day, and thank you for your service to the state of Nebraska. Some of you may be familiar with the story I want to share today, because my wife spoke to the Appropriations Committee last year in support of similar legislation. Again, my name is Mitchell Ahlschweide, last name A-h-l-s-c-h-w-e-d-e. I'm a father speaking on behalf of my three-and-a-half-year-old named Leyna. On February 6 of 2013, Leyna was diagnosed with stage IV, high-risk, neuroblastoma at 18 months of age. Leyna's cancer metastasized throughout her body to the point her basic functions were interrupted. The tumor in her abdomen had grown around her ureters, bowels, and her major cardiac vessels. Her bone marrow was 98 percent diseased. She had tumors in and around her facial structures, her eyes, and in her facial bones. Leyna underwent intensive treatment that included five rounds of chemotherapy, a surgery followed by a three-and-a-half-week stay in the intensive care unit, more chemotherapy, an autologous stem cell transplant, radiation, and finally five months of Phase II trial immunotherapy treatments, which are standard treatments for the protocol even though they were a trial. On May 23, 2014, Leyna was declared no traceable evidence of disease. She endured 15 months of the most intensive treatments available. Today Leyna experiences large motor delays, bowel inconsistencies, decaying teeth, the loss of her left kidney, a large abdominal hernia, and worst of all, a metabolic syndrome called idiopathic hypoglycemic ketosis, which results in blood sugars low enough to cause death. Leyna completes scans now every six months to monitor possible tumor recurrences; still faces a 40 percent chance that she will not live. There's no curative treatment for progressive or relapsed neuroblastoma and only a 5 percent chance of survival if this is the final prognosis. Today I want to highlight before you a set of numbers that I feel describes the pediatric cancer situation in Nebraska. The following incidence and mortality rates reflect both malignant neoplasms and benign neoplasms reported in the state of Nebraska in children 19 years or younger, and it's nine out of the last ten years. Combined, these numbers highlight on average 107 new cases each year in Nebraska and account for approximately 15 deaths in Nebraska children. It would be slightly higher if we just looked at, say, the last four years. Research from Web sites such as the [CDC.gov](http://www.cdc.gov) will show that the disease trends are stable in our state, which means we can anticipate our number of incidents and number of deaths to continue to climb with our population. It means that we have not made

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enough progress to find more effective treatments or cures, which is why I'm here to testify in support of LB110 and LB417. These measures continue to fund and support an initiative that has the potential to save 1,035 years of Nebraska life each calendar year. That's based on the average death of a child at 8 and average life expectancy at 77. It has the potential to drive economic growth and development in the ever-increasing biotechnology industry, and most importantly, these initiatives allow us an opportunity to exercise a moral imperative and prove that we stand ready to put forward a best effort approach to help every child in our state live and grow, giving them a chance to participate in our way of life. I know there's much current debate in Nebraska surrounding funding and the proper use of taxpayer money. However, I urge every senator to consider the opportunity involved in today's legislation and support the initiatives as proposed. The funding will continue last year's legislation and provide the Nebraska Medical Center with the greatest chance to make a long-term impact in the pediatric cancer fight. This year 107 new families will fight this battle behind closed doors in the cities and towns and from the farms of our state. They will represent low-income, middle-class, and high-income families of all ethnic backgrounds and origins. These families will spend holidays staring out hospital windows and driving to and from emergency rooms and doctors appointments. Fifteen Nebraska families will bury their children this year from the disease that can be stopped if we make it a priority. I have lived life in the shadow of childhood cancer and must have hope for a cure. I must have hope that Nebraska will create a larger voice in this fight. As I see it, the need is great and the asking is but a small portion in light of the whole. Please pass and fund LB110, LB417 as part of our state's priority. If you have not been personally affected by pediatric cancer, I will count your fortune and warn that it is likely to have an effect on everybody in this room at some point in their life. I've also included a few maps, statistics, if you want to take time to look those over. I won't do that this evening. This concludes my testimony. [LB417 LB110]

SENATOR HILKEMANN: Thank you very much for your testimony. Are there questions?
Senator Bolz. [LB417 LB110]

SENATOR BOLZ: How is Leyna? [LB417 LB110]

MITCHELL AHLSCHEDE: I'm happy to say Leyna is doing very well. We still have to continually monitor her. As I said, she has a large abdominal hernia. At some point she'll have to undergo another major surgery. We are still monitoring her idiopathic syndrome that creates...hypoglycemic syndrome, sorry, that creates those low blood sugars. Other than that she is a very small, three-and-a-half-year-old child that has a big attitude, so. [LB417 LB110]

SENATOR BOLZ: Well, thanks for being here. [LB417 LB110]

MITCHELL AHLSCHEDE: Thank you. [LB417 LB110]

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SENATOR HILKEMANN: Thank you for that question, Senator Bolz. Any other questions? Thank you very much. Are there other proponents? [LB417 LB110]

SHELLEY SAHLING-ZART: (Exhibit 5) Good evening, Vice Chairman Hilkemann, members of the Appropriations Committee. My name is Shelley Sahling-Zart, S-h-e-l-l-e-y, Sahling-Zart, S-a-h-l-i-n-g-hyphen-Z-a-r-t. I'm sorry, I'm emotional after those two stories. I've been a registered lobbyist for 26 years and this is the second time I have testified personally on a bill. The first time was on this appropriations bill last year and the second time is today. And you're about to get some pictures of why I'm here. On the first page you will see a lovely young woman, Genevieve Marie Sahling, who was my beautiful niece who died on September 3, 2008, of osteosarcoma after a three-and-a-half-year battle that took her to the Med Center. It took her to MD Anderson in Houston. It took her on a Make-A-Wish trip to Hawaii. And I'm going to tell you a fun little story. Senator Kuehn is from near Kenesaw where she went to school and she was 15 in the spring the year she died. And she...everybody pretty well knew she was unlikely to live long enough to go to her senior prom. And there was a lovely young man who was a senior in her school who asked her to prom, and I got to help that young lady pick out prom dresses and she went to prom and stayed out till about 4:00 in the morning and had a lovely time. So she got her prom. On the backside of that page is a young man and he is also in some of the baby pictures you will see. That is my 18-year-old son who is an 18-year cancer survivor. Let me say that one more time. He's my 18-year-old son and he's an 18-year cancer survivor. He was two months old when he was diagnosed. And in the one picture, you will see he's laying in a stroller and you can't see the tubes but he's receiving chemotherapy. He's receiving that poison that we talked about, coursing through his tiny little veins, and he survived. He survived partly because of research but I'll also tell you, I've looked. The neuroblastoma...he had the same thing, neuroblastoma. The neuroblastoma protocol has not changed much in 18 years. It's pretty much the same thing. It's pretty much an adult protocol. I'm happy to say it saved his life, but I think to your point, Senator Bolz, I think one of the things that saved his life was a well-baby checkup. There was a mass in his scrotum that was detected on a well-baby checkup. And had that mass not been detected, he would be one of the statistics that were just referenced. But he's alive. I'm one of the lucky ones. And I feel for these folks. And by the way, Princess Leyna has a Facebook page if you'd like to follow her. You can watch her journey. It's Princess Leyna and she's a beautiful kid. You can't not do this bill. You have a lot of priorities on your desk. I know that. I'm going to talk to you about some of the others that affect my business, but you can't not do this one. It's \$1.8 million and it should be a lot more. But we can't turn the backs on these kids who are diagnosed with these things. We have to do something. Last year Senator Kintner asked a question: Is it enough? No, it's not enough. It will never be enough. But it's something and we have to start somewhere. And LB110 that provides for a couple of additional specialists, have to do that too. And if you haven't been up to the Med Center, you should get up there. We have a world-class medical facility just up the road. We don't have to send our kids to Sloan Kettering. We don't have to send our kids to St. Jude's. We have a great, world-class facility. We just need to

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make it better. And they're doing great things up there. That's where my son was treated, Dr. Gordon and the whole team up there, and they roll out the red carpet for us every year. And I'm happy to say we're going to go up in June and it's going to be our last checkup. He has gone every year for checkups. It's going to be our last one. I got to tell you, as a mom that's kind of scary. I'm very happy, but it never goes away. And you know, I'm sure you have other kids and every bump and bruise you worry about it. It's just what you do forever. And it has changed their lives forever. It has changed my life forever and that's why I'm here and I'm begging you to fund this and keep this going, moving into the future. And I'd be happy to answer any questions. [LB417 LB110]

SENATOR HILKEMANN: Thank you for your testimony. Are there questions? Senator Kuehn. [LB417 LB110]

SENATOR KUEHN: Thank you, Shelley, for sharing your story. [LB417 LB110]

SHELLEY SAHLING-ZART: Uh-huh. [LB417 LB110]

SENATOR KUEHN: I was aware and around to participate in some of the fund-raisers for your niece in the years and it was particularly close to my family. My mother was diagnosed with lymphoma at age four in 1948, and so survival stories of childhood cancer touch all of us. And as those who have shared their stories, it's a very personal story for all of us. But there are those successes. We just need to have a lot more of them. [LB417 LB110]

SHELLEY SAHLING-ZART: But you know the survivals are why we do this. [LB417 LB110]

SENATOR KUEHN: Exactly. [LB417 LB110]

SHELLEY SAHLING-ZART: Yeah. [LB417 LB110]

SENATOR KUEHN: So I'd like to thank you for sharing your story. [LB417 LB110]

SHELLEY SAHLING-ZART: If I can just say, I asked the folks at the Med Center, how do you do this, how do you do this job, and they said, because we save a lot of kids and it's about the kids we save. Let's work on saving some more. [LB417 LB110]

SENATOR KUEHN: Thank you for your time this evening. [LB417 LB110]

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SHELLEY SAHLING-ZART: Thank you. [LB417 LB110]

SENATOR KUEHN: We appreciate it. [LB417 LB110]

SENATOR HILKEMANN: Additional questions? Thank you so much for coming to testify,... [LB417 LB110]

SHELLEY SAHLING-ZART: Thank you. [LB417 LB110]

SENATOR HILKEMANN: ...sharing your story. Additional proponents? [LB417 LB110]

KENNETH COWAN: (Exhibit 6) Thank you, Vice Chairman Hilkemann. I'm Dr. Ken Cowan, K-e-n C-o-w-a-n. I'm director of the Fred and Pamela Buffett Cancer Center. And even for me, who has been in this business for my entire career, it's hard to follow families like that. I'm honored to be here speaking in support of these two bills to provide important potential benefits for pediatric cancer patients and their families. Before I begin my formal statement, I again want to acknowledge the families and many families across the state who have really faced an unfathomable reality of having a child diagnosed with cancer. And you've heard some of those stories today. It's really remarkable the families and their children have gone through this and we really do applaud them and stand closely with them. Let me also say today that I'm speaking as a physician and a private citizen and not on behalf of the University of Nebraska Medical Center or Nebraska Medicine. I want to thank the committee for considering these important legislative bills to provide much needed and important support for research and clinical care in pediatric cancer in Nebraska, including at the Fred and Pamela Buffett Cancer Center. As you've heard and as you're aware, more children die of cancer every year than of any other disease. And unfortunately, as you've heard, Nebraska still ranks among the highest in the nation in the incidence of pediatric cancer. It's a statewide crisis and we need to do something about it. Our children are getting cancer at a very high rate and even if we can provide them with the best care, we have to provide more research into figuring out, as Senator Bolz pointed out, why more of our children getting cancer in this state than in other states in the country. The mission of the Fred and Pamela Buffett Cancer Center, which was formed by the University of Nebraska Board of Regents in 2013, is to do precisely that, to coordinate clinical and translational research in the quest for curing cancer, to educate the next generation of scientists and healthcare practitioners, and to clinically care for the cancer patients with precision and compassion. As you know, we are currently in the process of building a new state-of-the-art cancer center in Omaha and we actually thank the senate for strong support of this building, \$370 million project. We are proud to say we're on schedule and on budget, and if you come out to our center, we're pouring the seventh floor of our ten-story building this week. So we will open in the first quarter of 2017 and we'll be open for business for all patients. In addition, many private...in addition to the support

