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Appropriations Committee  
January 31, 2018

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[AGENCY 84]

SENATOR STINNER: We now will proceed to Agency 84, Department of Environmental Quality. Good afternoon. [AGENCY 84]

JIM MACY: Good afternoon, Senator Stinner and members of the Appropriations Committee. My name is Jim Macy, spelled J-i-m M-a-c-y. I'm the director of the Department of Environmental Quality. I'm here today to provide testimony regarding the budget for the Department of Environmental Quality, or DEQ. DEQ supports the Governor's budget recommendation and the Appropriations Committee preliminary budget recommendations. We recognize the state's financial position and will continue to manage our operations with these reductions. The recommendation includes a reduction in the department's General Fund appropriation in operations. In fiscal year 2017 and '18, there's a 2 percent reduction of \$73,570, and in fiscal year 2018-19 there is a 4 percent reduction of \$149,070. The department will manage these reductions by controlling discretionary spending and utilizing federal grants where applicable. Also, the department continues to look for an implement operational efficiencies and, when applicable, the utilization of vacancy savings. The General Funds aid has been eliminated in the amount of \$316,200 in fiscal year 2017-18, and in fiscal year 2018-19 earmarked towards the state Superfund cleanup obligations. As you recall, when the Legislature passed LB331 last year it allowed the department to use the Petroleum Release Remedial Action Cash Fund to pay those Superfund obligations, up to \$1.5 million per fiscal year, rather than to use General Funds. The department also supports the Governor's recommendation for additional cash fund transfers to the General Fund. These transfers will be \$500,000 from the Waste Reduction and Recycling Incentive Cash Fund, \$500,000 from the Litter Reduction and Recycling Cash Fund, and \$50,000 from the chemigation cost-share fund in fiscal year 2018 and '19. In fiscal year 2018-19 the Waste Reduction and Recycling Cash Fund is projected to have \$3.4 million available as aid towards statewide. The first \$1.5 million of that amount is available for tire-related projects. In fiscal year 2017-18 approximately \$1.3 million in grant funds was awarded from the Litter Reduction and Recycling Cash Fund with another \$1.3 million projected to be available for awards for the fiscal year 2018-19. The chemigation cost-share cash fund has a cash balance that exceeds its operational needs by \$50,000. We understand some grantees have expressed concerns over the transfer from the Litter Fund. Even with the transfer, there remains \$1.3 million in

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funding for awards, which is significant. All grants are awarded through a competitive process. We've worked in partnership to provide funding to innovative and even award-winning projects and will continue to ensure the best projects receive funding. I appreciate the difficult task this committee is facing this year. The department has evaluated the proposed reductions and considers this a manageable recommendation to help address the budget situation. This concludes my comments. I would be happy to respond to any questions from the committee.  
[AGENCY 84]

SENATOR STINNER: Thank you. Any additional questions? Senator Clements. [AGENCY 84]

SENATOR CLEMENTS: Thank you, Mr. Chairman. Thank you. On the Litter Reduction grants, the amount that you have been in the past granting has been how much the last couple of years?  
[AGENCY 84]

JIM MACY: It's varied over the past several years. I believe last year it was \$1.8 million. We could get you specific information on that. [AGENCY 84]

SENATOR CLEMENTS: And you said \$1.3 million would still be available for this current fiscal year? [AGENCY 84]

JIM MACY: Correct. [AGENCY 84]

SENATOR CLEMENTS: And the following fiscal year as well do you think? [AGENCY 84]

JIM MACY: It aligns well with projections. [AGENCY 84]

SENATOR CLEMENTS: All right. Thank you. [AGENCY 84]

JIM MACY: Thank you. [AGENCY 84]

SENATOR STINNER: So just for along that line, just for clarification purposes because we get tons of letters that we're reducing grants, we're reducing...we have not reduced the appropriations

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at all. What we are doing is lapsing excess funds that are perceived to be in here. For an example, as you have indicated, you've got \$1.8 million. Is that what it was that you said? [AGENCY 84]

JIM MACY: I believe so. We could get you specifics though. [AGENCY 84]

SENATOR STINNER: Litter tax in '14-15 is \$1.8 million, and '15-16 was \$2 million, and \$2.1 million. So you have enough in resources coming in to continue to fulfill a commitment. [AGENCY 84]

JIM MACY: It is a competitive process each year and... [AGENCY 84]

SENATOR STINNER: Agreed. [AGENCY 84]

JIM MACY: ...\$1.3 million is still a significant amount of award. [AGENCY 84]

