

LR 542 Listing of Options

December 2010



Compiled by the Legislative Fiscal Office

Introduction by Senator Mike Flood, Speaker of the Legislature

LR 542, adopted by the Legislature on April 13, 2010, created an ad hoc committee chaired by the Speaker of the Legislature, and comprised of the Executive Board Chairman and the chairs of the Legislature's fourteen standing committees to review all programs of state government and each agency's budget authority. Each committee was charged with identifying programs within their subject-matter jurisdiction that should be considered for reduction or elimination during the Legislature's enactment of a budget for the following biennium during the 2011 Session. Each committee was asked to identify potential cuts totaling 10% of the total general fund appropriation for all agencies within their jurisdiction. Committees were advised cuts could be identified disproportionately among agencies, and did not need to be 10% from each agency.

In order to address the historic projected shortfall of \$986 million, the Legislature has proactively worked to review and identify program functions and funding that may be amended, reduced, or eliminated. The size of the projected shortfall, coupled with the amount of across-the-board cuts adopted by the Legislature during the 2009 regular and special session and the 2010 regular session, necessitate the need for vertical cuts.

I have heard some people refer to the options lists generated by the LR 542 process as recommendations of the committees. Please understand that these lists are not recommendations of the committees, but, just as their title implies, are "options"—items that the committees believe need to be carefully considered when the Legislature crafts a budget during the 2011 session. Not all of these items would be supported by members of the committee listing them, if the vote to adopt such a change were voted upon today. Committees worked long and hard, with many hours of briefings together with our fiscal analysts and the agencies, in addition to hours of deliberation, to develop their 10% Options List. As explained to each member of the Legislature, each committee's list was to include items that we may have to do, but may not want to do. As we prioritize the programs and functions of state government, the Legislature will need to evaluate what programs need to be reduced or eliminated given our very limited resources.

The development of these 10% Options Lists is a very preliminary step in the process. From here, committees, chairs, and individual members can consider introducing legislation during the 2011 session for any reductions that require statutory changes. As with all bills introduced, each bill generated from these lists requires a public hearing. Additionally, all agencies will have a public hearing before the Appropriations Committee. After any budget related legislation is placed on general file, the three stages of debate will occur. Placement of a program on an Options List may only indicate the need for further discussion, including public input, to weigh the feasibility of making such a reduction or elimination.

I want to thank the members of the Legislature for their hard work over the interim to develop these 10% Options Lists. This Legislative proactive effort will help the State of Nebraska as we proceed throughout the 2011 session in crafting a very difficult budget during these financially difficult days.

*** Items listed in this report are options that the respective committees of the Legislature believe should be carefully considered when the Legislature crafts a budget during the 2011 session.**

*** The report is organized by Standing Committee in alphabetical order. The numbering of items is for identification purposes and does not reflect a prioritization.**

Agriculture Committee

Committee Members

Sen. Tom Carlson (Chair)
Sen. Annette Dubas (Vice Chair)
Sen. Brenda Council
Sen. Cap Dierks
Sen. Russ Karpisek
Sen. Scott Price
Sen. Schilz
Sen. Norman Wallman

Committee Staff

Rick Leonard

Committee Meetings

Room 2102
Tuesday

LR 542 Overview

The Agriculture Committee has subject matter jurisdiction over the Department of Agriculture, agencies implementing commodity development programs (i.e. Corn Board, Sorghum Board, Dairy Industry Development Board), the Nebraska Brand Committee and the State Fair Board. Of these, only the Department of Agriculture expends general funds. The Agriculture Committee has necessarily focused on that agency. For FY 2010-11, the general fund appropriation to the Department of Agriculture is \$6,128,426, approximately .2% of the total state government wide general fund budgeted obligation of \$3.405 billion. A 10% reduction in the Department's FY 2010-11 general fund appropriation calculates to a target annual general fund obligations reduction of approximately \$612,000

The general approach of the committee to this project was to assign one or more of sixteen functional classifications to the programs and activities assigned to each of the Department's 34 budget subprograms. The functional classification describes the ultimate public welfare objectives of the underlying statutory authorities the programmatic activities that occur under th subprogram are intended to achieve. This analysis was depicted on a matrix that matches each subprogram to its functional classification and funding source. The Committee then identified those priority functions, largely agreeing the five agency priorities that were articulated by the Director in the Department's briefing session with the committee on July 22 and in the Department's budget narrative and other forums. The committee identified three additional functional priorities. This evaluation enables an easy identification of general fund expenditures that fall outside of the functional priorities for the Department, and thus identifies preferences for areas where general fund obligations should be reduced.

The Committee list of options includes endorsement of the Department's proposed budget modification since these general fund reductions for the most part fall in functional areas outside of the identified priority functional areas. However, the majority of the programmatic general fund expenditures of the Department fall within identified priority functions. Therefore, while the committee methodology is generally useful, it is difficult to achieve the 10% target by cutting only from programs in non-priority functions only. The committee developed additional options, largely proposing transfers of currently general funded activities in priority functional areas to non-general fund sources. The selected options are included as supplemental options to the Department's proposed modifications.

The Committee has prepared a supplemental report with more detailed description of the committee methodology and identified options.