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provided by the state and the Nebraska Legislature, additional private philanthropic donors allowed us to proceed with this. So there was a tremendous amount of support in the community for this \$370 million project, including the C.L. Werner Cancer Hospital and the Suzanne and Walter Scott Cancer Research Tower. And as I said, we will be open on schedule on the first quarter of 2017. The ten-story Suzanne and Walter Scott Cancer Research Tower at the Buffett Cancer Center will have 98 new laboratories totally dedicated to cancer research, including one area that we have dedicated solely to pediatric cancer research. Today I'm pleased to share with you, members of this committee, news that the Children's Hospital and Medical Center Foundation in Omaha has donated \$3 million to help build out our first efforts in expanding our efforts in pediatric cancer research at the Buffett Cancer Center as an important part and essential part of our critical partnership between our two organizations. Additional areas in the Buffett Cancer Center will be dedicated to researching cancers that are common in children, including leukemia, lymphoma, or brain tumors. But as you heard, we have to treat these diseases in pediatric cancer patients with...differently. We have to understand how those diseases are caused because the treatments for adults will be definitely different than treatments for children. These, along with other research and clinical facilities, and the professionals working within them, will position our state at the forefront of cancer research and cancer care nationally. The latest technologies, including Next Generation DNA sequencers which will allow us to sequence cancer genomes in real time. And in fact, I'm pleased to announce that, in collaboration with Dr. Coulter, who will be speaking later, we're actually performing our first pediatric whole genome, cancer genome analysis this month. We've now done about 170 human adult patients and now we've done our first pediatric cancer patients in our facility in a research capacity. This will open up avenues to less invasive and more effective therapies. You've heard the talk about how we commonly use chemotherapy to treat both adult and pediatric cancers. And the future, both at our center and around the world, is to find new targeted therapies that are less toxic, more effective, and have less of the toxicities that you've heard about today. We already have over 100 new clinical research protocols actively open at the cancer center focusing on pediatric cancer, but certainly these bills would help us to recruit additional faculty and researchers and to undertake and open up even more protocols for pediatric cancer patients. With the new facility, we plan to hire over 100 new researchers and physicians and 1,200 new employees overall at the Buffett Cancer Center within five years after opening our door. In fact, we're not even waiting for them. We're actually recruiting actively and recruited about 30 faculty in the last two years for the Buffett Cancer Center, all with the goal of giving hope to pediatric and all cancer patients and their families who are looking for us to do all we can. I'm here today to ask you to stand with these families who testified today and with all the families across Nebraska who have been touched by cancer, pediatric cancer and adult cancer, but specifically with pediatric cancer today. I also invite you all to come out and see our new facility as it's being constructed. Would be happy to give you an update on that at any time. A couple small anecdotes about pediatric cancer. I'm an adult medical oncologist and I do see patients every week as well. Of all the things I do, it's still probably the best two days of my week. So I really appreciate the opportunity to

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come here. I'll end quickly by saying also in terms of pediatric cancer, we have support from across the entire state. As you know, we have an important fund-raiser every year, the Cattlemen's Ball in Nebraska, that raises money for cancer research. They've raised over \$9 million for us over the last 15 years. It was about ten years ago in Lodgepole, Nebraska, a town of about 200 people out in western Nebraska out by Sidney. The Widdowson family hosted the ball, raised over \$500,000 for us. Unfortunately, one year later one of their three children came down with pediatric cancer and passed away. Last year in Banner County, out in the western part of the state, the Cattlemen's Ball opened up this year with five pediatric cancer survivors who opened up the ball by letting loose butterflies of hope. So I thank you for your support. I thank you for consideration of these important bills and everything you could do to help the families that have testified today and all the other patients. Thank you very much. I'll be happy to answer any questions. [LB417 LB110]

SENATOR HILKEMANN: Thank you, Dr. Cowan. Are there questions? Senator Kintner. [LB417 LB110]

SENATOR KINTNER: I thank you for coming out at this late hour. So there's no one here from UNMC to testify? [LB417 LB110]

KENNETH COWAN: I'm here. [LB417 LB110]

SENATOR KINTNER: In the official capacity, I mean. [LB417 LB110]

KENNETH COWAN: No. [LB417 LB110]

SENATOR KINTNER: That got... [LB417 LB110]

KENNETH COWAN: There's three of us here from UNMC: Dr. Sarah Thayer will be testifying,... [LB417 LB110]

SENATOR KINTNER: Right. [LB417 LB110]

KENNETH COWAN: ...Dr. Don Coulter. But we're here as private individuals. [LB417 LB110]

SENATOR KINTNER: Here's my question. If UNMC is getting this money, why aren't they down here endorsing this effort and asking us for the money? I smell a rat. There's something not right here. Why aren't they down here? [LB417 LB110]

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KENNETH COWAN: No. No, no, it's not to confuse anything whatsoever. We'll certainly applaud the use of those funds to support research. We're just supporting this as individuals and it's not part of the university budget request. [LB417 LB110]

SENATOR KINTNER: So they couldn't come down here and... [LB417 LB110]

KENNETH COWAN: We're here strongly supporting the bill as individuals. [LB417 LB110]

SENATOR KINTNER: But why isn't anyone...but they're...why wouldn't they come down here and officially support it? That just doesn't make any sense to me. If it's going to benefit what they're doing and they think it's a great endeavor, and I'm not saying it's not,... [LB417 LB110]

KENNETH COWAN: Uh-huh. [LB417 LB110]

SENATOR KINTNER: ...I'm just trying to figure what's going on with them. [LB417 LB110]

KENNETH COWAN: Nothing. We all stand together on this. [LB417 LB110]

SENATOR KINTNER: Well, no, they don't stand, because they're not here. [LB417 LB110]

KENNETH COWAN: Well, they've been here a lot of the day but not testifying in front of you. [LB417 LB110]

SENATOR KINTNER: They weren't here last year either and I thought that was weird so I figured I'd ask the question today, try to get to the bottom of it, and... [LB417 LB110]

SENATOR HILKEMANN: Senator Bolz. [LB417 LB110]

SENATOR BOLZ: It seems to me that there are probably federal funds that we could be competitive for. [LB417 LB110]

KENNETH COWAN: Yes. [LB417 LB110]

SENATOR BOLZ: Are we doing everything that we can and should be doing to be the most competitive we possibly can be to get those funds? [LB417 LB110]

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KENNETH COWAN: No, absolutely. So our research funding at the cancer center when I came here in 1999, actually I worked at the National Cancer Institute, prior to coming here in 1999, for 21 years. But the research funding at the cancer center was about \$19 million a year in 1999 and this year we topped over \$65 million annually coming into Nebraska. Part of that was largely due to recruitment and expansion of our research capabilities and expansion of some of the research facilities on the Medical Center campus. So we are constantly recruiting faculty, some with funding who bring their funding with them, and also recruiting new faculty who we mentor and try to expand our research. [LB417 LB110]

SENATOR BOLZ: That's really helpful. It seems to me that part of our real value here is drawing down those federal funds by putting ourselves out as a leader on this issue. So I appreciate that insight. [LB417 LB110]

SENATOR HILKEMANN: Are there additional questions? Seeing none,... [LB417 LB110]

KENNETH COWAN: Thank you. [LB417 LB110]

SENATOR HILKEMANN: ...thank you very much, Doctor. Are there additional? Okay. [LB417 LB110]

DON COULTER: (Exhibit 7) Good evening, Senators. Thank you very much for the opportunity to testify. My name is Don Coulter, D-o-n, last name is C-o-u-l-t-e-r. I'm a pediatric oncologist. I do the job all the time and I can't (laugh)...people ask me all the time, why do you do what you do, why do you take care of kids with cancer, and all I have to tell you to do is follow me around and watch those families and those kids. Jacob Peters was an incredible young man who was probably the bravest kid I ever saw in my entire life and puts us all to shame. Leyna Ahlschwede, every single day to her is the best day of her life. I have never in my life seen a kid who's happier. So people ask me all the time, why do you do what you do. It's because of them and I am so thankful that they were here today and that you could hear their stories. I am here also as an individual, not representing the university, but I am honored to be here as the director of the Pediatric Cancer Research Group, which is the entity that you created last year by having the vision of looking forward in the Nebraska Legislature. When I came and spoke to you last year, we talked about a lot of statistics that you've already heard, and so I don't want to go over them. But, Senator Bolz, to some of your questions, some of the big statistics I wanted to highlight that we haven't talked about yet is the huge funding gap in pediatric cancer research, and specifically that pediatric cancer research receives less than 5 percent of the federal dollars reserved for cancer research. Because of that, the state of Nebraska decided to take action and last year supported the creation of the Pediatric Cancer Research Group. That's an innovative team of researchers, including clinicians, geneticists, cell biology experts, pharmacists, and chemists that

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are utilizing the existing resources at the University of Nebraska Medical Center, the Fred and Pamela Buffett Cancer Center, and Children's Hospital and Medical Center to better understand how cancer cells behave and how best to eliminate them. Since receiving the funding in 2014, we have created the infrastructure for an efficient and effective laboratory through strategic equipment purchases. I was actually the one who prepared the report that Senator Nordquist handed out to you that I submitted to the committee in December of 2014. And it is true at that time we had hired a couple of people and had nine projects. We've recruited and hired two new team members and are in the process of recruiting two scientists to join our group. We currently have 11 different projects that are all focusing on developing ways of detecting and treating cancer cells. We've identified new classes of compounds with the potential to augment existing cancer therapies for Nebraska children. We've presented our research at a number of scientific meetings and all of our presentations have always acknowledged the support that we receive from the state of Nebraska. We're in the process of preparing two National Institutes of Health grants for federal dollars, and we are moving forward with our preliminary data. However, all of this is just the beginning. The momentum created by the resources provided last year can only be expanded through sustained sources of funding. Our future plans include the further development of these new therapies and eventual clinical trials of these drugs. That type of research takes expertise, time, and funding. We're grateful that additional funding for the group has been placed in your preliminary budget, and with continued support from the state we can leverage the work already being completed to provide a significant return on our investment in the future. Senator Bolz, you were asking about private funding. There are a number of grants that we receive from private foundations. But again, to reiterate, the low levels of pediatric cancer research funding in the national government, my largest grant outside of what the Appropriations Committee gave us last year, is \$250,000 from a car company. This whole process got started because a car company, Hyundai, funds something called "Hope On Wheels." That's what funds pediatric cancer research. Another grant that I have is from something called St. Baldrick's. St. Baldrick's is the second largest entity funding pediatric cancer research in the United States, behind the federal government. You know what St. Baldrick's does? They shave heads. I have my head shaved bald every single year in July and St. Baldrick's funds the most pediatric cancer research behind the federal government. I find that appalling and I find the vision of this Legislature inspiring that you saw that need and you filled it. We need that continued support to work towards the future because that's what pediatric cancer research is about--the future--not only the future therapies that we can discover together but the future we preserve for these children and their families battling this disease. Any investment that we make in the Pediatric Cancer Research Group is an investment to the future of the state. And I thank you for your time and consideration and would be more than happy to answer any questions you have. [LB417 LB110]

SENATOR HILKEMANN: Thank you, Doctor, for your testimony. Are there questions of Dr. Coulter? Seeing none, thank you very much. [LB417 LB110]