SENATOR STINNER: Okay. But we could go, if the Appropriations Committee says, and I think we were actually higher than this on Appropriations, were we not? What was our appropriated amount for that? [AGENCY 84]

JIM MACY: No. I'm not sure. [AGENCY 84]

SENATOR STINNER: Okay. Okay. The other one is Waste Reduction. Again, the same thing. We have inflows of cash coming in, grants going out. You administer the grants according to whatever procedure you have. We're just lapsing excess funds. [AGENCY 84]

JIM MACY: This is a sustainable recommendation that we're making. [AGENCY 84]

SENATOR STINNER: Yes. Thank you. I just wanted to get that on the record to make that point. We haven't cut the appropriations. We haven't cut the grant program. These are just excess funds that have actually built up over a period of time. So any additional questions? Senator Hilkemann. [AGENCY 84]

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SENATOR HILKEMANN: Is it fair to say then to constituents that have contacted me about this that they're not going to see a change? [AGENCY 84]

JIM MACY: It's a competitive process each year. So there are no guarantees from one year to the next that one grantee over another will be awarded. They compete against each other each and every year. [AGENCY 84]

SENATOR HILKEMANN: And so the competition, is the competition going to become harder with this now, with this reduction? [AGENCY 84]

JIM MACY: We've had more applications than awards over the past several years, but they have to go through criteria to be awarded in the final selection process. [AGENCY 84]

SENATOR HILKEMANN: And most of the times when you have...when you have these applications are you able to meet most of them or what percent? What would be a typical...how much for, in other words, how much is asked for, how much is given out? [AGENCY 84]

JIM MACY: I would comfortably say that we've awarded about two-thirds of what was requested in the past. [AGENCY 84]

SENATOR HILKEMANN: Okay. [AGENCY 84]

SENATOR STINNER: Additional questions? Seeing none, thank you. [AGENCY 84]

JIM MACY: Thank you, sir. [AGENCY 84]

SENATOR STINNER: Any additional proponents? Okay, seeing none, any opponents? Good afternoon. [AGENCY 84]

DONNA GARDEN: (Exhibit 1) Good afternoon, Senator Stinner and members of the Appropriations Committee. My name is Donna Garden, that's D-o-n-n-a G-a-r-d-e-n, and I am the assistant director of Public Works and Utilities for the city of Lincoln. I'm here to testify in

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opposition to this transfer of funds, just as you just spoke about with regard to the grants, and particularly about the Waste Reduction and Recycling Incentive Fund. This transfer was identified in LB944 and is associated with the Nebraska Department of Environmental Quality's budget. I want to thank you all for this opportunity to discuss how this cut could potentially affect the city of Lincoln. The Waste Reduction and Recycling Incentive Grants Program has been in place since 1990. This program provides financial support for recycling systems, the identification and development of recycling markets, processing facilities, yard waste composting, composting with sludge, waste reduction, household hazardous waste programs, solid waste infrastructure, and incineration. From 2011 through 2016, this program has awarded over \$12 million in grants for these types of programs, and over \$11 million for scrap tire recycling projects. In 1990, legislation was passed establishing a disposal fee charged to each operator of a municipal landfill in the state of Nebraska. The city of Lincoln owns and operates at Bluff Road Landfill a municipal waste facility, and we pay this fee to the state on every ton of waste that is disposed there. This amounts to \$300,000 to \$400,000 per year. During the time period between 2012 and 2016, the city paid \$1.9 million in those disposal fees. The disposal fee of \$1.25 per ton of solid waste disposed in a municipal solid waste disposal area was established by statute. State Statute 13-2042 specifically directs that 50 percent of this fee be used to perform the regulated activities under the Integrated Solid Waste Management Act and the Nebraska Litter Reduction and Recycling Act, and the Waste Reduction and Recycling Act. The remaining 50 percent of this fee is designated for the Waste Reduction and Recycling Incentive Fund specifically for funding grants for counties, municipalities, and agencies. These grants are awarded to projects that further the goals of the Integrated Waste Management Act. In addition, funds are provided for response to and remediation of any solid waste illegally disposed of or abandoned. The city of Lincoln and Lancaster County governments have received about \$1.9 million in such funds over the last five years. The designation of this grant fund is in state statute. It does not allow a fee charged to landfills to be used for other nonwaste management purposes. These funds are critical to the city of Lincoln. We just adopted a Lincoln Environmental Action Plan, and if you take a look at that plan you see that the city is continuously moving towards more waste diversion and improved recycling. The city is also implementing a corrugated cardboard ban in our landfill to reduce the amount of that material going to the landfill. These activities utilize funding from this grant fund to provide containers for our free drop-off sites that we have around the city. It also provides funding for our comprehensive education campaign to