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Listing of Options - Agriculture Committee

Item 1	Replace remaining general funds in Commercial Dog and Cat Operator Inspection program with LB 910 revenues	<u>#18 Agriculture</u>	
	LB 910, enacted during the 2010 session of the Legislature, revises the licensing fee schedule for commercial breeders and other pet businesses and operations beginning in October, 2010. Additionally, the legislation added a new license category for pet rescue operations which is anticipated to include some formerly unlicensed operations. Also, LB 910 imposes a \$1 fee collected upon the licensure of pets to be collected and remitted by local entities that require licensure. It is anticipated these revenue streams will enable replacement of most or potentially all of the current general fund allocation supporting the program, and thus potentially fully cash fund the program at current effort.	General Fund	-149,762
		Cash Fund	149,762
		Federal Fund	0
		Bill Required = No	
Item 2	Position Downsizing	<u>#18 Agriculture</u>	
	The Department identifies 5 FTE's for elimination. The positions include 2.0 FTE agency administrative support, 1.0 FTE program clerical support, 1.0 FTE laboratory seed analyst, and 1.0 FTE program administrator.	General Fund	-309,542
		Cash Fund	0
		Federal Fund	0
		Bill Required = No	
Item 3	Defer Food & Dairy Lab Equipment Purchases	<u>#18 Agriculture</u>	
	Defer until next biennium scheduled lab equipment replacement and upgrades. This is a reduction of general fund expenditure that would otherwise be requested in continuation budget.	General Fund	-45,000
		Cash Fund	0
		Federal Fund	0
		Bill Required = No	
Item 4	Defer Purchases of Weights & Measures Equipment	<u>#18 Agriculture</u>	
	Defer until next biennium scheduled lab equipment replacement and upgrades. This is a reduction of otherwise planned expenditure of cash funds that are freed up to replace general funds in underlying regulatory program.	General Fund	-69,938
		Cash Fund	0
		Federal Fund	0
		Bill Required = No	

Item 5 Reduce Travel Expenditures

Agency economizing to reduce travel for non program delivery purposes

#18 Agriculture

General Fund	-20,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 6 Eliminate backtagging incentive program

Eliminate a state aid incentive whereby a fee of 10 cents per official backtag identification issued by USDA applied to animals entering auction markets to encourage compliance with state/federal requirements under the brucellosis eradication program for animals moving in commerce. The requirement to affix the tag remains under both federal and state law. This option does not eliminate the underlying regulatory requirement. This is not a statutorily created aid program, and is carried out within the Department's general livestock health authorities

#18 Agriculture

General Fund	-30,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 7 Reassign portion of expiring annual transfers from Petroleum Release Remedial Act Fund to EPIC fund to replace general funded share of petroleum flow meter inspection in Weights & Measures program.

Current law provides for annual transfers of \$1.5 million from the Petroleum Release Remedial Action (PRRA) Cash Fund to the Ethanol Production Incentive Cash Fund (EPIC). Under current law, the last scheduled transfer is July 1, 2011. This option would redirect \$200,000 annually to the Weights & Measures program to replace general funds utilized in petroleum flow meter inspection program. The Committee would direct \$400,000 on July 1, 2012, and \$200,000 annually the following biennium.

#18 Agriculture

General Fund	-200,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 8 Study of feasibility of privatizing weights and measures scale inspection & certification with private certification and only surveillance/auditing level of state inspection modeled upon on Kansas scale regulation model.

Privatize weights and measures scale inspection & certification with only surveillance/auditing level of state inspection modeled upon on Kansas scale regulation model. Adopting a similar approach in Nebraska would theoretically achieve as much as 80% cost savings in inspection activity if the state were to perform only a surveillance level of inspection activity testing 20% of devices annually. Currently, the state expends approximately \$250,000 general funds for scale inspection. It is likely that adoption of the Kansas model would require a transition period. Transition to a privatized program would therefore likely not be achievable in time to translate into budget savings during the upcoming biennium. This option is primarily a study option to examine the feasibility of implementing this approach and to identify if budget savings are possible or significant.

#18 Agriculture

General Fund	0
Cash Fund	0
Federal Fund	0

Bill Required = Yes

<p>Item 9 Transfer Beginning Farmer program general fund administrative costs to the Rural Rehabilitation Trust Fund</p> <p>Legislative intent to seek modification of trust agreement to allow utilization of Rural Rehabilitation Trust fund interest earnings to fund administrative support services to the Beginning Farmer Board and its duties in relation to the Beginning Farmer Tax Credit Act and other functions.</p>	<p><u>#18 Agriculture</u></p> <p>General Fund -45,000 Cash Fund 45,000 Federal Fund 0</p> <p>Bill Required = Yes</p>
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<p>Item 10 Require Department to acquire Cooperator Funding for Nebraska Ag Trade Representative</p> <p>Legislative intent Department seek half of the approximately \$200,000 annual base costs of the position (salary, supplies, travel, etc.) from cooperator funding from entities that benefit from the activities performed by the position.</p>	<p><u>#18 Agriculture</u></p> <p>General Fund -100,000 Cash Fund 100,000 Federal Fund 0</p> <p>Bill Required = Yes</p>
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Banking, Commerce & Insurance Committee

Committee Members

Sen. Rich Pahls (Chair)
Sen. Pete Pirsch (Vice Chair)
Sen. Mark Christensen
Sen. Mike Gloor
Sen. Chris Langemeier
Sen. Beau McCoy
Sen. Dave Pankonin
Sen. Dennis Utter

Committee Staff

Bill Marienau

Committee Meetings

Room 1507
Monday & Tuesday

LR 542 Overview

For purposes of the LR 542 process, the Department of Economic Development (DED) is the only General Funded agency within the subject matter jurisdiction of the Banking, Commerce and Insurance Committee. The applicable General Funds appropriation for DED totals \$6,299,996. The amount the committee was expected to find in General Fund de-obligations for its LR 542 10 percent Options List was \$629,056. The committee had two briefing sessions with committee staff and fiscal office staff. Committee counsel identified the seven areas of DED-related statutes where General Fund de-obligations could be accomplished through enactment of specific legislation. Seven bill drafts were prepared and distributed to the committee for consideration. If all seven of those bills were to be enacted, the combined General Fund de-obligations would be \$2,583,674--about four times the committee's LR 542 target amount. It was the sense of the committee that all seven bills should be kept moving forward and therefore included on the 10 percent Options List. This would provide maximum flexibility

Listing of Options - Banking, Commerce & Insurance Committee

Item 1 Amend statutes to provide that no General Funds shall be appropriated to the Department of Economic Development to carry out the Nebraska Visitors Development Act.