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SARAH THAYER: (Exhibit 8) Good evening. Thank you very much for this opportunity. My name is Dr. Sarah Thayer, that's S-a-r-a-h, Thayer, T-h-a-y-e-r. And certainly I think that after probably one of a very long day, I'll try to keep my comments very short. But I also wanted to thank everybody here for staying late and giving me the opportunity to speak in support of the bills, LB110 and LB417. It certainly is an honor to be able to present some of our data and some of our beliefs here today. I would also like to thank the incredible powerful testimony from our families. They certainly have addressed many of our questions in terms of why we should be doing this and what, and that there's really no alternative. We have to move forward. This is not something that comes as a return on investment on a financial page. The return on investment is the return in lives and that is something that is priceless. I would also like to thank my colleagues: Dr. Cowan, who is the director of the Fred and Pamela Buffett Cancer Center; and Dr. Coulter, who is the director of the Pediatric Cancer Research Group who have done an outstanding job basically outlining some of the wonderful work that is now being done to cure cancer and the state-of-the-art cancer center that is now being built. Furthermore, Dr. Coulter has outlined some of the very exciting work that he has just started, given the funds that he was given last year, and has made great speed to have good use of this money. I think that it is clear that we are very, very grateful, for many of these build-outs would not have been possible without the support of the Nebraska Legislature, and for that we are eternally grateful. However, we are far from done and there's a lot of work that needs to be done. And so I wanted to basically address some of the questions that many people will probably still have: Why do we need more funds and how are these funds actually going to improve the lives of our patients? So the basic question is, why, why here, why us, and why now? So as was pointed out here and I think it's incredibly powerful, pediatric cancer is the leading cause of death in children. It is devastating news, as these family members have pointed out. Nearly 260,000 families will be told that their children have cancer, and that's in 2014. That's an astronomical number nationwide. And unfortunately, as been pointed out several times but I think I want to say it again because it's incredibly, from a person not from Nebraska, it is incredibly important that Nebraska has an unfortunate distinction of being fifth leading cause (sic) of pediatric cancer in the United States. This is not something we should be proud of. Now childhood cancers are incredibly different from adult cancers, and as a surgeon scientist, I study adult cancers and I certainly can understand and appreciate that they are truly different cancers, not only in what causes them, the etiology, the genetic drivers, but how we treat them, the protoplasm that's underneath them, more importantly the supports that our families need to get through this episode. And more importantly, we're dealing with somebody that has to live an additional 70 years with possibly some significant disabilities and how do we help those children integrate back into having a meaningful life? You can save a life, but you really should have a meaningful one if you're going to save it. So all these programs are actually very important. So the key thing I think, as Doctor...Senator Bolz has pointed out and Dr. Coulter pointed out, is that there's a huge discrepancy. First of all, pediatric cancer is incredibly hard to study because, as many of you know, and as many of you who have ever studied statistics, you need numbers. And where there's

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numbers, you've got a huge amount of advocates. And where you have advocates, you have a huge amount of money. No money, no researchers, no data, no treatments, no cures. It's pretty clear. So how are we going to change these horrible statistics? How are we going to turn it around? How are we going to improve the lives of our patients and how are we going to find cures for our patients? Well, over the next several years we actually have an opportunity to develop a comprehensive pediatric research center and this is done and really the timing is perfect because we're not just building from the ground. We're starting to build on top already of a big cancer center and research center that is now going up called the Fred and Pamela Buffett Cancer Center. Nebraskans have already committed to taking the first step and to promote a healthier future for Nebraskan citizens. And these bills, LB110 and LB417, are the next step to assure that our pediatric...the pediatric cancer population is equally supported. Now as Dr. Cowan has testified, through the gifts of philanthropy and the state of Nebraska, UNMC and the clinical enterprise that we call Nebraska Medicine now have embarked on a mission against cancer in the middle of building this innovative, state-of-the-art cancer center that is actually designed, it's built like a big "L." Have you ever seen it? One side is for research; one side is for clinical practice; and the center is for what we call a knowledge transfer zone and is really meant to integrate so that we can accelerate. In that building, because of the great needs that are set out by our families, the Fred and Pamela Buffett Cancer Center has basically donated a space for the Pediatric Cancer Research Group, and Children's Hospital has donated about \$3 million to build out a state-of-the-art innovative lab so that we can study it effectively. However, as we all know, just a beautiful building and a beautiful lab will not cure cancer. Ongoing research is actually needed in order to bring in the talent--the researchers, the scientists, the clinicians--that will actually breathe life into that building. And it's through that that we're going to find innovative change and we're going to find innovative cures. And today's discoveries will be tomorrow's cures. So I think that we have an opportunity to do something great and that the timing is right to build on top of an already moving ship. It's like the Queen Mary; you can't stop it. We're going. We're going to cure cancer and we're going to do the best job to be the leader in this space. We just hope that the Appropriations Committee will understand that pediatric cancer requires the same effort, in fact a little bit more so, because we're starting from a lower end. We don't have enough patients. We don't have enough dollars. And we really need to work hard to study the patients that we have and, of course, the care of these patients is for a much longer period of time hopefully. And just in conclusion, I just wanted to reiterate the invitation for Dr. Ken Cowan. I would really love for everybody on this committee to come by and to visit the Fred and Pamela Buffett Cancer Center so that they can see the extraordinary work being done and kind of the efforts to promote a cure for cancer. Certainly it's an incredibly long road and we hope to effect it step by step. As they say, a journey of a thousand steps begins with a single one, so here we go. And I am open and will answer any questions. [LB417 LB110]

SENATOR HILKEMANN: Thank you very much, Dr. Thayer. Senator Haar. [LB417 LB110]

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SENATOR HAAR: He's been giving doctor's degrees to people so... [LB417 LB110]

SENATOR HILKEMANN: Think you also gave a doctor's degree to Dr. Bolz over here. (Laugh)
[LB417 LB110]

SENATOR HAAR: So you're working on curing cancer. Are you also working on the causes? I mean why are we fifth? [LB417 LB110]

SARAH THAYER: Absolutely. It is a multiprong arm. If we can prevent a cancer, we can cure cancer. To me, that's a cure. I'd rather not have anybody have to endure the treatments of cancer if we can find preventative reasons. Prevention in the cancer center is a big thing, so cancer prevention and control are really big issues in the cancer center, and that's a big focus over the next few years as we move to a comprehensive cancer status at the Fred and Pamela. Again, pediatrics, we need to understand why. We need to understand where these populations are coming from. We need to understand the sensitive population. It is actually quite an important task. And I think prevention in all cancers is important to highlight. [LB417 LB110]

SENATOR HAAR: Do you have any clues as to the cause... [LB417 LB110]

SARAH THAYER: I don't. [LB417 LB110]

SENATOR HAAR: ...of why Nebraska is so high? [LB417 LB110]

SARAH THAYER: I don't know. I'll have to refer that question to Dr. Coulter. He's smarter than I am. [LB417 LB110]

DON COULTER: If I can, I was asked by the planning committee to present a draft policy of pediatric cancer in the state and what those implications are. In that policy, we looked at the epidemiology of the statistics that we have. I'll just be very brief. The problem is that we have 1.8 million people in the state. Of that, about 23 percent of those are 19 years of age or less. So your numbers are very, very small. And when you're dealing with small numbers, it's hard to find and exact what the causes are. And the other things, like Dr. Thayer was saying, is sort of the host itself. So is the problem some kind of genetic issue in the patient? Is it a problem in the genetic issue of the patient's mother? Is that problem happening when the patient is in utero? Is that problem an environmental toxin that's out there? So there are lots of people that are looking at that and it's an incredibly difficult thing to sort out. We heard from before that the four states that have the higher incidence are in the Northeast. A lot of the guesses as to why the instance is higher there is because of radon in basements. Our biggest disease is leukemia. Our leukemias

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are driven by radiation. Thirty percent of what I do is leukemia and so there could be some environmental things that we can find. My hope is that we can work with the College of Public Health and do a better job of presenting that epidemiological data to you and that we can do better mapping of where our diseases are coming from and then look and see if there are genetic pushes, if there are environmental pushes. But the hard part is that there are so many factors in pediatric cancer, like Dr. Thayer was saying, that aren't involved in adult cancers because the host is so different. Was it an assault while they were in the womb? Was it an assault that happened to the family beforehand, to the mother or the father many years before that's making a transformation? So some of those things are going to be difficult to find out. But as one of the bills that you saw before, it's hard to even give you the data of what's going on in the state yet. We need to do a better job of identifying exactly where these kids are coming from. Thank you. Sorry. [LB417 LB110]

SARAH THAYER: Thank you. [LB417 LB110]

SENATOR HILKEMANN: Thank you. [LB417 LB110]

SENATOR HAAR: Thank you. [LB417 LB110]

SENATOR HILKEMANN: Senator Stinner. [LB417 LB110]

SENATOR STINNER: And this may have been covered before and I apologize, but it seems like we've got, you know, a lot of money going into facilities, a lot of great people coming to that facility to work. Where's the biotech industry and some of the drug folks? Are they trying to partner with you, you've got a great team, be in assembly? [LB417 LB110]

SARAH THAYER: Absolutely. And certainly that's the secondary goal, right, is to basically, one, get the building up; two, infuse the building with these outstanding researchers and the minds that will basically think of innovative research questions and ultimately really good answers. Then basically what comes in is partnership between the academic centers and, of course, the chemical companies or the drug companies that will likely sponsor clinical trials and help us build better programs, better drugs for our patients. And you know ultimately, it's not just about that as well. I mean, these kids endure a lot. I think that one of our families basically pointed out that these people get blood draws and lumbar punctures and it is just...if we could even just figure out a way to make that diagnostic, early detection less invasive, if we could make radiation treatment not have long-lasting effects, if we could target the tumor and not the body, I mean anything like that would be ideal. So we have a lot of steps to go and I think any step forward in any of these directions would be helpful and would change the lives and at least the

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quality of our patients' lives. I mean if we can decrease pain and anxiety--big step. [LB417 LB110]

SENATOR STINNER: Thank you. [LB417 LB110]

SENATOR HILKEMANN: Additional questions? Doctor, thank you very much for coming this afternoon... [LB417 LB110]

SARAH THAYER: Thank you. [LB417 LB110]

SENATOR HILKEMANN: ...this evening. Additional proponents? Are there any opponents? We do have letters that have been...anyone testifying in the neutral position? Okay. (Exhibits 9 and 10) We do have letters that have been sent in for LB417 and LB110 from Children's Hospital and Medical Center, the Nebraska Hospital Association also on both bills. That will close the hearing on LB417 and LB110. Thank you all for coming. And we will now open on LB496. Senator Kuehn. [LB417 LB110 LB496]

SENATOR KUEHN: (Exhibits 1, 2, 3, 4, 5, 6, 7, 8, and 9) Good evening, colleagues. And as we begin hour six of our afternoon and evening, I'd like to thank you for the opportunity to come before you this evening. I am Senator John Kuehn, J-o-h-n K-u-e-h-n, and I represent District 38, seven counties in south-central Nebraska. It's truly my honor to come before you this evening in support of LB496, a bill I've introduced to appropriate funds to the Yeutter Institute for International Trade and Finance at the University of Nebraska. As a shift from some of the other items we've talked about today, I do want to emphasize that the Yeutter Institute is not bricks and mortar. Rather, it is an institute centered around building relationships through the funding of endowed chairs and establishing an academic opportunity for international trade and finance at the University of Nebraska. The Yeutter Institute of International Trade presents a critical and timely opportunity for the state of Nebraska and the university to partner with members of the private sector to elevate the exposure of Nebraska's university students to the subjects of international trade, finance, and agriculture in a collaborative manner. LB496 enhances the academic experience by bringing a global perspective to university education in these fields, and the formation of the institute will also assist in breaking down the silos that often exist between areas of study. Students will now work in partnership with faculty from different disciplines, emphasizing the interconnection between agribusiness, trade, finance, and law through an international lens. In doing so, students will be able to leverage the work of pioneers in this area, such as Nebraska's own Dr. Clayton Yeutter, and receive greater exposure and global experience and outreach. I'm proud of the positive impact that public-private partnerships have in seizing the opportunities to promote innovation and advance the emerging fields of study. Dr. Yeutter has had a profound impact on not only the trade sector internationally but along the way he's been a