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help people understand how to recycle. Both of these would not be possible without this grant funding. These activities are directly tied to the goals of the Integrated Solid Waste Management Policy and hierarchy established in Section 13-2018 of state statute. Diverting waste, recycling valuable material, and minimizing the amount of land needed to bury waste are very important to making Nebraska a great place to live. No one wants a landfill near their house, so the less dependent we can become the better. These funds help us do that. Please help us continue the important work of reducing waste in Nebraska. Please do not take an additional \$500,000 from the Waste Reduction and Recycling Incentive Fund. Thank you. I'd be happy to answer any questions. [AGENCY 84]

SENATOR BOLZ: Seeing none, thank you, Ms. Garden. [AGENCY 84]

DONNA GARDEN: Thank you. [AGENCY 84]

SENATOR BOLZ: Any further opponents? [AGENCY 84]

CHRISTINE VAIL: (Exhibit 2) Good afternoon. My name is Christine Vail and I'm the executive director of Keep Keith County Beautiful, located in Keith County, Nebraska. We drove here this morning because we felt it was so important that you could hear from us directly the influence and the impact that we have in our local communities, not just Ogallala in Keith County, but Lake McConaughy, which has one point... [AGENCY 84]

SENATOR BOLZ: I'm sorry to interrupt you. Could you please spell your name for the record? [AGENCY 84]

CHRISTINE VAIL: Oh, I'm sorry. It's Christine, C-h-r-i-s-t-i-n-e, last name Vail, V-a-i-l. [AGENCY 84]

SENATOR BOLZ: Thank you. [AGENCY 84]

CHRISTINE VAIL: And I just want to read you a little letter that I wrote to you because I didn't know I was going to talk. I thought the letter could just be put in here. On behalf of my

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organization, the residents of Ogallala, Keith County, Lake McConaughy, and all of western Nebraska, I implore you and the Unicameral to reconsider the transfer of earmarked funds out of the Waste Reduction and Recycling Incentive Fund, and the Litter Reduction and Recycling Fund. These funds create an environmental army of citizens in our communities. The funds allow professionals, such as myself and my education director, to teach students K-12 about litter reduction and recycling. They allow us to work with local businesses to conduct waste audits to determine how to best recycle the materials into businesses. The funds assist us in paying wages for the warehouse workers and the transportation cost to have recycling moved from rural areas to our hub. We work hard at developing these programs, curriculum, holding events, creating new environmental stewards everywhere we go. I'd like to tell you a couple stories about what we've accomplished in Keith County the past three years due to the granting process from NDEQ. In 2016, Western Resources Group of Ogallala received first place in the nation for the Keep America Beautiful environmental awards, which is quite interesting. We are a recycling facility. We also produce animal bedding made out of corrugated cardboard, so specifically for alpacas, chickens, pigs, so creating a product 100 percent recycled out of the material. Also the following year Keep Keith County Beautiful was awarded first place in the nation for youth groups in the nation. Yes, that's right. Forty little kids from Ogallala won first place. They recycled over 1 million bottles and cans in Ogallala. Thank you, Lake McConaughy. However, through the Pepsico Recycle Rally they garnered \$25,000 for their school for green improvements. And just last week in Dallas, Texas, Keep Keith County Beautiful and Western Resources Group received first place in business innovation. We developed a spoke-and-hub recycling program that covers all the cities...not all but most of the cities in western Nebraska. We operate with Sidney, Kimball, Alliance, Imperial, Arthur, all...Oshkosh, Chappell. They send it to our recycling facility. We consolidate to cross stock, and then send out full truckloads to end-use recyclers. So I'm very proud of the accomplishments that we've made in our town and made in our community. Over the past three years I have increased the granting request substantially: one, to add more people; two, to do more programs. This year we only receive \$50,000. Last year we had \$84,000, which allowed me to hire people. Unfortunately, I will have to go to part time and find another job, not be able to continue the advancement of the programs that we have. But the interesting thing is I'm going on to work in a national consulting firm to teach about hub and spoke that we put together right here in western Nebraska. So the growth and the opportunity of recycling, Nebraska is one of the most beautiful states in the nation. It's

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clean and the kids love it. We are an environmental state because we are true conservatives and we're conservationists. So I implore you to look. That \$500,000 makes a difference in my pocketbook and in ability to do my job. Thank you. [AGENCY 84]