#72 Economic Development

The Nebraska Visitors Development Act (sections 81-1245 to 81-1263) creates a cash fund for general promotional activity, solicitation, and an operating program to attract visitors to Nebraska and further the use of travel and tourism facilities in Nebraska. The act provides for a one percent lodging tax for state visitors promotion. Since 2005, in addition to the lodging tax, General Fund support has been added through Appropriations Committee action. The General Funds are used to pay for an out-of-state advertising campaign.

General Fund	-500,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 2 Amend statutes to provide that no General Funds shall be appropriated to the Department of Economic Development to carry out the Agricultural Opportunities and Value-Added Partnerships Act .

#72 Economic Development

The Agricultural Opportunities and Value-Added Partnerships Act (sections 2-5413 to 2-5424) provides for the making of grants of up to \$75,000 annually for not more than three years to eligible entities involved in agricultural or value-added agricultural product activity projects. The act is administered by the Rural Development Commission. The act creates a cash fund to be used for the awarding of grants. Money credited to the fund is to include monetary gifts, grants, donations, proceeds from contracts for services, and reimbursement of expenses. The department is to seek money from sources such as federal funds, commodity checkoff funds, private donations, and private grants. the act currently provides that it will sunset on January 1, 2015.

General Fund	-850,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 3 Amend statutes to provide that no General Funds shall be appropriated to the Department of Economic Development to carry out the Building Entrepreneurial Communities Act.

#72 Economic Development

The Building Entrepreneurial Communities Act (sections 81-12,125 to 81-12,127) provides that its purpose is to support economically depressed rural areas in building entrepreneurial communities through grants of up to \$75,000 that will create community capacity to build and sustain programs to generate and retain wealth. The act is administered by the Rural Development Commission. The act creates a cash fund to be used for the awarding of grants. Money credited to the fund is to include money transferred by the Legislature, money paid as fees, deposits, and repayments, money donated as gifts, bequests, or other contributions from public or private entities, and money made available by a department or agency of the United States. The act currently provides that it will sunset on January 1, 2015.

General Fund	-139,650
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 4 Amend statutes to provide that no General Funds shall be appropriated to the Department of Economic Development for the Rural Development Commission and provide for a sunset.

#72 Economic Development

The Rural Development Commission (sections 81-3601 to 81-3609) coordinates rural development efforts. The commission administers the Agricultural Opportunities and Value-Added Partnerships Act and the Building Entrepreneurial Communities Act. Section 81-3606 creates a cash fund. Money credited to the fund is to include monetary gifts, grants, and donations, proceeds from contracts for services, and reimbursements of services.

General Fund	-153,397
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 5 Amend statutes to provide that no General Funds shall be appropriated to the Department of Economic Development to carry out the Business Development Partnership Act and to provide that the act will sunset.

#72 Economic Development

The Business Development Partnership Act (sections 81-1272 to 81-1277) provides that the department shall contract with the Nebraska Business Development Center at the University of Nebraska-Omaha to administer, manage, and deliver regional small business services through a network of small business development centers. In 1997, the act was amended to permit funding for surety bond support. The current use of the act's funding is (1) \$115,000 reallocated to Nebraska Manufacturing Extension Partnership, which describes itself as a cooperative effort involving government and education based service organizations that provides business and technical services to manufacturers and processors throughout the state and (2) \$125,000 reallocated from surety bond support to foreign business recruitment.

General Fund	-240,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 6 Amend statutes to provide that no General Funds shall be appropriated to the Department of Economic Development to carry out the Microenterprise Development Act and to provide that the act will sunset.

#72 Economic Development

The Microenterprise Development Act (sections 81-1295 to 81-12,105) provides that the department shall establish the Microenterprise Partnership Program through which the department is to provide grants to microloan delivery organizations. A microloan delivery organization is a community-based or nonprofit program which provides training, access to financing, and technical assistance for microenterprises.

General Fund	-463,127
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 7 Amend statutes to provide that no General Funds shall be appropriated to the Department of Economic Development to carry out the Nebraska Operational Assistance Act and to provide that the act will sunset.

#72 Economic Development

The Nebraska Operational Assistance Act (sections 81-12,129 to 81-12,135) provides that its purpose is to create a program to assist potential high-growth business enterprises in achieving thresholds necessary for private equity funding. The act provides that the department shall select a single private, nonprofit organization to carry out the functions of the act.

General Fund	-237,500
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Business and Labor Committee

Committee Members

Sen. Steve Lathrop (Chair)
Sen. Brenda Council (Vice Chair)
Sen. Tom Carlson
Sen. Amanda McGill
Sen. Ken Schilz
Sen. Norman Wallman
Sen. Tom White

Committee Staff

Molly Burton

Committee Meetings

Room 2102
Monday

LR 542 Overview

"The committee held a briefing on October 15, 2010, where agencies (Department of Labor, Nebraska Equal Opportunity Commission, and Commission of Industrial Relations) focused on their respective 10% budget modifications. LR 542's directive is to scrutinize programs and the appropriateness of eliminating or reducing said programs to assuage the projected budget shortfall.

Business and Labor's agency jurisdiction is very small. Business and Labor only has jurisdiction over four agencies, and only three were subject to the LR 542 process. For two of the agencies, Commission of Industrial Relations and Nebraska Equal Opportunity Commission, a LR 542 option would be to eliminate the agency. Eliminating the Commission of Industrial Relations would result in public employees striking and needed services put on hold pending the strike's outcome. Eliminating the Nebraska Equal Opportunity Commission would result in added burdens to an already fiscally strapped judicial system. These options are not good policy and thus, are not included as options. Since the briefing, the Department of Labor provided additional information concerning 16 of its Labor Standards programs. While eliminating a number of these programs may be good policy, as they are either rarely used or have become obsolete, doing so will not result in significant savings. To reach significant savings, Nebraska's minimum wage would have to be repealed. With few staff, the Department of Labor has managed to recoup a significant amount of unpaid wages. This justifies keeping this program. Based on the above information, the best option is to list the agencies' budget modifications. This will primarily reduce staff but, will keep needed programs and agencies running.