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staunch advocate for Nebraskans and our ability to continue to produce vital exports in our ag and other sectors. This institute is truly a reflection of the work that Dr. Yeutter has spent his life's work focused on, but it goes beyond the vision of just a single person. Nebraska is fortunate to have a long list of advocates with principles similar to Dr. Yeutter and who have dedicated their lives to putting Nebraska on the map for agriculture, trade, and financial ventures. I will say that personally for me this is a unique experience. Growing up in Nebraska, involved in agriculture, Dr. Yeutter is somewhat of an icon. And last December I had the opportunity to sit at the table with Dr. Yeutter as he received a lifetime achievement award from the Nebraska Farm Bureau Foundation. And to have an opportunity to interact and share in his vision is truly transformational. I'm providing the committee with letters of support from the following individuals who speak to the influence of Dr. Yeutter and the value of this institute. Those include a letter from the Honorable Clayton Yeutter himself; the Honorable George Bush, former President of the United States; the Honorable Ben Nelson, former U.S. Senator from Nebraska; Duane Acklie of Crete Carrier Corporation; Mr. Mike Yanney of The Burlington Capital Group; Cargill Incorporated; ConAgra Foods Incorporated; as well as the Greater Omaha Chamber of Commerce. Also included is written testimony from Dr. Ronnie Green of IANR at the University of Nebraska, who will be joining us via telephone here in just a few moments. The predominant figure in agricultural trade, Dr. Yeutter exemplified a career built on the very pillars that this institute will bring together--a solid foundation in agribusiness in conjunction with expertise in finance and law, and an emphasis on the role and importance of the global economy in the future of Nebraska and its agricultural sector. LB496 has two key components that I want to emphasize to the committee, especially as we move into this late hour. First, this is an idea that was brought forward by the private sector in response to needs they identified coming from some of Nebraska's most successful entrepreneurs and leaders. They identified the need for specialized training in these areas of international finance, law, and agribusiness, and they sought a solution. Second, this matches the General Fund appropriation that is required to establish these endowed funds of the University of Nebraska Foundation dollar for dollar. To date, more than \$3 million of the total \$5 million in matching funds has already been secured prior to this hearing. This reinforces that this idea is strongly supported by individuals and companies locally and globally who have worked with Dr. Yeutter as well as entities important to our industries in Nebraska, such as the Nebraska Farm Bureau and the chambers of commerce. The Yeutter Institute, with its emphasis on endowed chairs and collaborative research and teaching, meets a critical unmet need among the students, academics, and all those seeking outreach in economic development in Nebraska. I'm quite confident on the return of investment of the \$5 million in General Funds requested by LB496. This will be realized not only on improving our students' ability to work in the global economy but in the research and trade exports that will come from the work of the institute. In 2013, Nebraska's total exports were \$7.4 billion. Imagine what something as simple as a 1 percent or even a 5 or 10 percent increase in Nebraska's exports, achieved by program participants, students touched by this program in training and experience, as well as the work collaboratively of faculty, would do for Nebraska. Before I close, we're going to attempt to

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connect with Dr. Ronnie Green, vice president of Agriculture and Natural Resources for the University of Nebraska, to share his perspective directly from the institute and how it will fit in with their mission. Certainly on behalf of Dr. Yeutter and the lifetime to work that many like him have successfully advocated for Nebraska, Nebraska agribusiness, and Nebraska exports, I hope this committee will seek to support LB496 and the opportunity that this unique public-private partnership will have for students and the agribusiness and export industry in Nebraska, both now and for decades to come. With that, I'm happy to answer any questions that members of the committee may have. [LB496]

SENATOR HILKEMANN: And are we ready with the phone call from Dr. Green? [LB496]

RACHEL MEIER: We're expecting it. [LB496]

_____: (Inaudible). [LB496]

_____: Okay. [LB496]

SENATOR HILKEMANN: Well, until... [LB496]

SENATOR KUEHN: Go ahead and let Dr. Green and... [LB496]

SENATOR HILKEMANN: ...that phone call comes in, let's...any...(phone ringing). Oh. [LB496]

RONNIE GREEN: Hello. [LB496]

SENATOR HILKEMANN: Dr. Green. [LB496]

RONNIE GREEN: Yes. [LB496]

SENATOR HILKEMANN: You are on with the Appropriations Committee of the Nebraska Legislature. Welcome. [LB496]

RONNIE GREEN: Okay. I will wait on your cue. [LB496]

SENATOR KUEHN: Your cue is go. [LB496]

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SENATOR BOLZ: Go ahead, Dr. Green. [LB496]

SENATOR HILKEMANN: Yeah. You may go. You may begin. [LB496]

RONNIE GREEN: Hello. [LB496]

SENATOR HILKEMANN: Yeah. [LB496]

RONNIE GREEN: Yes. [LB496]

SENATOR HILKEMANN: We're are...you may go ahead and begin your testimony, Dr. Green. [LB496]

RONNIE GREEN: Okay. I will wait on your cue. [LB496]

SENATOR KUEHN: The cue is go. [LB496]

SENATOR HILKEMANN: The cue is to go. [LB496]

RONNIE GREEN: Okay. Very good. I hope you can hear me okay. This is Ronnie Green. My last name is spelled G-r-e-e-n. And, Chairman Hilkemann and members of the committee, appreciate greatly the opportunity to visit with you remotely like this. I'm in D.C. on federal business today and I appreciate your consideration of allowing me to phone in to visit with you. I'm pleased to be able to speak on behalf of the university where I have the privilege and pleasure of serving as the vice president of the University of Nebraska for Agriculture and Natural Resources, in support of LB496 and the promise that we believe that it holds for our students and for the state in the future. I won't belabor a lot of the details in the written testimony, if you will. I know it's a late hour. I've been with you for most of the time this afternoon, watching you remotely, and have learned a great deal myself. But I know it is late there and that you've had a long day and still have agenda yet to accomplish. I do want to bring to your attention that Dr. Yeutter, as I think most of you will know and Senator Kuehn has already referenced, has a long and distinguished career and lifetime of service to our nation and certainly to Nebraska in the various roles that he served, not only as Secretary of Agriculture but also as U.S. Trade Representative and as counselor to the President under two different administrations federally, as well as a distinguished lifetime of service in the private sector as well with the Chicago Mercantile Exchange and with Hogan Lovells, his current law firm. The idea of this institute and the vision that Clayton has actually laid out with us is that we would draw upon the strengths that already exist among several of the colleges at the university, principally in business

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administration, and agricultural sciences and natural resources, and in law, to build a program that is focused very heavily on international trade and finance for our students moving forward. And the idea is built around, as Senator Kuehn has articulated for you, the establishment of three endowed chairs, one in each of those three colleges, for this program to work cross-disciplinarily, across those disciplines for both student education, for research, and outreach in this area. And as I've pointed out in the written document you've received, I'll go straight to the bottom line here. John has already mentioned for you that this is a dollar-for-dollar match and that we're well on our way, we believe, in the next few months to achieving the \$5 million private philanthropic goal to establish those endowed chairs. And the question that I'm sure that you're asking as you consider this amongst all of the proposals you have in front of you this session is what will a payoff on something like that be. And I guess I would just add to what the Senator said in his opening remarks, that if the \$5 million investment that is articulated in LB496 is put against that previous year's export value of \$7...just under \$7.5 billion that the senator just referenced, it's our belief that with the support of these three endowed chairs and the institute that we're developing with them, that the students that they impact, the work that they go into in the export trade and in international trade and finance, as John said, a 1 percent return on that \$7.5 billion export value, I would say that a reasonable expectation is that 10 percent is certainly achievable over time of an increase in exports from our state with growth in opportunity there, particularly on the agricultural export side. So I'm hopeful that as I'm articulating to you tonight and representing my colleagues, Dean Donde Plowman of the UNL College of Business Administration, and Dean Susan Poser of the UNL College of Law, that we have no doubt that standing this institute up in this way will greatly benefit generations of students to come at the university and for the state and certainly will honor Clayton's vision and legacy in building international trade and finance moving forward. So I thank you again for your consideration of allowing me to visit with you remotely and I'm strongly supporting LB496 and would be happy to address any questions that you might have. [LB496]

SENATOR HILKEMANN: Dr. Green, thank you very much. Are there questions from the committee? Senator Bolz. [LB496]

SENATOR BOLZ: I'm curious, do either of you know of any precedent in terms of supporting an institute that is starting up? Have we done this before? Is this something that state funds have been utilized to do in the past? [LB496]

SENATOR KUEHN: Dr. Green, that sounds like one that your experience and expertise would be able to address. [LB496]

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RONNIE GREEN: If I heard the senator's question correctly, I believe you were asking if there is a precedent for standing up something like...an institute like this under development from partial state funds and from partial private philanthropy. Is that correct, Senator Bolz? [LB496]

SENATOR BOLZ: That's correct. [LB496]

RONNIE GREEN: I am not aware of any experience like that directly at the university in my time period here. So from my perspective, I'm not aware of a precedent like that. [LB496]

SENATOR BOLZ: It would be helpful to know. I would just be curious. I think the fundamental question is, is the timing right? The other question I have is...perhaps you've already recognized this, but I'm just curious. The \$5 million amount assumes that we put money in, into the future, which is of course something we can't do. [LB496]

SENATOR KUEHN: Right. [LB496]

SENATOR BOLZ: Can you just address that? [LB496]

SENATOR KUEHN: Right. I think that as the fiscal note notes and we're aware that the total \$5 million, it's a \$1.25 million appropriation for each year of this biennium and then would imply that going forward. Obviously, the future Legislature and this committee in two years would have to reaffirm that appropriation. I think that said, that also does point though to the willingness of the private sector to step up and see the value in this and that we already have \$3 million of that appropriated or, excuse me, committed from the private sector before we even have an appropriation from this committee. So the private sector is truly leading the way on understanding the importance and the value that these endowed professorships have. I think the other thing that we need to consider is we've heard from a lot of programs today that are asking for an appropriation that we all know ultimately becomes an ongoing part of a base budget. What I think is also unique about this program I'd like to emphasize is once we have this endowment in place, it perpetuates with the...because it is an endowment, with the endowed chairs. So we're looking at a dollar-for-dollar match, a total \$10 million endowment that then has the ability to sustain these endowed professorships over time and doesn't require a continued appropriation from the Legislature to continue to have the effect. So it's a gradual appropriation over time but it's a one shot, if you will, in terms of the program. And I think that that brings additional value to the program as we're asking and proposing. [LB496]

SENATOR HILKEMANN: Okay. Additional questions of Dr. Kuehn or Dr. Green? Okay. Thank you very much. [LB496]

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RONNIE GREEN: Thank you very much. [LB496]

SENATOR HILKEMANN: Are there other proponents for LB496? [LB496]