SENATOR STINNER: Thank you. There may be questions. [AGENCY 84]

SENATOR BOLZ: I actually do have a question. [AGENCY 84]

SENATOR STINNER: Please. Senator Bolz. [AGENCY 84]

SENATOR BOLZ: And maybe this is a question better directed to the department. Do you know the history of the program? Was the original intent of the program to be for sustainable funding streams or was it for more project-based or innovation capacity building? [AGENCY 84]

CHRISTINE VAIL: Now when it's project-based, for example, I did a program called Recycle McConaughy, which Game and...which...in cooperation with Game and Parks. We placed 11 recycling containers around Lake McConaughy and garnered over 100 tons of recycling material out at the lake this year. First year it was put in we got six containers; second year we got five containers. So those are placed at the lake on a project-by-project basis. Four years ago I got \$70,000, last year I got \$48,000, and this year I have \$10,000. I didn't ask for more containers so it's more of a maintenance. The public education is never going to be funded by local people. DEQ is what has created that fund and given us the opportunity to create education. So some are on a project-by-project basis and some are continuing education. [AGENCY 84]

SENATOR BOLZ: Okay. I...I'll maybe follow up with the director because I think some of the question is history. Just my experience with nonprofits, there's a different relationship with someone who is promising that you'll have ongoing, sustainable operations funding... [AGENCY 84]

CHRISTINE VAIL: Right. Right. [AGENCY 84]

SENATOR BOLZ:; ...versus something that is a project. [AGENCY 84]

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CHRISTINE VAIL: We don't anticipate that. I mean we understand the granting is competitive, and I will tell you the OnBase system that is employed in DEQ is a phenomenal system. It should also ask us what are we recycling. That should be one of the questions, give us the quantities. So we can give substantive numbers to you and say quantitatively this is what we're doing. Last year alone we diverted 9 million pounds in Ogallala from the landfill. If that would have went into the landfill, at tonnage we would have got \$246,000 at \$1.25 tipping fee. So, excuse me, I'm getting all dry mouth. (Laugh) But I think it's important that we continue this because our students, our young people, our communities, our businesses depend on it.  
[AGENCY 84]

SENATOR BOLZ: Thank you. [AGENCY 84]

CHRISTINE VAIL: Thank you. [AGENCY 84]

SENATOR STINNER: Thank you. We've got more questions for you. Senator Hilkemann.  
[AGENCY 84]

SENATOR HILKEMANN: Sorry about that. Did I hear you say, you said a year ago you got a grant of \$84,000 and... [AGENCY 84]

CHRISTINE VAIL: For my public education, yes, sir. [AGENCY 84]

SENATOR HILKEMANN: ...and then this last year you got a grant of \$50,000? [AGENCY 84]

CHRISTINE VAIL: Correct. [AGENCY 84]

SENATOR HILKEMANN: You've been here. You heard the earlier testimony on this. Are you concerned that, because of this reduction, next year you won't get anything? [AGENCY 84]

CHRISTINE VAIL: I think because of the priority point system and what we have gotten in the past and growing this program, we'll get something. But in order to maintain a level of professionalism and continued educational opportunities, I can't hire people for 9 bucks an hour.

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I need professionals. So what my fear is, is that it won't go away; it just won't continue to grow.  
[AGENCY 84]

SENATOR HILKEMANN: Okay. Thank you. [AGENCY 84]

SENATOR STINNER: Any additional questions? Seeing none, thank you. Thank you for coming in from Ogallala too. Any additional--we're on opponents, aren't we--opponents?  
[AGENCY 84]

KATHRYN WORLEY: (Exhibit 3) I brought books. [AGENCY 84]

SENATOR STINNER: Afternoon. [AGENCY 84]