Listing of Options - Business and Labor Committee

Item 1 Eliminate one FTE in Labor Standards Program

With few staff in the Labor Standards programs, DOL is able to provide a valued service to Nebraska, including investigating employee misclassification, minimum wage violations, and child labor violations. These programs should not be eliminated. By eliminating one FTE, existing employees will have to work harder, but it allows needed programs to continue.

#23 Labor

General Fund	-54,207
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 2 Eliminate 2 investigator positions

Eliminating 2 positions will be detrimental to the NEOC, as it has significantly reduced its staff over the last several years. Reducing staff affects the timeliness of case disposition which negatively affects its federal funding. However, this is a better option than eliminating this agency.

#67 Equal Opportunity Com

General Fund	-102,167
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 3 Reduce Commissioner per diems

Should the appropriation be depleted before the end of the fiscal year, the commissioners will not be able to conduct hearings and trials. Again, this is a better option than eliminating this agency.

#77 Industrial Relations

General Fund	-28,858
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 4 Reduce Commissioner travel expenses

Conference travel would be eliminated and travel to hearings and trials would be impacted.

#77 Industrial Relations

General Fund	-1,540
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 5 Reduce Commissioner conference travel

Eliminates all conference travel.

#77 Industrial Relations

General Fund	-600
Cash Fund	0
Federal Fund	0

Bill Required = No

Education Committee

Committee Members

Sen. Greg Adams (Chair)
Sen. Gwen Howard (Vice Chair)
Sen. Brad Ashford
Sen. Bill Avery
Sen. Abbie Cornett
Sen. Robert Giese
Sen. Ken Haar
Sen. Kate Sullivan

Committee Staff

Tammy Barry
Kris Valentin

Committee Meetings

Room 1525
Monday & Tuesday

LR 542 Overview

There are seven state agencies under the jurisdiction of the Education Committee: the University of Nebraska, the Nebraska State College System, state aid to Community Colleges, the Coordinating Commission for Postsecondary Education, the Nebraska Educational Telecommunications Commission, the Nebraska Department of Education, and the Board of Educational Lands and Funds. Collectively, these agencies accounted for \$1.67 billion of General Fund spending in fiscal year 2010-11, which equates to 49% of the General Fund budget. The Committee's annual target for statutory reductions pursuant to LR 542 was calculated at just over \$166 million.

The Committee met on several occasions between late May and mid-November in developing its LR 542 options list. The Committee's study process began with briefings from staff of the Legislative Fiscal Office and Education Committee regarding each agency's budget, organizational structure, and relevant constitutional and statutory provisions. Representatives from each agency were also invited to brief the Committee during scheduled sessions in July and August. Following these briefings, the Committee was provided with a list of potential funding reductions that included all statutory options as well as budget modifications submitted by agencies. The Committee met multiple times between late September and mid-November to narrow this list to the options it deemed most appropriate to reach its target amount. It should be noted the inclusion of an option on the list does not signify unanimous agreement among Committee members or that the suggested action would be recommended in a different economic climate.

Because most educational agencies are provided for in the Constitution, many of the underlying statutes are general in nature and often merely implement Constitutional provisions. Therefore, the Committee determined that relying solely on statutory changes did not offer the most practical approach to reducing appropriations by the target amount, both within agencies and across education as a whole. As a result, the Committee opted to recommend that the Appropriations Committee implement some of the specific budget modifications offered by agencies in their 2011-2013 biennial budget requests, many of which do not require changes in statute. Utilizing these modifications allows reductions to be made within agencies without affecting core structure and mission requirements set forth in statute. The recommendation to implement an aggregate funding reduction of up to ten percent is offered for each of the three sectors of higher education (the University, State Colleges, and Community Colleges), the statutes for which are largely composed of governance, structure, and role and mission requirements. It should be noted that in the absence of budget modifications from the University, the Committee proposed a ten percent modification equivalent to those submitted by both the State Colleges and the Community Colleges. The Committee also recommends that the Appropriations Committee rely primarily on budget modifications in reducing appropriations for the Nebraska Educational Telecommunications Commission, as the statutes for this agency generally pertain to its core missions of providing statewide television and radio.

While budget modifications play a prominent role in the Committee's LR 542 options list, there are some modifications to which the Committee is strongly opposed. The Committee is opposed to the following modifications submitted by the Nebraska Department of Education:

- Elimination of the annual statewide writing assessment at two grade levels annually;

- Elimination of Limited English Proficiency (LEP) and poverty plan approval;
- Reduction in aid for high-ability learners;
- Reduction in aid for Early Childhood Projects; and
- Reduction in matching funds for school lunch programs

The Committee also encourages the Appropriations Committee to consider revising recurring language in the budget bill pertaining to the Nebraska Research Initiative. The University prepared a proposal for revising this language at the Committee's request. The Committee believes revisions are necessary to more precisely state the purpose of the program and better reflect the specific uses of such funds by the University.

The Committee examined the governance structure and administrative costs of higher education agencies during the LR 542 study process. While there are no items on the options list pertaining directly to higher education governance or administration, the Committee will prioritize a study during the 2011 interim to determine whether changes could be made to the governance structure of higher education to improve efficiency and effectiveness.