LAVON HEIDEMANN: (Exhibit 10) Vice Chairman Hilkemann, members of Appropriations Committee, I am Lavon Heidemann, L-a-v-o-n, Heidemann, H-e-i-d-e-m-a-n-n. I'm here to support LB496 on behalf of Nebraska Farm Bureau and Nebraska State Chamber of Commerce. Nebraska has a long history of noteworthy Nebraskans who have helped shape agriculture--J. Sterling Morton and Robert Daugherty also come to my mind--not only for Nebraska but all over the world. As we know, we must now operate in the global economy and the competition is fierce. We believe that this legislation provides Nebraska with a unique and timely opportunity to ensure its continued position as a recognized leader nationally and internationally in agriculture, and we urge your support of this legislation. We believe it is a great investment with a tremendous return as it is being matched dollar for dollar by the private section. We appreciate that this isn't about infrastructure or buildings. It's about our most important natural resource--our people and the impact future generations can and will have as a result of this institute. Thank you for your consideration and we urge the Legislature to advance this proposal. You have any questions, I would try to answer them. [LB496]

SENATOR HILKEMANN: Are there questions for Mr. Heidemann? [LB496]

LAVON HEIDEMANN: Thank you. [LB496]

SENATOR HILKEMANN: Seeing none, thank you very much. Additional proponents? Are there opponents for LB496? Seeing none, are there...is there anyone here that would like to testify in the neutral position on LB496? Senator Kuehn, would you like to close? [LB496]

SENATOR KUEHN: The hour is late. Unless anyone else has additional questions, I will waive closing. [LB496]

SENATOR HILKEMANN: Thank you very much. That will end the hearing on LB496. We will now move to LB108 with Senator Crawford. [LB496]

SENATOR HAAR: Senator Hilkemann. [LB108]

SENATOR HILKEMANN: Yes. [LB108]

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SENATOR HAAR: I think it should be Doctor Senator Kuehn or is it Senator Doctor? [LB108]

SENATOR WATERMEIER: Professor Crawford. Dr. Professor Crawford. [LB108]

SENATOR HAAR: Professor, yeah, we... [LB108]

SENATOR HILKEMANN: That's right, yes, we have the professor here. Well, Senator Crawford, welcome. [LB108]

SENATOR CRAWFORD: Thank you. Good evening, Senator Hilkemann and members of the Appropriations Committee. My name is Sue Crawford, S-u-e C-r-a-w-f-o-r-d, and I represent the 45th Legislative District of Bellevue, Offutt, and eastern Sarpy County. LB108 builds upon our ongoing commitment to providing behavioral health treatment to Nebraskans, particularly in the primary care setting. In 2009, the Legislature passed LB603, largely in response to the safe haven crisis. The bill created the Behavioral Health Education Center, now called BHECN, and established additional psychiatric residencies to begin to address behavioral health work force shortages in Nebraska. Since then, BHECN has helped spark interest in psychiatry. In the 2011-12 school year, only nine elective rotations were completed in psychiatry. Last year, seven times as many elective rotations were completed. Last year the Legislature passed LB901 which funded ten psychology internships and integrated practice settings in rural and underserved areas in the state. Five doctoral level interns were placed last year and this number will increase to ten in 2016. Through LB108, BHECN can add another vital training program to the list: master's level behavioral health professionals. LB108, the bill before you today, appropriates \$500,000 over two years to the University of Nebraska to establish 12 one-year behavioral health master's level internships. It is my intent that UNMC would receive these funds and work with BHECN and the Munroe-Meyer Institute and universities and colleges across the state to train and place these behavioral health master's level interns in primary care settings in rural areas. In Nebraska, behavioral health professionals at the master's level are licensed as licensed mental health professionals or LMHP. There are approximately 915 licensed and practicing master's level behavioral health professionals in Nebraska, an additional 963 provisionally licensed LMHPs. There are three disciplines, each with their own scope of practice and training who make up the licensed mental health professional credential, or LMHP. These are social workers, marriage and family therapists, and professional counselors. In order to graduate with a master's degree in one of these disciplines, students must complete a practicum including 300 hours of supervised client contact. Additionally, provisionally licensed LMHPs must complete 3,000 hours of supervised experience to achieve licensure. The internships envisioned under LB108 will help behavioral health students and provisionally licensed behavioral health professionals meet these requirements while also providing care in areas of great need across the state. Primary care is an ideal setting for behavioral health treatment for several reasons. One, it has the potential to meet

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people where they are. Eighty percent of people with a behavioral health disorder will see a primary care physician at least once in a calendar year. Two, it can reduce stigma. Over a third of all people with behavioral health problems do not seek behavioral health treatment. A 2014 Psychological Medicine study found that mental health stigma is one of the top reasons individuals with mental illness do not seek help. When a patient seeks behavioral treatment in a primary care setting, no one knows if you're visiting your primary care provider for a recent cold or depression. Three, it can help cut down on missed referrals. Currently, between 30 to 50 percent of referrals from primary care to outpatient behavioral health clinic don't make their first appointment. Embedding behavioral health practitioners in primary care creates a warm hand-off between providers, increasing the number of successful referrals to an average of 85 percent. While LMHPs represent the largest behavioral health work force in Nebraska, distributions of these providers is uneven across the state, particularly in rural areas. According to 2013 BHECN data: 35 of Nebraska's 93 counties do not have an LMHP; 15 more only have 1 or 2 practitioners per 10,000 residents; only 7 of Nebraska's counties have 10 to 15 practitioners per 10,000 residents. In the last two years, Nebraska has lost over 100 LMHPs. Over half of these were in counties outside Douglas, Sarpy, and Lancaster County. This is despite the fact that Wayne State, Chadron State, and University of Nebraska-Kearney all have programs at the master's level for behavioral health professionals. We have some students who have been patiently waiting here all afternoon and evening from one of these programs. LB108 would ensure BHECN is able to work with these colleges and universities to place these interns in primary care settings in our rural areas. LB108 is one step in addressing this critical shortage of behavioral health providers in Nebraska. It also has a potential to help address the high number of provisionally licensed LMHPs in Nebraska. As I mentioned earlier, there are approximately 915 licensed master level behavioral health professionals in Nebraska and an additional 963 provisionally licensed LMHPs. In other words, we have more provisionally licensed LMHPs than licensed LMHPs. In addition to introducing LB108, I plan to introduce an interim study in the Health and Human Services Committee to examine additional ways to reduce the behavioral health provider shortage by decreasing the number of provisional licenses, including an examination of those barriers to completion. Today you'll hear from Dr. Joe Evans, associate clinical director of BHECN; and Dr. Tara Wilson, assistant professor of counseling and special education at Wayne State; and Anne Buettner, representing the professional organizations whose practices comprise the LMHP credential. With that, I'm happy to answer questions that I may be able to answer now or also happy to answer those at the end if you prefer. [LB108]

SENATOR HILKEMANN: Okay. Any questions of Senator Crawford at this time? [LB108]

SENATOR KINTNER: I have one question. Hi. Thanks for coming, Senator Crawford. I generally don't ask a lot of questions. We can talk privately. We don't have to waste anyone's time. But I do have one philosophical question I want explained to me. Generally when you have a shortage of something, teachers let's say, you have a shortage of teachers, you don't have

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enough teachers, eventually people figure, well, we need teachers so they start paying more and more people go teach. And then after some point everyone is teaching and wages come back down. So we have a shortage of people out west, let's say, that practice a certain kind of medicine, behavioral health or whatever. Wouldn't someone just offer them more money to find someone? Say, holy crap, I can go make more money out there than I can in Lincoln, they would just go out there. Why would the state get in, upset the free market by artificially inflating wages or subsidizing it in some way? That's the philosophical question. [LB108]

SENATOR CRAWFORD: Sure. [LB108]

SENATOR KINTNER: So why is that? [LB108]

SENATOR CRAWFORD: Well, unfortunately, Senator Kintner, there are often pretty tight constraints on what someone can pay a healthcare provider or a teacher in many of those communities, and so there are restrictions in terms of policies of insurance companies and other restrictions that would prevent you from being able to pay much higher wages in those communities where you're facing a shortage. And so that's one example of some of the restrictions that make it impossible in many cases to try to increase that money. It's the case that in many cases, especially in healthcare, we have budgets that we have to meet and insurance companies are meeting their requirements and work forces are meeting their budgets and so there are tight budgets, and so there just isn't the additional dollars to try to direct to shortage areas in that way. [LB108]

SENATOR KINTNER: Well, I understand, you know, the insurance company is only going to reimburse for this procedure... [LB108]

SENATOR CRAWFORD: Uh-huh. [LB108]

SENATOR KINTNER: ...or for this consultation, whatever, X amount. [LB108]

SENATOR CRAWFORD: Uh-huh. [LB108]

SENATOR KINTNER: Got that. What's to stop a hospital or a community from saying, okay, doc, you come out here and we'll give you a house and you can't charge more for what you do but we'll give you a house and we'll give you a dog and we'll give you a car to drive or something? They can do things like that. [LB108]

SENATOR CRAWFORD: And actually, you know, I know there are... [LB108]

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SENATOR KINTNER: We'll give you a girlfriend if you come out here. [LB108]

SENATOR CRAWFORD: Well, actually I will say there are communities who do invest. In the Health and Human Services Committee that I serve on, we just have...we just were talking about a program that we have that helps to repay loans for students and that requires the community to match. So the community is required to step up. And I know it's also the case, I've talked to people in a rural community where they talk about the fact that they work with other people in the community to try to make sure that they have help with housing and help with some other things to make it more attractive in that community. [LB108]

SENATOR KINTNER: Well, I'll say this and then we don't need to talk any further, but I will say I found the government will get in and mess up a wage scale. They'll get in and mess it all up by sticking their nose in it and trying to be involved in something like this. I don't know if this is the case. I don't know enough about it. But my first hunch is I'll let the market take care of it. But maybe we'll hear from some other people who have a different opinion. [LB108]

SENATOR CRAWFORD: Right. [LB108]

SENATOR KINTNER: Thank you. [LB108]

SENATOR CRAWFORD: I think part of the focus here is to make sure that our students have experiences in those primary care offices in the rural parts of the state, and it's also the case that they're working hard to recruit students who are from rural communities and are likely to want to stay there. And so the emphasis is to try to make sure that those students have these experiences in rural primary care settings so they see what it's like to work there and hopefully enjoy it and have a good experience and have those networks. And then they can jump right into that rural community. So there's several things that the program is doing, not just throwing money at it but designing it carefully to try to make sure it's a good program that recruits students who will likely want to be in those areas and then provides important training experience for them so they can excel and stay in those areas and provide quality healthcare. [LB108]

SENATOR HILKEMANN: Senator Bolz. [LB108]

SENATOR BOLZ: Thanks for this bill. I appreciate your focus on addressing underserved communities. And I know access to healthcare is one of the things that retains population in smaller communities. [LB108]

SENATOR CRAWFORD: Yes. [LB108]

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SENATOR BOLZ: So I appreciate that vision. Can you answer for me, are there any strings attached? Is there anything that will ensure that the individuals who we provide these internships to will provide ongoing service in those communities? It helps me make investments if I know there's going to be some... [LB108]

SENATOR CRAWFORD: Sure. [LB108]

SENATOR BOLZ: ...some sticking around. [LB108]

SENATOR CRAWFORD: Sure. So Dr. Evans is coming after me, will clarify if I'm wrong on this, but it is my understanding there is no clawback or repayment hammer behind this. It's designed, again, to recruit those individuals who are from rural areas and most interested in serving there. Now the other piece about this internship program is that it's not...it's a little different than a student loan repayment program where or a student loan program where you're investing in someone and then later on you're going to get their benefit. These interns are in the rural communities providing care for this year. So we are getting something out of that investment right now. So I think we will also get a long-term investment out of it, but we're also getting an investment in those communities in that year as well. [LB108]

SENATOR BOLZ: Thank you. [LB108]

SENATOR CRAWFORD: Sure. [LB108]

SENATOR HILKEMANN: Additional questions for Senator Crawford at this time? Seeing none, thank you very much. [LB108]

SENATOR CRAWFORD: Thank you. [LB108]