KATHRYN WORLEY: Afternoon. I'm Kathryn Worley. Kathryn is K-a-t-h-r-y-n, Worley, W-o-r-l-e-y, and I'm the executive director of Keep Alliance Beautiful in Alliance, Nebraska, so I am one of the spokes to Christine's hub, and I'm here to read my letter to you. Keep Alliance Beautiful, KAB board of directors and staff, wish to continue recycling and education programs in Box Butte County, Nebraska. We will continue to operate and accept recyclables at the recycling center and trailers stationed in Alliance and Hemingford, Nebraska. KAB will continue to send the bulk of our commodities to Western Resources Group in Ogallala, Nebraska, with the exception of glass being sent to Momentum Recycling in Broomfield, Colorado. To minimize transportation costs of gathered recyclables, KAB ships the commodities via Nebraska Transport Company in Gering, Nebraska. KAB has diverted 348,406 pounds of waste from the local landfill during the first seven months of 2017. Grant funding is essential in sustaining the recycling center operations and in furthering KAB's mission to educate, empower, and inspire the Box Butte County residents to take greater responsibility for their community and the environment through activities, programs, and education in area schools and the community. Keep Alliance Beautiful is a Keep America Beautiful affiliate in good standing, with access to their marketing materials and programs. School programs such as KAB Black Ops Recycling Ambassadors and the newly established KAB Club at the Alliance Middle School will continue in the year 2018 and '19 school year. In the summer of 2017, the KAB kids group was established and will reconvene to complete and anti-litter projects in the summer of 2018. School

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presentations addressing reduce, reuse, and recycling will be conducted, and community art classes utilizing recyclable items will be facilitated by KAB. With the continued financial support of the city of Alliance, Box Butte County, private donations, and grant funds, KAB is able to accomplish our mission and projects by partnering with area businesses, community leaders, local government, and neighbors to work together to create a clean and safe place to live and work for future generations. And I want to speak specifically to the cuts this year for us, hurt us significantly by \$70,000. It's my understanding that everyone as cut across the board 50 percent and that is a hard hit for a small community like us. We can't make up that amount of money in fund-raisers and so forth. It's nearly impossible. And we have enough money to keep us going until July, we can see right now. We do have other grants out there but we don't know what that funding will be yet at this point. But it is a significant hurt to us to try to continue programs. We have a remarkable young woman in charge of education for us who's gotten kids enthusiastic about picking up parks on a Saturday when they have, you know, virtual options and lots of other things. It's amazing that little kids want to go pick up a park. And so I do have a letter of support from our city manager, who is Rick Kuckkahn, and he is new to Alliance but doing a great job, and I'd like to read that letter of support: As the city manager in Alliance, I wanted to offer my support of our local recycling efforts at the state's assistance through grants. We are all aware of not only citizen support of local programs but the benefits in reducing the volume of waste entering landfills, among other advantages. The city has continued to make a sizable yearly financial commitment supporting Alliance's recycling effort and has for many years. This is done with the understanding that changing the city's level of support from year to year would adversely affect the level of service of how much can be collected and processed. At the same time, citizens continue to deposit their recycled materials in growing amounts every year as more understand the advantages of recycling. Obviously, if we receive more material than we can handle, we have an immediate and long-term problem. I would like to think at some point the customer will pay for the service without subsidy, but in the near term that is not likely. However, elimination of significant reductions in the grant program poses a significant risk to sustaining it long term. We felt impacts of the first round of cuts and fear a second round will be even more damaging. And I'll quit there because I see a yellow light, so. [AGENCY 84]

SENATOR STINNER: That's okay. Anybody from western Nebraska gets... [AGENCY 84]

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KATHRYN WORLEY: Really? [AGENCY 84]

SENATOR STINNER: ...an unlimited amount of time. (Laughter) [AGENCY 84]

KATHRYN WORLEY: Thank you. Well, yeah, we dodged deer, coyotes, and tumbleweeds to get here, so. (Laugh) [AGENCY 84]

SENATOR STINNER: Absolutely. Any questions? [AGENCY 84]

KATHRYN WORLEY: Yes, sir. [AGENCY 84]

SENATOR STINNER: Senator Hilkemann. [AGENCY 84]

SENATOR HILKEMANN: Now you said...you said contributions, local contributions. Do you have...do you have other funding sources to help make up this difference? [AGENCY 84]

KATHRYN WORLEY: We make doughnuts. We, in the summer, when we have heritage days or different community gatherings, we make mini doughnuts and ask for a \$3 contribution. We can't make \$70,000 worth of doughnuts to try to get us back to where we were. And as you would all know, it's hard to run efficient programs and efficient business when you're holding your breath, not knowing where the next dollar comes from. And I do want to say, we have so appreciated the money that we've gotten from NDEQ, but these cuts are significant to us. And as you may know, on the western end of this state, when you're smaller and not significant, those will be the first ones to go. And if all of the spokes fall away from the hub in Ogallala, that's not going to exist either. So it will be a reverse domino effect. But, yeah, we do fund-raisers but they're small. Our population is 8,000 people and there are a lot of nonprofit organizations vying for those dollars. And one thing that we are looking at doing, we're starting a pilot program for recycling and we're going to do it with our five guys at the recycling center and two pickups and we're going to do curbside recycling and we're going to try it on our own without the assistance of the city right now. But we do offer a senior citizen's pickup and we do that for free a couple of days a week and we're trying to make a difference in our small town. [AGENCY 84]