Listing of Options - Education Committee

Item 1	Operations/Programs - Eliminate Multicultural Program	<u>#13 Education</u>	
	State initiative - Loss of technical resource for schools	General Fund	-114,629
		Cash Fund	0
		Federal Fund	0
		Bill Required = Yes	
Item 2	Operations/Programs/Modifications - Eliminate Student Achievement Coordinator	<u>#13 Education</u>	
	Modification submitted by the Department also included elimination of the LEP & Poverty Plan Approval - Contractual position can be eliminated easily - Loss of accountability resource for the state	General Fund	-103,420
		Cash Fund	0
		Federal Fund	0
		Bill Required = Yes	
Item 3	Operations/Administration - Transfer some Technology Center Staff and Data Trainers to Indirect Cost	<u>#13 Education</u>	
	Balance has been built up - Must be sustainable with future federal funding - Accomplished through the Appropriations process . Data trainees are currently funded with federal funds that will not be renewed.	General Fund	-262,431
		Cash Fund	0
		Federal Fund	400,000
		Bill Required = No	

Item 4	Operations/Administration/Modifications - Transfer certification investigation to Cash Fund	<u>#13 Education</u>	
	Modification suggested by NDE - Will increase teacher certification fees from \$55 to \$70	General Fund	-123,468
		Cash Fund	123,468
		Federal Fund	0
		Bill Required = Yes	
Item 5	Operations/Modifications - Reduce NDE by 6.5 FTE	<u>#13 Education</u>	
	Modification suggested by NDE - The Committee supported the specific elimination of the School Safety Consultant and the reduction of 1.0 FTE in Education Technology - The other positions were not specifically identified	General Fund	-366,962
		Cash Fund	0
		Federal Fund	0
		Bill Required = No	
Item 6	Aid - Modify TEEOSA	<u>#13 Education</u>	
		General Fund	-134,401,628
		Cash Fund	0
		Federal Fund	0
		Bill Required = Yes	
Item 7	Aid - Offset TEEOSA General Funds with lottery proceeds from a suspension of the Nebraska Opportunity Grant Program for 2011-12 and 2012-13	<u>#48 Postsecondary Coord.</u>	
	Nebraska Opportunity Grants (need based aid for postsecondary students) would be suspended for two years and the lottery proceeds would be transferred to TEEOSA to offset General Funds - The Grant Program also currently receives General Funds and federal funds - See the options for the Coordination Commission for Postsecondary Education	General Fund	-7,750,000
		Cash Fund	7,750,000
		Federal Fund	0
		Bill Required = Yes	
Item 8	Lottery - Transfer remainder of reorganization incentives to the Education Innovation Fund	<u>#13 Education</u>	
	Qualifying reorganizations must be effective before June 1, 2011 - There may be one or two more qualifying reorganizations that would use the remainder of the balance - The savings would be used to maintain cash flow in the Education Innovation Fund with the other proposed changes to the uses of the Fund	General Fund	0
		Cash Fund	-271,980
		Federal Fund	0
		Bill Required = Yes	

Item 9 Lottery - Suspend Excellence in Teaching Programs and Transfer funds to development of the Postsecondary Student Information System

Suspend new awards under Attracting Excellence to Teaching and Enhancing Excellence in Teaching Programs for 2011-12 & 2012-13, except that current participants in the Attracting Excellence to Teaching would be allowed to receive new awards to use toward completion of their undergraduate teaching degree - The development of the Postsecondary Student Information System is required pursuant to receipt of federal ARRA funding for 2009-10 & 2010-11 - Because the Postsecondary Student Information System is new spending, there is not a General Fund savings - The first year net savings to the Education Innovation Fund would be \$283,459 and \$846,864 for the second year - The savings would be used to maintain cash flow in the Fund with the other proposed changes

#13 Education

General Fund	0
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 10 Lottery - Fund the Student Leadership Center with lottery proceeds

The dedication of lottery funding would be through 2015-16, at which time all current educational uses for lottery funding expire - Modification suggested by NDE would have eliminated the Center

#13 Education

General Fund	-450,000
Cash Fund	450,000
Federal Fund	0

Bill Required = Yes

Item 11 Lottery - Fund High Ability Learner Grants with lottery proceeds

High Ability Learner staff would continue to be funded from the General Fund - 1.33 FTE at \$119,827

#13 Education

General Fund	-2,175,673
Cash Fund	2,175,673
Federal Fund	0

Bill Required = Yes

Item 12 Lottery - Temporarily fund Early Childhood Grants from lottery funds

Would be funded from the current unexpended balance of lottery funds for 2011-12 & 2012-13 - Would return to General Fund for 2013-14 - Early Childhood staff would continue to be funded from the General Fund - 2.5 FTE at \$183,345