SENATOR HILKEMANN: Will you be staying to close? [LB108]

SENATOR CRAWFORD: I will. [LB108]

SENATOR HILKEMANN: Okay. I understand that the cots are going to go for rent here in about ten minutes. (Laughter) [LB108]

JOSEPH EVANS: (Exhibit 1) Thank you. My name is Dr. Joe Evans, E-v-a-n-s, and I'm the director of psychology at the Munroe-Meyer Institute and I'm an associate director of the

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BHECN, or Behavioral Health Education Center of Nebraska, at UNMC. I'd like to thank the members of the Appropriations Committee for, number one, staying late, and I'm sure it will go into the overtime payment with your large legislative salaries, but at the same time we appreciate the opportunity to talk about this very important area. To go back to some of the issues that are at hand here, one number is that Dr. David Satcher, who was the Surgeon General for the United States, made the statement several years ago saying there is no health without behavioral health. And interestingly, some recent research has been done showing that over 60 percent of visits to primary care physicians, in other words, your doctors, your family physician, your pediatrician, your internist, can't...don't have any type of identifiable physical cause. And this is often related to anxiety, pain management, depression are the main reasons for adults having behavior problems within the adult system and coming to their family physician. At the present time, we have a significant shortage of providers. Now the senator talked about the large number of folks that we have out in the counseling area. In other areas of behavioral health, we have a total of only 27 psychiatrists, 61 psychologists, 20 psychiatric nurse practitioners practicing in rural areas outside of the Omaha and Lincoln metropolitan areas. This basically covers 900,000, roughly, residents of Nebraska and about 70,000 square miles. Only four counties outside of Omaha have a child psychiatrist in them at all. So when we think about that, in addition to the 35 counties that have nobody, and thinking of Nebraska as a rural state, where we have 511 incorporated cities, towns, and villages in our state, the median population, and those range from 420,000 in Omaha to a village that has a population of 1, so in the median size, the point at which the 50 percent fall above, 50 percent fall below, from remembering your statistics, is 318. So we have villages and towns in the state with 318 people or less, half of them, so that's 260 towns where there's no way that they are going to be able to attract and have enough business, using the free-market analogy, for being able to have a behavioral health practitioner there. So we've got to think in terms of some regional centers where some people can get services within, and our ultimate goal in this would be, within a 60-mile radius, that no family would have to travel farther than that or no individual would have to go farther than that to get services. A promising solution for this has been the integration of behavioral health with primary care practice. And what's different about this, quite different, is that people generally are not trained in social work or counseling or marriage and family therapy to work in a medical practice. But where's the first place that people go if they have a mental health problem, if they have a child with a problem? They don't go to a psychiatrist. They don't go to a psychologist. They go to their family medicine physician. And we know basically that...and I think the senator also cited some data on that, that if a person is seen within that practice, the show rate goes up to 85 percent, versus if it's just referral to the outside, that it goes down to 25 to 30 percent. So there's a huge advantage for that for the patients, first of all. Secondly, there's less stigma. Thirdly, I think we have to keep into account that it really is of benefit for the physician. The physician do not...physicians in family medicine and in pediatrics get basically one to two months of training in behavioral health during their residency training, and that's not unusual. So one of the things, that it takes them literally twice as long for a patient to be seen if they have a behavioral health

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problem, we've actually published an article on this, versus if somebody in the practice can take that burden away from the doctors, which then in turn allows them to see more patients and to be more cost-efficient in their delivery of care. So at this point in time, we have been proposing the creation of the medical home, which basically is the combination of both physical and behavioral healthcare and we have, we have a history and you'll see on the handout on the second page that there's...they have 19 rural sites and 13 urban sites where we can actually train people now to work with physicians in this integrated care model. The Behavioral Health Education Center of Nebraska has provided support for psychiatrists, for psychologists, and this is now...this provides the opportunity for us to expand the work force to include individuals from small towns, such as our visitors from Wayne State, counseling students from Wayne State, who want to stay in their area. They want to stay in Atkinson, Nebraska. They want to stay in Ainsworth. They want to stay in Wahoo. And those are areas where we know we're not going to place a psychiatrist. We know we're not going to place a psychologist. But with good training and also with work with one of the local physicians, I think we can address those issues. It's proposed that LB108 would support, first of all, the creation of an on-line certificate in integrated care. It would provide supervision for students who were assigned to those rural areas. And it would provide some stipends for students to actually go and...because this is extra. It's an add-on. It's something above and beyond their typical training so that they would be able to and then, in turn, get their license and become hopefully a productive member of that rural community. Due to its expertise and experience in this area, we're suggesting that funds come through BHECN because we've had a very positive experience in creating these 19 rural community integrated care sites. And our initial...our basic goal is to attract, retain, excuse me, attract, recruit, train, place, and retain behavioral health professionals in our towns with at least 3,500, which is the last page of that handout. We have...sounds like a daunting case but we have only 40 towns in the entire state of Nebraska have a population of 3,500 and above. I used to spout 5,000, but our director said, no, you got to reduce that because there's only 31 towns with a population of 5,000 or above in our state. But that provides a concentration usually of physicians. And our experience has been it takes about three pediatricians or five full-time family medicine docs to support a behavioral health provider, which goes back to the free market. If you don't have at least that concentration, it's very difficult for getting referrals. So ultimately, if we can get enough access or create enough access within a 60-mile radius for all Nebraskans, we believe that this bill will greatly provide incentives for both our families, our kids to be able to access services. And we would support your positive...we would appreciate your positive support on this bill. And I'd be glad to answer any questions. I know we're running late so I'm trying to... [LB108]

SENATOR HILKEMANN: Are there questions of Dr. Evans? [LB108]

JOSEPH EVANS: I knew it was getting late. (Laughter) [LB108]

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SENATOR HILKEMANN: Thank you very much. Are there additional support? Come forward, please. [LB108]

ANNE BUETTNER: Hi. I'm the next speaker. It's getting late, you want to go home, and I (inaudible). [LB108]

SENATOR HILKEMANN: Oh, I've seen you be here the whole day, so we have time for you. [LB108]

ANNE BUETTNER: (Exhibits 2, 3, 4, 5, and 6) But I will sit in this chair less than three minutes, I promise. I am Anne Buettner, A-n-n-e B-u-e-t-t-n-e-r. Good evening, Vice Chair and committee members and Senator Crawford. Okay. I'm the legislative chair of Nebraska Association for Marriage and Family Therapy. Today I also represent the National Association of Social Workers, Nebraska Chapter; and also the Nebraska Counseling Association. So the three disciplines unite and speak in one voice today supporting LB108. And the social workers, the marriage and family service, and also the professional counselors, we all make up the licensed mental health practitioners, LMHP, as that's what it is. And actually, we are the largest behavioral health work force in Nebraska. Credentialwise, there are almost 3,000 of us, 2,918 to be exact. Okay, to enter into record, I have here the fact sheet; the letters from the three professional associations, including mine; and I also have letters of support from some of the major universities which have the training programs, such as social work at UNO and also marriage and family therapy at UNL. Okay. So we urge you to move LB108 forward. Under the leadership of BHECN, the three disciplines took the initiative to collaborate on this endeavor. And we believe that in order to attract practitioners to go to rural underserved areas, we need to cultivate the motivation at the graduate level, and stipends are the best incentive. So should LB108 pass, there will be 12 interns, or you can call them practicum students, and to prepare themselves in the rural area. Now Dr. Evans already talked about this primary care integrated approach and it is the most acclaimed in research as the best approach in the rural area for the behavioral or mental health to, let us say, infiltrate into the rural area. Okay, the credentialing of LMHP--give you some history--has been incepted since 1993. So we are 22 years old in credentialing history. This is the first time, this is the first time, thanks to the opportunity from BHECN, that the three disciplines, we all unite to work on this project, and it is a worthy project. I come from Grand Island, a semirural area. I have worked in community mental health center and I have worked in private practice. Right now I'm in private practice. And clients and patients, they travel from less-populated areas, such as Ord, Loup City, Broken Bow, Kenesaw near Heartwell, Red Cloud. I don't think I have a client from Heartwell. But anyway, they have to take half a day or sometimes a whole work day to travel for a 50-minute hour session, and it is stress upon stress. Now with the intern, the system we have is that they travel to the rural sites that Dr. Evans talked about. They are truly boots on the ground, truly boots on the ground, face-to-face services. And sometimes they may do telehealth but mostly face to face. And so to answer your

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question earlier, Senator Kintner, about why do people not flock to in a rural area and practice? Well, it is difficult to have a lucrative full-time practice in rural area because, number one, there's the lack of volume. And number two is the people there are usually self-employed and work in small businesses, and so they do not have group health insurance. And many times mental health services are not covered. Anyway, but with these interns, BHECN's policy is that they charge no fee, no fee. So we have the data, you have them with the paper chase in front of you, and you have heard what Senator Crawford has talked about. And we have data from different sources. For example, from the College of Public Health at UNMC, and the 2014 data, the most recent, they said that only about eight counties have really up to par, you know, the ratio of behavioral health provider versus population. You know, it is appropriate. About 48 counties, that's half, more than half of our 93 counties, have zero LMHPs. So we hope that you will pass LB108 and then in a few years' time we come back and there will be a different map of distribution. Any questions? [LB108]

SENATOR HILKEMANN: Okay. Thank you. Are there questions of the committee members of Anne? Seeing none, thank you very much. [LB108]

ANNE BUETTNER: Okay, good. [LB108]

SENATOR HILKEMANN: Rachel, is there a situation with the lights? [LB108]

RACHEL MEIER: No, I was organizing my papers. [LB108]

SENATOR HILKEMANN: Okay. All right. Thank you. [LB108]

TARA WILSON: (Exhibit 7) Okay. Good evening. Thank you for allowing me the opportunity to speak today. My name is Dr. Tara Wilson, W-i-l-s-o-n, and let me just begin by saying how important I feel this bill is. I'm born and raised in western Nebraska, a town of 600, and I saw, you know, there was no mental health professional in my town. And so I'm very passionate about the people in our state and the people that we serve, and so I think it's important to get the services out there. A little bit of background about me: I received a bachelor's degree from UNL and then I received a community counseling master's degree from Chadron State. And then they didn't have my degree program in Nebraska so I went over to Wyoming, another rural state, and I received a Ph.D. I'm currently a faculty member at Wayne State College. So it was during my practicum experience at Chadron State College that I was introduced to integrative care and providing counseling within the medical offices of rural communities. I worked under a licensed psychologist and also with BHECN, and I found this experience to be incredibly beneficial and valuable. And I returned to work in integrative care during my doctoral internship as well. So working alongside medical doctors and physician assistants, I really learned the valuable