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SENATOR STINNER: Appreciate that. [AGENCY 84]

SENATOR HILKEMANN: You might want to bring those \$70,000 of doughnuts down to the Senate. They'd go over very well. (Laughter) [AGENCY 84]

KATHRYN WORLEY: All right. Well, if you pay my way down here, I'll just set up my doughnut maker down there and we'll keep them going. [AGENCY 84]

SENATOR STINNER: Any additional questions? Senator Clements. [AGENCY 84]

SENATOR CLEMENTS: I have a question about the spoke and the hub in Ogallala. Do you have to pay Ogallala to accept some of your recycling? [AGENCY 84]

KATHRYN WORLEY: No, they pay us. Right now we get money back for cardboard and number two plastics. We have to pay to truck it there, so that's something, but we don't pay them to take it. No, there's valuable in the recyclables that they take. So we sort them, we gather them in our trailers in our community and in Hemingford, which the population there is 800 people. We gather them, we sort them, we bundle them, and then we truck them to Western Resources Group, those recyclables. And then our glass goes to Colorado. [AGENCY 84]

SENATOR CLEMENTS: And also I was wondering, this says at some point the customer will pay for the service. Are there ways... [AGENCY 84]

KATHRYN WORLEY: I think he's talking about doing curbside recycling at that point and that at that point recycling will be being paid for, but that isn't the truth right now. [AGENCY 84]

SENATOR CLEMENTS: All right. So right now it's free or are there any incentives to people to recycle? [AGENCY 84]

KATHRYN WORLEY: I hope good conscience is one of them. [AGENCY 84]

SENATOR CLEMENTS: Right. [AGENCY 84]

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KATHRYN WORLEY: But, no, we don't offer monetary, you know, exchange for the recyclables that we get. We're just trying to educate and implore people to recycle, please. I feel like it's the responsible thing to do. [AGENCY 84]

SENATOR CLEMENTS: All right. Thank you. [AGENCY 84]

KATHRYN WORLEY: Thank you. Thank you. [AGENCY 84]

SENATOR STINNER: Thank you. Tell Rick Kuckkahn hi for me. [AGENCY 84]

KATHRYN WORLEY: I will. [AGENCY 84]

SENATOR STINNER: Afternoon. [AGENCY 84]

SCOTT HOLMES: (Exhibit 4) Good afternoon. Honorable Senator Stinner and members of the Appropriations Committee, my name is Scott Holmes, that's S-c-o-t-t H-o-l-m-e-s, and I'm the manager of the Environmental Public Health Division with the Lincoln-Lancaster County Health Department. I'm here today to offer testimony in opposition to increasing the transfer of funds from the Litter Reduction and Recycling Fund to the State General Fund from \$200,000 to \$700,000. This reduction in the Nebraska Department of Environmental Quality's budget was identified in LB945. The Litter Reduction and Recycling Program was established in 1979 and I think Senator Bolz asked a question about some of the intent of that and I may be able to answer that after a little bit. It's funded through annual fees assessed to manufacturers, wholesalers, and retailers for the sole purpose of reducing litter and enhancing recycling in the state of Nebraska. Grant awards can fund public education, litter cleanup in public areas, and recycling, which fulfill the intent of the original legislation. This is the only dedicated state funding source for litter reduction education and litter cleanups. In 2016, the Legislature passed LB1101 which directed the NDEQ to review and evaluate all solid waste management programs and funds, including the Litter Reduction and Recycling Fund. The final report was issued in December of 2017. One of the findings from that study was that the Litter Reduction and Recycling Fund grants, as well as the programs they implement, were essential to keeping Keep America Beautiful affiliates, two of which were testifying today, like our Keep Lincoln-Lancaster County