#13 Education

General Fund	-3,365,962
Cash Fund	3,365,962
Federal Fund	0

Bill Required = Yes

<p>Item 13 Operations - Eliminate board member per diems beginning October 1, 2011</p> <p>Board members are paid a per diem of \$40 for each day engaged in duties - Reimbursement for expenses is also provided per statute and would remain intact under this option - Savings in administrative costs allows for increase in apportionment dollars to schools, which offsets equalization aid two years later</p>	<p><u>#32 Ed Lands & Funds</u></p> <table border="0"> <tr> <td>General Fund</td> <td>0</td> </tr> <tr> <td>Cash Fund</td> <td>-7,000</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	0	Cash Fund	-7,000	Federal Fund	0
General Fund	0						
Cash Fund	-7,000						
Federal Fund	0						
<p>Item 14 Operations/Modifications - Eliminate geographic mapping specialist position, office of State Surveyor</p> <p>Proposed budget modification; Reflects reduction of 0.43 FTE to achieve minimum modification amount; BELF states that current employee would be highly unlikely to remain on staff if reduced to fractional FTE</p>	<p><u>#32 Ed Lands & Funds</u></p> <table border="0"> <tr> <td>General Fund</td> <td>-33,623</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table> <p>Bill Required = No</p>	General Fund	-33,623	Cash Fund	0	Federal Fund	0
General Fund	-33,623						
Cash Fund	0						
Federal Fund	0						
<p>Item 15 Operations - Eliminate Requirement for a Broadcast Production Facility in Omaha</p> <p>Investment has been made to renovate production facility in Lincoln - Many live broadcasts are produced using mobile units - Would actually be a University funding reduction</p>	<p><u>#47 Educational Television</u></p> <table border="0"> <tr> <td>General Fund</td> <td>-342,353</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-342,353	Cash Fund	0	Federal Fund	0
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Cash Fund	0						
Federal Fund	0						
<p>Item 16 Operations/Modifications - Reduce funding to UNTV</p>	<p><u>#47 Educational Television</u></p> <table border="0"> <tr> <td>General Fund</td> <td>-250,672</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table> <p>Bill Required = No</p>	General Fund	-250,672	Cash Fund	0	Federal Fund	0
General Fund	-250,672						
Cash Fund	0						
Federal Fund	0						
<p>Item 17 Operations/Modifications - Eliminate 4 Technology & Engineering positions</p>	<p><u>#47 Educational Television</u></p> <table border="0"> <tr> <td>General Fund</td> <td>-298,200</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table> <p>Bill Required = No</p>	General Fund	-298,200	Cash Fund	0	Federal Fund	0
General Fund	-298,200						
Cash Fund	0						
Federal Fund	0						

Item 18 Operations/Modifications - Eliminate New Media position

#47 Educational Television

General Fund	-55,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 19 Operations/Modifications - Reduce Radio Prog. Acquisitions

#47 Educational Television

General Fund	-24,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 20 Operations/Modifications - Eliminate Distance Learning Help Desk Position

#47 Educational Television

General Fund	-42,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 21 Operations/Modifications - Eliminate TV Remote Production crew position

#47 Educational Television

General Fund	-67,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 22 Operations/Modifications - Reduce Radio Equipment Replacement Funds

#47 Educational Television

General Fund	-4,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 23 Operations/Modifications - Reduce TV Program Acquisitions

#47 Educational Television

General Fund	-20,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 24 Operations/Modifications - Reduce Radio Operating Expenses

#47 Educational Television

General Fund	-4,194
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 25 Operations/Modifications - Eliminate TV Production support positions

#47 Educational Television

General Fund	-121,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 26 Operations/Modifications - Eliminate Radio Administrative Service position

#47 Educational Television

General Fund	-15,600
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 27 Operations/Modifications - Reduce TV Operating Expenses

#47 Educational Television

General Fund	-48,209
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 28 Operations/Modifications - Eliminate data analyst position.

#48 Postsecondary Coord.

General Fund	-60,534
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 29 Operations/Modifications - Eliminate executive assistant position

#48 Postsecondary Coord.

General Fund	-52,319
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 30 Aid - Suspend the Nebraska Opportunity Grant program for 2011-12 and 2012-13

#48 Postsecondary Coord.

Federal LEAP & SLEAP funds of \$552,758 are currently distributed through the program, but those funds are not likely to be reauthorized for the next biennium - Lottery funds appropriated for the program (7,750,000 for 2010-11) would be redirected to offset general funds in TEEOSA - See the options for the Department of Education

General Fund	-6,418,156
Cash Fund	-7,750,000
Federal Fund	0

Bill Required = Yes

Item 31 Operations/Programs - Make participation by state colleges in the Business Development Network permissive

#50 State Colleges/Board

Chadron State contributes \$17,345 and Wayne State \$23,484 toward the compensation of the Business Development Center director at their respective campuses

General Fund	-40,829
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 32 Operations/Administration - Eliminate requirement that at least 1% of appropriation for building construction be spent for artwork

#50 State Colleges/Board

Would reduce future expenditures for state-funded projects - The only currently approved state-funded project will be completed in late calendar year 2010

General Fund	0
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 33 Operations/Modifications - Reduce existing base by 10%

This modification would require further: reductions in force, program eliminations, significant reduction in or elimination of summer programs, elimination of instructional and student support services, constriction to operating budgets, reductions in building maintenance, reductions in equipment and technology purchases/upgrades, and reductions or elimination of professional development.

#50 State Colleges/Board

General Fund	-4,536,997
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 34 Operations/Programs - Make Business Development Centers permissive

Currently Centers are required at UNO and specified university and state college campuses - Matching for \$1.9 million in Federal Funds - Statute requires support from Existing Business Assistance Division of DED pursuant to the Business Development Partnership Act

#51 University of Nebraska

General Fund	-350,492
Cash Fund	0
Federal Fund	-1,900,000

Bill Required = Yes

Item 35 Operations/Administration - Eliminate requirement that at least 1% of appropriation for building construction be spent for artwork

Would reduce future expenditures for state-funded projects - There are not any currently approved state-funded projects

#51 University of Nebraska

General Fund	0
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 36 Operations/Programs - Eliminate GF appropriation for the Nebraska Safety Center

Center is statutorily permissive and no bill is necessary to eliminate appropriation - Bill would be helpful to make University's request for appropriation permissive.