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experience that this could offer. So based on my experience, I believe there are a number of reasons why LB108 would be beneficial to the state of Nebraska, and I could talk at length about the benefits of integrative care work. But out of respect for your time, I'd like to discuss the three most important reasons why I feel this bill would benefit Nebraska. So first, the integrative care model teaches students how to work in rural communities successfully. It addresses the shortage and, in doing so, it addresses the shortage of mental health professionals that are currently in...that currently is across Nebraska. After graduation, starting a private practice can be intimidating. It's much more easier to go to a larger city that has an agency and work for an agency. Starting your own private practice in a small town, understanding insurance and rent and setting up a location, it's all very challenging, especially just fresh out. However, with my training, I feel confident that I could start a successful practice in a smaller town and I could recruit clients, even given the stigma associated with counseling. And I hope that these internships are going to empower other students to work in smaller towns as well. So secondly, integrative care work provides services to those who would not typically seek counseling services, but these are the individuals that I feel may benefit from them the most. So in doing so, I believe it's incredibly important to be proactive with mental health. We don't want to be reactive. So typically, counselors will wait until the client calls to schedule an appointment. But when I was working in the primary care clinics, we would just have...I could just go down the hall. I could have a physician assistant or a medical doctor say we have a medical issue here, come down and let's chat, and I got to see the client right away. Okay, so lastly, LB108 may save money. So on average a licensed mental health counselor charges \$80 to \$120 per direct hour of client contact. Nebraska requires a minimum of 300 direct client contact hours and 300 nondirect client contact hours during internship, so this is a cost savings of about \$3,600 or so per each intern student. So it's important to note that students cannot bill for their services; however, they're working closely with a licensed mental health professional and so that care is still being given, especially to clients who maybe can't pay either. They're still being able to be seen by a counselor. So additionally, integrative care work teaches collaboration. When medical doctors and mental health counselors are able to work together and consult and collaborate, we're able to get to the root of the problem faster and thereby decrease the time, money, and resources needed for each client. So I'm passionate about rural healthcare. I believe it's important that students working in rural communities are trained well. They will see just about everything in their work. And I truly believe an internship in primary care clinics offers a very high quality of training. I look forward to working together to improve the state's mental health services for a better tomorrow. Thank you for your time and consideration, and I can answer any questions if there are any. [LB108]

SENATOR HILKEMANN: Any members of the committee have questions for Dr. Wilson? Doctor, what percentage of the services that you provide are covered by third-party payers? [LB108]

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TARA WILSON: Well, so I'm currently a faculty member and so I'm getting started on primary... [LB108]

SENATOR HILKEMANN: If you were in private practice, what percent? [LB108]

TARA WILSON: If I go back to, you know, when I worked in the Valentine, Chadron, Crawford, Alliance areas, the work that I did, I was really focused as an intern and so I just took on a few cases that were paid, and so the majority of my work, I'd probably say 75 percent. I was fortunate enough to be covered by an AmeriCorps stipend and that was why I was able to see clients, in a sense pro bono, free of charge. [LB108]

SENATOR HILKEMANN: Okay. [LB108]

TARA WILSON: And so the other amount...so I wouldn't be a good person to ask for that, per se. My experience is a little different. [LB108]

SENATOR HILKEMANN: Think Doctor...yes. [LB108]

JOSEPH EVANS: Typically in our clinics, 49 percent of the patients we see are Medicaid-supported. Kids can get Medicaid support, but their adult parents in many cases can't, because of the Kids Connection Program in Nebraska. But for kids I would say it's probably close 90 percent; with adults it's probably about 70 percent can have some type of either Medicaid or insurance coverage. [LB108]

SENATOR HILKEMANN: Okay, either/or. Okay. Other questions? Okay, seeing none, thank you very much for coming, Dr. Wilson. [LB108]

TARA WILSON: Okay. Thank you. [LB108]

SENATOR HILKEMANN: Other proponents. [LB108]

JOSEPH EVANS: Wondering if we could introduce our students. [LB108]

SENATOR HILKEMANN: Absolutely. [LB108]

TARA WILSON: You want to stand up and...Barbara, Barbara Kibugi. [LB108]

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RACHEL MEIER: If they could come up to the microphone so that's it's on the record, just (inaudible). Sorry. All you have to do is just say your name. [LB108]

ERIN POLACEK: Hi. I'm Erin Polacek. Thank you. [LB108]

SENATOR KINTNER: Would you spell your name? [LB108]

ERIN POLACEK: Yes. My last name is P-o-l-a-c-e-k. [LB108]

ASHTON OHDE: Ashton Ohde, O-h-d-e. [LB108]

BARBARA KIBUGI: Barbara Kibugi, K-i-b-u-g-i. [LB108]

SENATOR HILKEMANN: What year are you in school? [LB108]

ERIN POLACEK: We are all pretty much at the same level. We're getting ready to enter our first internships. We have two internships that will total 300 hours, so the first one will be about 150 or half of that amount. [LB108]

BARBARA KIBUGI: I'm a master level student. [LB108]

ASHTON OHDE: We roughly have about one year left in the program. [LB108]

SENATOR HILKEMANN: Where will you be doing your internships? [LB108]

ASHTON OHDE: Mine is will primarily be in Norfolk, Nebraska. [LB108]

ERIN POLACEK: I hope to hopefully get involved and get into a rural setting around the Wayne area, don't quite know for sure yet. Otherwise, I'll probably be in Norfolk or Sioux City. [LB108]

SENATOR HILKEMANN: Okay. [LB108]

BARBARA KIBUGI: Yes, I'm still unsure but probably be in the rural area too. And I live in Wayne, Nebraska. Originally, I'm from Nairobi, Kenya. [LB108]

ERIN POLACEK: I'm originally from Wahoo, Nebraska. [LB108]

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ASHTON OHDE: I'm originally from Atkinson, Nebraska. [LB108]

SENATOR HILKEMANN: I have two granddaughters born in Nairobi, Kenya, and so thank you. Any other questions from any other members of the committee? Thank you very much. [LB108]

BARBARA KIBUGI: Thank you. [LB108]

SENATOR HILKEMANN: Are there other proponents for LB496? Oh, I'm sorry, on LB108. (Laughter) Thank you very much, Senator Kuehn. [LB108]

SENATOR KINTNER: It's late. [LB108]

SENATOR HILKEMANN: Are there any...are there any opponents to LB108? Is there anyone that would like to testify in the neutral position on LB108? Seeing none, Senator Crawford, you're open to close. [LB108]

SENATOR CRAWFORD: Thank you for your attention and great questions. I urge you to pass LB108. It invests in people and healthcare work force, which are important to all of us. It also invests in a proven model. We've tried this model with psychiatrists and psychologists, and so this has just taken that proven model and allowing us to invest in that model now for master's level prepared behavioral health providers. And I also want to stress again that while it is an investment in the future, it's not just an investment in the future but also helps to strengthen our current primary care providers in those rural communities by providing an added benefit to them to help them with the patients that they see by adding extra behavioral health assistance to them with these students being there to help them, students who are supported by the BHECN resources to help make sure they're getting that kind of support to provide good care, good decisions. And that's at no charge to the patient and no charge to the primary care provider who is receiving this benefit in their practice. Thank you. [LB108]

SENATOR HILKEMANN: Very good. Any final questions? Senator Haar. [LB108]

SENATOR HAAR: Well, I've been thinking of forming a mental health group for state legislators and wondering whether this would fit into that at all? [LB108]

SENATOR CRAWFORD: I'm afraid that that would probably not count as rural or underserved. (Laughter) [LB108]

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SENATOR HAAR: (Laugh) Thank you. [LB108]

SENATOR HILKEMANN: Necessary but...no. (Laughter) [LB108]

SENATOR HAAR: Yes. [LB108]

SENATOR HILKEMANN: Okay, any other questions for Senator Crawford? [LB108]

SENATOR CRAWFORD: Thank you. [LB108]

SENATOR HILKEMANN: Thank you so much for coming today. [LB108]

SENATOR CRAWFORD: Thank you. [LB108]

SENATOR HILKEMANN: (Exhibits 8 and 9) I would like to state we have three letters to enter into the record: one from the Children and Family Coalition of Nebraska, from the Nebraska Rural Health Association, and from the Nebraska Hospital Association, all supporting LB108. With that, we close that hearing and we will begin the hearing on LB436. [LB108]

SENATOR COOK: Yes. [LB436]

SENATOR HILKEMANN: Senator Cook. [LB436]

SENATOR COOK: We saved the best for last. [LB436]

SENATOR HAAR: Yes. [LB436]

SENATOR HILKEMANN: All right. [LB436]

SENATOR COOK: Good evening. [LB436]

SENATOR HILKEMANN: Good evening. [LB436]

SENATOR HAAR: Good evening. [LB436]

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SENATOR COOK: Senator Hilkemann, members of the Appropriations Committee, my name is Tanya Cook and that is spelled T-a-n-y-a C-o-o-k. I appear before you as the state senator representing District 13 and as the introducer of LB436. The purpose and intent of LB436 is to: first, meet the increasing and unmet need for pediatric oral health services in the Omaha area by using targeted investment in our existing public health infrastructure; second, appropriate additional General Funds to the University of Nebraska Medical Center, also known as Nebraska Medicine, to establish a pilot program to expand pediatric dental residencies from the current number of eight residents to ten residents; and third, LB436 will ensure accountability and performance-based budget making by requiring the pilot program to submit a progress report to the Legislature and Governor indicating the numbers of children receiving dental care under the program and, importantly, documenting outcomes from their care. You will find the progress report requirement on page 3 of the green copy of the bill. A tabulation of the number of children served, the impact on the dentistry work force, and savings to the state as a result of the project is valuable and important information from this proposed investment. Thanks to previous targeted investments by the Legislature, federally qualified public health centers are established as dental homes for many uninsured Medicaid patients and underinsured patients. However, while federally qualified public health centers are pillars of dental care in our communities, the need for basic preventative dental care is unmet and growing, especially in children. Finding innovative ways to meet that growing demand is critical to drive down overall costs to the state for untreated care and increasing quality of life and productivity of Nebraska children without a dental home. That is what LB436 achieves. Testifiers to follow will outline the need for pediatric dental services in Omaha and the current operation of the UNMC pediatric dental residency program. The Legislature should put policies in place that meet real shortfalls in public infrastructure while ensuring accountability and responsible data-driven policymaking. I thank each of you for your attention and thoughtful consideration of LB436. [LB436]

SENATOR HILKEMANN: Senator Haar. [LB436]

SENATOR HAAR: Thank you. We heard some...a proposal already to put some \$18 million into Creighton for a dental program. I don't know if you're familiar with that at all, but it would be towards capital construction. And I'm just wondering whether this fits into that at all or whether...I would feel more comfortable with this alternative where we're providing it actually to services instead of construction. I don't know if you have any... [LB436]

SENATOR COOK: Well, I am an opinionated person, so of course I have opinions in general. (Laughter) [LB436]

SENATOR HAAR: Well, thank you. [LB436]

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SENATOR COOK: Thank you for the question. I'm not familiar with all of the details of Creighton's proposal. I am interested in public health. I've been interested for many years and I think when I think about our investment in children, in particular, the return on the investment is exponential, especially when you talk about dental services. I didn't mention it in my testimony but I think we've all learned, and I've certainly learned on the Health Committee, that there are so many things that can be determined about a person's general health from their dental health. So thank you for that question. [LB436]

SENATOR HAAR: But I guess I would, you know, maybe get some...like some feedback at some point whether those two fit together or whether this would be a better investment sort of thing. [LB436]

SENATOR COOK: This is my proposal and at this juncture in the evening I think it is an excellent proposal. I would not take this opportunity to criticize another senator's proposal or any investment in healthcare. I think it is our...if you don't have health, talk about addressing and eliminating health disparities, for example. If you don't have your health, you aren't able to support yourself and your family or live as long or for as many productive years to provide for yourself in retirement, for example. [LB436]

SENATOR HAAR: Oh, I wouldn't ask you to criticize someone else's proposal but just wondering whether there's any potential there for interaction or whatever. So thank you. [LB436]

SENATOR HILKEMANN: Senator Haar, let me ask Senator Cook a question that might clarify that. This is for a residency program, am I correct? [LB436]

SENATOR COOK: For the...not the creation but the expansion by two residents. [LB436]

SENATOR HILKEMANN: Right. Right. So the dental clinic is for the...is to receive the doctor of dental surgery. This is...this program is for persons who have already received their doctor of dental surgery and it's at UNMC, and it's not a program that's available at the other facility that we've heard about. Am I correct on that? [LB436]

SENATOR COOK: Well, these are for human beings and they would serve at Nebraska Medicine and probably make themselves available to help out with uninsured and underinsured families within my service area as well. [LB436]