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Beautiful program, viable. To quote the study: Comments received from Keep Nebraska Beautiful and its affiliates through the department's Web site and at public meetings undertaken for this study clearly indicated that the programs they implement could not continue without funding they currently receive through the Litter Reduction and Recycling. Thus, one of the key findings of the legislative study was that the funding is critical to helping keep communities across Nebraska clean. Last year the Legislature approved the transfer of 700,000 from the Litter Reduction and Recycling Fund to the state General Fund. This transfer greatly impacted grant funding. Our local education grant was cut by 66 percent and our cleanup grant was cut from \$19,000 to \$6,000, a 68 percent cut. The explanation provided was that our grant was not fully funded due to limited availability of funding. One of the main reasons the grants were not more fully funded was due to the transfer of \$700,000 out of the Litter Reduction and Recycling Fund. There are not excess funds in the Litter Reduction and Recycling Fund. They had more grant requests than they funded. The reduced funding for our Keep Lincoln-Lancaster County Beautiful program will result in more litter in our parks, streets, schools, streams, lakes, and roadways because fewer neighborhood associations, volunteer groups, and nonprofit organizations will receive funds for litter cleanup activities. If the transfer of the additional \$500,000 is approved as proposed in the Governor's budget for the coming year, litter problems will grow in Lincoln and Lancaster County and across Nebraska. How much litter are we talking about? In 2017, when we received full funding, \$19,000 for our cleanup grants, volunteers cleaned up and recycled over 94,000 pounds of trash, 22,000 pounds of recyclables, and 4,000 pounds of brush, and used the grant funds for things like landfill fees, dumpsters, equipment rentals, and recycling fees. Hundreds of volunteers gave over 6,000 hours of time to clean up 4,788 acres of land. The value of the volunteer hours was more than \$92,000. So with this grant fund what you're receiving is a 5-to-1, almost, return on investment. Reduce these efforts and results by about 60 percent and you can see that thousands of pounds of litter, trash, and recyclables will not be cleaned up and fewer people will be educated to reach with the litter prevention message. So what is the bottom line? Reduced funding will result in degradation of our beautiful, clean city of Lincoln and Lancaster County and negatively impact our parks, schools, lakes, and streams. Everyone knows that litter is harmful to the environment; however, knowing about the problem doesn't solve it. Help us continue this important work in keeping Nebraska clean and litter-free by providing adequate funding for the litter education and cleanups. Thank you. I would be happy to answer any questions you have. [AGENCY 84]

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SENATOR STINNER: Thank you. Senator Wishart. [AGENCY 84]

SENATOR WISHART: Scott, thank you so much for being here today. You know, I think I was one of the volunteers. I worked with the Everett Neighborhood Association. I live... [AGENCY 84]

SCOTT HOLMES: Sure. [AGENCY 84]

SENATOR WISHART: ...in that neighborhood and we utilized your equipment to clean up the Everett area. We have a real terrible problem in the Everett neighborhood with trash, and as a property owner I worry that it affects my property values and all of our property values. So thank you for the work you do. I was wondering, are there...what kind of fees or fines are associated in Lincoln or Lancaster County or across the state, for example, for people who litter? [AGENCY 84]

SCOTT HOLMES: So there is a misdemeanor penalty for littering. It's a state statute. And if someone is seen to be littering, they can be fined. The police department and sheriff's department both issue littering tickets and have enforced that law when they can. [AGENCY 84]

SENATOR WISHART: And where does those dollars go? [AGENCY 84]

SCOTT HOLMES: Those go back into the state fund. [AGENCY 84]

SENATOR WISHART: Okay. Those go back into the General Fund. [AGENCY 84]

SCOTT HOLMES: Yeah. Uh-huh. [AGENCY 84]

SENATOR WISHART: Okay. And... [AGENCY 84]

SCOTT HOLMES: Or the school fund actually I think, so. [AGENCY 84]

SENATOR WISHART: Okay. [AGENCY 84]

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SCOTT HOLMES: Fines and penalties go into the school fund I think. [AGENCY 84]

SENATOR WISHART: That's right. And then...I mean when you look at surrounding states, if you know this information, are our fees and fines for littering similar to what surrounding states have? [AGENCY 84]

SCOTT HOLMES: I think it varies substantially. Usually littering is, you know, again, is considered a misdemeanor so the penalty is pretty low to start with. It has...ratchets up for multiple violations, so if someone is caught a second or third time the penalty goes up. [AGENCY 84]

SENATOR WISHART: And do we have fines for sort of property owners who have a lot of sort of excess trash on their property that would obviously blow into other people's property? [AGENCY 84]

SCOTT HOLMES: Uh-huh. Local in Lincoln, like most communities across Nebraska, there's some sort of nuisance code and locally we have abatement authorities to take care of problems that can create public health issues. If it's just junk, that's slightly different. That's under a different ordinance without abatement authorities. [AGENCY 84]

SENATOR WISHART: Okay. And is there...again, are there monies that come from that in terms of fines? [AGENCY 84]