#51 University of Nebraska

General Fund	-159,147
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 37 Operations/Programs - Eliminate support for P16 Initiative

#51 University of Nebraska

General Fund	-150,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 38 Operations/Modifications - Reduce existing base by 10%

Eliminates the advantage of not complying with the budget modification requirement

#51 University of Nebraska

General Fund	-49,400,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 39 Aid - Do not allow any new students in the Optometry Student Contracts program

Approx. 44 students would be allowed to complete their program - Budget earmark - Program is capped at 60 students and limited to 15 first-year students annually

#51 University of Nebraska

General Fund	-154,749
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 40 Operations/Modifications - Reduce state aid by 10%

Property tax, tuition and fee increases noted as potential offsets

#83 Community Colleges

General Fund	-8,675,802
Cash Fund	0
Federal Fund	0

Bill Required = No

Executive Board

Committee Members

Sen. John Wightman (Chair)
 Sen. John Nelson (Vice Chair)
 Sen. Mark Christensen
 Sen. Deb Fischer
 Sen. Mike Flood
 Sen. Russ Karpisek
 Sen. Chris Langemeier
 Sen. Rich Pahls
 Sen. Tom White

Committee Staff

Janice Satra

Committee Meetings

Room 2102
 On Call

LR 542 Overview

The Executive Board met several times to discuss the LR 542 process and to develop an options list for the Legislative Council (Agency 03). The Board's review was somewhat different than other committees because the Board was reviewing its own services and programs. For the Legislative Council, the LR 542 target is \$1,752,426, which is 10% of the Council's total general fund appropriation for FY 10-11. Over 80% of the Council's budget is for employees' salaries and benefits. The remainder includes such things as per diem expenses, senators' salaries, and operating expenses. This meant the Executive Board options list had to include reducing and/or eliminating positions and people.

Listing of Options - Executive Board

<p>Item 1 Change staffing pattern for Building & Maintenance and Rules Committees</p> <p>The Building and Maintenance Committee (a special committee) and the Rules Committee (a select committee) would no longer be authorized to have a legal counsel/research analyst position like standing committees. Instead, these two positions would be classified as a legislative aide.</p>	<p><u>#3 Legislative Council</u></p> <p>General Fund -22,325 Cash Fund 0 Federal Fund 0</p> <p>Bill Required = No</p>
<p>Item 2 Ombudsman's Office: Cut one administrative assistant position</p>	<p><u>#3 Legislative Council</u></p> <p>General Fund -33,598 Cash Fund 0 Federal Fund 0</p> <p>Bill Required = No</p>

Item 3 Ombudsman's Office: Cut positions created by LB 467 (2008)
Repeal LB467 (2008) which expanded the scope of the investigative authority of the Office of Public Counsel to include county or municipal correctional or jail facilities and authorized the appointment of a deputy public counsel for institutions. One Assistant Public Counsel I position is currently vacant.

#3 Legislative Council

General Fund	-210,359
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 4 Revisor's Office: Cut one assistant statute technician

#3 Legislative Council

General Fund	-34,432
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 5 Revisor's Office: Cut one legal counsel

#3 Legislative Council

General Fund	-64,973
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 6 Legislative Audit: Cut one vacant performance auditor position

#3 Legislative Council

General Fund	-65,964
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 7 Clerk's Office: Cut one vacant administrative projects aide position

#3 Legislative Council

General Fund	-61,526
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 8 Clerk's Office: Cut one vacant transcriber position

This position is budgeted for the long session only and so would be a cut in FY2013.

#3 Legislative Council

General Fund	-50,417
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 9 Clerk's Office: Cut a half time vacant data processing technology assistant position

#3 Legislative Council

General Fund	-28,788
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 10 Clerk's Office: Cut half of the page positions

#3 Legislative Council

General Fund	-57,970
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 11 Clerk's Office: Cut half of the sergeant at arms positions

#3 Legislative Council

General Fund	-39,095
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 12 Clerk's Office: Cut half of the Bill Room employees

#3 Legislative Council

General Fund	-77,257
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 13 Accounting Office: Reduce one position from 1.0 to .64

#3 Legislative Council

General Fund	-18,521
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 14 Coordinator of Legislative Services: Classify assistant coordinator position as temporary (no benefits)

#3 Legislative Council

General Fund	-17,744
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 15 Fiscal Office: Cut one division executive position

#3 Legislative Council

General Fund	-72,189
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 16 Reduce 1, 2 & 3 day committee clerks

One committee clerk would cover 5 days of hearings.

#3 Legislative Council

General Fund	-148,795
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 17 Change staffing pattern: One day standing committees authorized one AA, one LA and one RA/LC

Committee clerk positions in these offices would be reduced to administrative assistant positions.

#3 Legislative Council

General Fund	-17,675
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 18 Reduce staff in Education, Revenue & Judiciary committees to one RA/LC

#3 Legislative Council

General Fund	-208,249
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 19 Change staffing pattern for Speaker's Office to an Asst to the Speaker, one LA and one RA

#3 Legislative Council

General Fund	-20,857
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 20 Restructure Legislative Research Office

These reductions would include eliminating the legislative library, which is referenced in statute.

#3 Legislative Council

General Fund	-451,197
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 21 Limit Division out-of-state travel to an amount not to exceed \$1500

#3 Legislative Council

General Fund	-40,980
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 22 Change staffing pattern: Two Senators share one administrative assistant

#3 Legislative Council

General Fund	-879,715
Cash Fund	0
Federal Fund	0

Bill Required = No

General Affairs Committee

Committee Members

Sen. Russ Karpisek (Chair)
Sen. Kent Rogert (Vice Chair)
Sen. Colby Coash
Sen. Tanya Cook
Sen. Cap Dierks
Sen. Annettee Dubas
Sen. Bob Krist
Sen. Scott Price

Committee Staff

Josh Eickmeier

Committee Meetings

Room 1510
Monday

LR 542 Overview

Listing of Options - General Affairs Committee

Item 1	Reduce or eliminate the Cultural Fund transfer	<u>#69 Arts Council</u>	
	\$500,000 is the current amount transferred to the Cultural Fund, but the transfer could be reduced to any amount.	General Fund	-500,000
		Cash Fund	0
		Federal Fund	0
		Bill Required =	Yes
Item 2	Reduce or eliminate the funding to the Humanities Council	<u>#69 Arts Council</u>	
	\$186,000 is the current amount of funding for the Humanities Council, but the funding could be reduced to any amount.	General Fund	-186,200
		Cash Fund	0
		Federal Fund	0
		Bill Required =	No

Item 3 Ten percent agency modification

The Committee may endorse the agency's 10 percent modification depending on whether the agency's budget is cut in other ways.