SENATOR HILKEMANN: Right. [LB436]

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SENATOR COOK: There are other testifiers who can speak specifically. [LB436]

SENATOR HAAR: Good. Thank you very much. [LB436]

SENATOR COOK: Thank you. [LB436]

SENATOR HILKEMANN: Are there other questions for Senator Cook? Will you be staying to close? [LB436]

SENATOR COOK: Why not at this point? (Laughter) [LB436]

SENATOR HILKEMANN: All right. [LB436]

SENATOR COOK: Yes. [LB436]

SENATOR HILKEMANN: Great. [LB436]

SENATOR COOK: Yes, Senator. [LB436]

SENATOR HILKEMANN: Good. Are there other proponents for LB436? [LB436]

MEGAN BOYD: (Exhibit 1) Hello. My paper says good afternoon but it's definitely good evening, Senator and members of the Appropriations Committee. My name is Megan Boyd and for the record that's M-e-g-a-n B-o-y-d. I am a pediatric dental resident at the University of Nebraska Medical Center. Prior to becoming a resident, I worked for several years as a general dentist at a federally qualified health center, also known as an FQHC, in Illinois. I have firsthand knowledge of the difficulties faced by general dentists trying to address the pediatric oral health needs of the at-risk populations they serve. Therefore, it's a special honor for me to be here today as an individual to speak in favor of LB436. I do not represent the University of Nebraska. Our residency program is located at Children's Hospital, and as part of our training we currently travel to three rural sites to provide dental services. These sites include an Indian Health Service dental clinic in Macy, Nebraska; an FQHC in Columbus, Nebraska; and a rural private practice pediatric dental office in Hastings, Nebraska. The excellent training experiences are some of the most memorable experiences we have during our residency. The LB436 pilot project would further enhance our training by allowing us to work directly with high-need children from both north and south Omaha in community-based settings. By working directly with OneWorld Health Center, Charles Drew Health Center, and Omaha Public Schools, we can develop an

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efficient and effective means to address the oral health needs of children. Research data indicates that nationally over 2 million school days are missed each year due to dental-related illnesses. Tooth decay is the single most common, chronic childhood disease. It's 5 times more common than asthma, 4 times more common than childhood obesity, and 20 times more common than diabetes. Left untreated, tooth decay can have devastating consequences that can negatively impact a child's overall quality of life, inhibit their cognitive and social development, and also compromise their growth, function, and self-esteem. Dental disease is nearly 100 percent preventable with early diagnosis and care. This pilot project will allow the pediatric dental residency program to work more closely with families and public health personnel to assure education and disease prevention efforts are successful. Likewise, by partnering with school nurses, dental hygienists, and the FQHC dentists in providing a dental home for the at-risk children, the greatest impact on oral health can be achieved. I ask for your support of LB436. It's an outstanding opportunity to assist families in need and to further enhance our training program. I'm happy to answer any questions that you may have. [LB436]

SENATOR HILKEMANN: Anyone have any questions for Doctor? Senator Haar. [LB436]

SENATOR HAAR: Yeah. I'm just sort of curious. I believe Omaha probably puts fluoride in the water, don't they? [LB436]

MEGAN BOYD: I believe they do. [LB436]

SENATOR HAAR: Okay. So what are the kinds...what are the most common kinds of things that you find with working with children with their dental health? [LB436]

MEGAN BOYD: It's not unusual for us to see children...normally kids under the age of six have 20 teeth in their mouth. It's not unusual for us to see children that have 16 teeth that have rampant caries that require hospitalization, crowns, baby root canals. [LB436]

SENATOR HAAR: Wow. [LB436]

MEGAN BOYD: That's not unusual at all. And these are kids that are, you know, three, four, five. [LB436]

SENATOR HAAR: So is prevention a big issue, I mean getting to kids early... [LB436]

MEGAN BOYD: Yes. [LB436]

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SENATOR HAAR: ...and teaching them? [LB436]

MEGAN BOYD: Yes. Yes, creating that dental home for them and for any future siblings to try to establish dental education. [LB436]

SENATOR HAAR: And we've heard of medical home but I.. [LB436]

MEGAN BOYD: Uh-huh. [LB436]

SENATOR HAAR: ...haven't heard of dental home. [LB436]

MEGAN BOYD: Uh-huh. [LB436]

SENATOR HAAR: Is it the same meaning that there's... [LB436]

MEGAN BOYD: Yes. [LB436]

SENATOR HAAR: ...a doctor that's...yeah. [LB436]

MEGAN BOYD: Uh-huh. [LB436]

SENATOR HAAR: Okay. Thank you. [LB436]

SENATOR HILKEMANN: Other...? Senator Bolz. [LB436]

SENATOR BOLZ: I just wanted to say thanks for your service and thanks for sticking it out with us. [LB436]

MEGAN BOYD: Thank you. [LB436]

SENATOR KINTNER: Ditto. [LB436]

SENATOR HILKEMANN: Well, how long is your residency program? [LB436]

MEGAN BOYD: Two years. [LB436]

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SENATOR HILKEMANN: Okay. When you get done with your program, do you know where you're planning to practice? [LB436]

MEGAN BOYD: I do not. I'm just in first year, so I still have like 16-17 more months, so I'm open to anything at this point. [LB436]

SENATOR HILKEMANN: Okay. Thank you. [LB436]

SENATOR STINNER: Oh good, Scottsbluff. (Laughter) [LB436]

SENATOR HILKEMANN: Any other questions? Seeing none, thank you for coming. [LB436]

MEGAN BOYD: Thank you. [LB436]

SENATOR HILKEMANN: Other proponents? No? Okay. Are there any opponents to LB436? Is there anyone that wants to testify in a neutral capacity on LB436? I knew we'd get there sooner or later. [LB436]

JILLIAN WALLEN: (Exhibit 2) Good evening, Vice Chairman Hilkemann and members of the Appropriations Committee. My name is Jillian Wallen, for the record J-i-l-l-i-a-n W-a-l-l-e-n. I'm the University of Nebraska Medical Center, College of Dentistry chairperson for the Department of Growth and Development. I'm also a pediatric dentist. I'm responsible for the pediatric dental services and pediatric training programs at the university. Our program is currently located at Children's Hospital and Medical Center. I do not represent the University of Nebraska. This bill, if enacted, would add two pediatric dental residents to our program so that children with the greatest oral health needs can benefit from our service. Nationally, the pediatric dentist-to-population ratio is 4.03 pediatric dentists per 100,000 children. In Nebraska, the ratio is almost half of that national average at 2.4 pediatric dentists per 100,000 population. This makes Nebraska one of the least likely places in the country to have access to pediatric oral health expertise. LB436 is a three-year pilot project that will expand the pediatric dental residency program from eight residents to ten, thereby making it possible for the residency program to place a pediatric dental resident at each of the federally qualified health centers in Omaha one day per week. The residents will work closely with and be supervised by UNMC faculty members located at each federally qualified health center. The residency program will work closely with the Omaha Public School system, Charles Drew Health Center, and OneWorld Health Center to assure that children with the greatest need for dental care will receive it. We'll also work with at-risk families to establish a dental home for future care. Oral health is the number one unmet health need of Nebraska's school children. Survey data indicate that

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approximately 60 percent of the school children in Nebraska have dental disease or have experienced dental disease. Approximately 13 percent of children with untreated dental disease have seven or more teeth that are decayed or abscessed. This program will focus on treating the children with the greatest dental needs. By moving the training program into the community, the residents will experience how to address these needs and incorporate public health into their future practice. After 36 months, the College of Dentistry will submit a progress report to the Legislature and the Governor documenting the number of children serviced, the number of dental homes established, the cost savings, and the program's impact in addressing the pediatric dental work force needs of the state. In closing, LB436 is an innovative and strategic response to an important health need of our community. Oral health is an integral part of total health. We want to ensure that children are ready and able to learn. I ask for your thoughtful consideration of this bill. I'm happy to answer questions you may have. [LB436]

SENATOR HILKEMANN: Are there questions of Dr. Wallen? Senator Haar. [LB436]

SENATOR HAAR: Yes, a couple questions, and these could go to Senator Cook as well. But okay, like if you work with Omaha Public Schools, will that mean going out into the schools and working with them, or will they come to...will they have to come to UNMC? [LB436]

JILLIAN WALLEN: Oh, thank you for your question. I think we do currently serve a large proportion of our children are enrolled in the Omaha Public School system. Some of them do travel to our clinic at Children's for care, but I would anticipate here that this program is going to allow us to see those children closer to home and perhaps overcome some of the barriers of access to care that we know, such as transportation, missed days from school, for the parents, missed days from work. So being in the community may alleviate some of those barriers. And another one that is very common for us, for example, is language. So if the parents, if their first language is not English, translation services are necessary. Now the two federally qualified health centers that we work with, they have on-site translators and are able to provide that service to us. And that is...it's essential that we're able to communicate with that family and provide good care to them. So I hope that answers your question a little. [LB436]

SENATOR HAAR: It does. And then the other question: As we look at projects and, you know, some of them just sort of go on forever, but I like the word "pilot" in this. So what would be...what would be a measure of success or whatever that takes this from being pilot to a sustainable program? [LB436]

JILLIAN WALLEN: I think if we look, as I said, if we look at number of dental homes established, and so the definition of that is the same as a medical home. It's providing continuous and accessible care for a family. I think if we can look at number of dental homes established

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and then if we can show some cost-saving measures, that's always important too. So if you think of, for example, preventive care, so an examination, a cleaning, some x-rays, and a fluoride treatment by a dental professional, a pediatric dentist can cost, you know, for a Medicaid patient about \$150 a year, versus the children that, Dr. Boyd is quite correct, that we see too late and we see them in the operating room and we, you know, we're billing upwards of \$5,000 for full general anesthesia, a hospital stay for a day, and then, you know, working on 16 teeth or upwards in a mouth. So if you can get to them on the front end, sir, and provide preventive care, then cost savings absolutely come with that. So those would be the measures that we would look at, as well as, you know, typical data for us, as mining how many cavities children have, what the mean is in that population, and how to improve those numbers. [LB436]

SENATOR HAAR: So these would be metrics you could bring back to the committee in three years when some of us will be gone then. [LB436]

JILLIAN WALLEN: Absolutely. I think we would have measurable data after two years that we'd be able to share with you. [LB436]

SENATOR HAAR: Good. I think that's useful. [LB436]

JILLIAN WALLEN: Great. Thank you for your question. [LB436]

SENATOR HILKEMANN: Additional questions? Thank you, Dr. Wallen. [LB436]

JILLIAN WALLEN: Thank you for your time today. [LB436]

SENATOR HILKEMANN: Are there additional persons who would like to testify in the neutral position? (Exhibits 3, 4, and 5) We have letters of support from the OneWorld Community Health Center, the Charles Drew Health Center, and the Nebraska Hospital Association. And with that, Senator Cook, you may close. [LB436]

SENATOR COOK: (Exhibit 6) Thank you, Senator. I also have a copy of the written testimony that Jeanee Weiss was going to offer earlier, when it was afternoon, so I would like the pages, if you could please distribute that to the members of the committee for their review. She is the CEO of Building Healthy Futures. With that, I would ask for your support of this measure. I typically like to introduce bills where I can maximize my...or our, as taxpayers, investment. And I think the idea of piloting an expansion into high-need areas for pediatric dental care is a great investment. So with that, I thank you for your time and offer myself for any additional questions. [LB436]

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SENATOR HILKEMANN: Any final questions of Senator? Thank you very much. [LB436]

SENATOR COOK: Thank you very much. [LB436]

SENATOR HILKEMANN: (See also Exhibit 7.) And with that, we will close the hearing on LB436. [LB436]