SCOTT HOLMES: No. The...we can take people to court over abatements, but the abatement costs alone are commonly between \$250 and \$500, and unless they're a repeat offender we typically don't take them to court also to pursue misdemeanor penalties. [AGENCY 84]

SENATOR WISHART: Okay. Okay. Thank you. [AGENCY 84]

SENATOR STINNER: Scott, I appreciate you being here. The idea, though, that this transfer affected your grant directly is...hopefully you understand that is not the case. The money is there to allocate to programs. I have no idea what happened to the program as far as qualifications are

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concerned, but us taking...these are excess funds. There is money coming in, the \$2.1 million, \$2.2 million that come in to support what we're trying to do on grants, so... [AGENCY 84]

SCOTT HOLMES: If you remove \$700,000, it reduces the amount of funds (inaudible).  
[AGENCY 84]

SENATOR STINNER: You have excess cash in your account and so there... [AGENCY 84]

SCOTT HOLMES: There's not excess funding. [AGENCY 84]

SENATOR STINNER: Okay. [AGENCY 84]

SCOTT HOLMES: The account is an ongoing, rolling account which will always have some money in it. Historically, NDEQ has given grants out to apportion to which they feel comfortable so that they don't have a commitment long term to additional funds that they can't fund if something were to change. And so as far as it looking as excess funds, the account has to have some funds in it in order to operate. I don't see how it can be considered excess funds.  
[AGENCY 84]

SENATOR STINNER: Thank you. [AGENCY 84]

SCOTT HOLMES: Okay. [AGENCY 84]

SENATOR STINNER: Senator Bolz. [AGENCY 84]

SENATOR BOLZ: It's...I don't mean to prolong the hearing, but as someone who's spent a lot of time in nonprofit management, I'm having a hard time getting my head around what you're saying in terms of ongoing reliance on these funds in terms of operations and management, and them at the same time being competitive funds. So when I put together my nonprofit budget, I have a mix of funds so that I can keep my nonprofit sustainable if I am to lose a competitive fund. And so I'm just...I'm genuinely trying to reconcile that issue. Because if you were told by Department of Environmental Quality that you could have...you could count on ongoing

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operational grants, I think that is different than having the understanding with the department that these are competitive year-to-year grants. Can you address that question? [AGENCY 84]

SCOTT HOLMES: Sure, I can try. Unfortunately, I've only been in my position about 26 years, so I don't go all the way back to '79 when the legislation was actually passed, but the initial proposal was a bottle bill and there was intent to try to collect funds for the disposal of different goods through charging people for--5 cents or whatever--per container. And then that money was going to go into a fund that would help support litter reduction and help support recycling. What was changed over the process, it became the bill that it is in the statute which charges fees for wholesalers, retailers, etcetera, to a certain amount to fund litter reduction education, cleanup, and recycling. So litter reduction education is an ongoing effort, just like all education is an ongoing effort. At that time there were multiple Keep America Beautiful affiliates around the state that were funded through the program and it was very clear that those were intended to be continuously funded in order to continue to do the work of education. The cleanups themselves, that funding, you know, cleanups don't happen once. Cleanups happen every year. On average just for example the cleanups we do through our program, last year I think we gave 47 different small grants to community groups to do cleanups. Next year there will be that many groups that want funding for cleanups. It's not like it's just funding that's intended to go away for a project. So this funding was never really intended to be just a point in time, buy a particular thing like a recycling bin and then move on. It was intended to fund the concepts of educating the public on litter reduction and education, so. [AGENCY 84]

SENATOR BOLZ: But your particular agreement with the Department of Environmental Quality, did the Department of Environmental Quality make long-term agreements with you saying that this is for ongoing and operational costs, or is it annual, year-by-year, competitive grants? [AGENCY 84]

SCOTT HOLMES: It's competitive every year, just like Jim stated, absolutely. [AGENCY 84]

SENATOR BOLZ: Okay. Thank you. [AGENCY 84]

SCOTT HOLMES: Yeah. Uh-huh. [AGENCY 84]

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SENATOR STINNER: Additional questions? Seeing none, thank you. [AGENCY 84]

SCOTT HOLMES: Thank you so much. [AGENCY 84]

SENATOR STINNER: (Exhibit 4) Any additional opponents? Seeing none, anybody in the neutral capacity? Seeing none, I do have the city of Omaha, James Theiler has written a letter in opposition to the Nebraska Litter Reduction and Recycling Cash Fund, and Recycling Incentive Fund, and he opposes those transfers. So that concludes our hearings on Agency 84. [AGENCY 84]