#69 Arts Council

General Fund	0
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 4 Ten percent agency modification

The Committee may endorse the agency's 10 percent modification depending on whether the agency's budget is cut in other ways.

#34 Library Commission

General Fund	0
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 5 Ten percent agency modification

The Committee may endorse the agency's 10 percent modification depending on whether the agency's budget is cut in other ways.

#35 Liquor Commission

General Fund	0
Cash Fund	0
Federal Fund	0

Bill Required = No

Government, Military & Veterans Affairs Committee

Committee Members

Sen. Bill Avery (Chair)
Sen. Scott Price (Vice Chair)
Sen. Robert Giese
Sen. Charlie Janssen
Sen. Russ Karpisek
Sen. Bob Krist
Sen. Rich Pahls
Sen. Kate Sullivan

Committee Staff

Christy Abraham

Committee Meetings

Room 1507
Wednesday, Thursday & Friday

LR 542 Overview

The Government, Military and Veterans Affairs Committee was given the task of cutting \$4,617,845 of general fund dollars from the 13 agencies within its jurisdiction that receive general fund dollars.

Those agencies include:

- Governor
- Lt. Governor
- Secretary of State
- Auditor of Public Accounts
- State Treasurer
- State Fire Marshal
- Department of Veterans' Affairs
- Military Department
- State Historical Society
- Department of Administrative Services
- Latino-American Commission
- Commission on Indian Affairs
- Accountability and Disclosure Commission

The Government Committee spent two days in briefings with our 13 agencies. The Committee also spent one day being briefed by the fiscal analysts. After the briefings, the Government Committee met twice to compile the list of options.

The discussions with the Committee focused on deciding which programs are "essential, core governmental functions" versus which programs are desirable, but not necessary. Keeping this focus in mind, the Committee discussed and reviewed many options and finally exceeded its goal with 16 options totaling a little over \$4.7 million dollars. All of the committee's options require statutory changes, no modifications were included in our options.

In the end, most of the 13 agencies the Committee examined have at least one "option" included in this list but some agencies do not, including the Governor and Lt. Governor. The Lt. Governor's budget consists of his salary and a part-time employee, so there was little to be cut. The Governor's office has seen a 45% reduction in its staff in the last several years, so no additional cuts were recommended for that office.

Listing of Options - Government, Military & Veterans Affairs Committee

<p>Item 1 Change how constitutional amendments are published in the newspaper</p> <p>In the Nebraska constitution, there is a requirement that constitutional amendments proposed by the Legislature be published in at least one newspaper in each county for three consecutive weeks. There is no similar constitutional provision for initiatives and referendums. This “option” requires a notice be placed in the newspaper directing citizens to a Secretary of State website where the full text of the amendment or referendum can be read.</p>	<p><u>#9 Sec of State</u></p> <table border="0"> <tr> <td>General Fund</td> <td>-429,291</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-429,291	Cash Fund	0	Federal Fund	0
General Fund	-429,291						
Cash Fund	0						
Federal Fund	0						
<p>Item 2 Eliminate language allowing Auditor of Public Accounts to audit political subdivisions “at his or her discretion.”</p> <p>The Auditor performs audits of county offices, ESUs, and other local political subdivisions that receive general fund dollars from the state. When the Auditor decides to audit one of these subdivisions, the Auditor charges them with the actual cost of doing the audit. Therefore, general fund dollars are being used to pay for these audits. With this option, the Auditor is allowed to audit political subdivisions at the request of the subdivision or when a petition signed by 10% of people in the political subdivision requests the Auditor to conduct an audit.</p>	<p><u>#10 Auditor</u></p> <table border="0"> <tr> <td>General Fund</td> <td>-50,000</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-50,000	Cash Fund	0	Federal Fund	0
General Fund	-50,000						
Cash Fund	0						
Federal Fund	0						
<p>Item 3 Eliminate language requiring certain audits be conducted annually and combine two audits</p> <p>In statute, there are several audits that are required to be done on an annual basis. This option eliminates the requirement these audits be done annually and allows the Auditor to conduct them at “his or her discretion.” These changes result in \$75,500 general fund savings.</p> <p>The second part of this option requires the county and state retirement plan years to coincide on a fiscal, as opposed to calendar, year. This change will allow the Auditor to complete the audit work on these plans simultaneously resulting in \$62,000 general fund savings.</p>	<p><u>#10 Auditor</u></p> <table border="0"> <tr> <td>General Fund</td> <td>-137,500</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-137,500	Cash Fund	0	Federal Fund	0
General Fund	-137,500						
Cash Fund	0						
Federal Fund	0						
<p>Item 4 Eliminate state aid program for Natural Resource Districts</p> <p>This aid fund is distributed based on total property taxes levied by the NRDs. Currently, the fund is approximately \$1.43 million dollars.</p>	<p><u>#12 Treasurer</u></p> <table border="0"> <tr> <td>General Fund</td> <td>-1,436,070</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-1,436,070	Cash Fund	0	Federal Fund	0
General Fund	-1,436,070						
Cash Fund	0						
Federal Fund	0						

<p>Item 5 Reduce aid to municipalities by 10% and restructure the aid formula to distribute to those municipalities that maintain a certain minimum levy requirement.</p> <p>The State Treasurer administers an aid program to municipalities based on population. Currently, the fund is at approximately \$11 million. The committee decided to cut the fund by 10% and change how the fund will be distributed. The recommendation is that the aid will be distributed to those cities that meet a minimum levy requirement of 75% of the state average for non-bond levies.</p>	<p><u>#12 Treasurer</u></p> <table border="0"> <tr> <td>General Fund</td> <td style="text-align: right;">-1,096,070</td> </tr> <tr> <td>Cash Fund</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Federal Fund</td> <td style="text-align: right;">0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-1,096,070	Cash Fund	0	Federal Fund	0
General Fund	-1,096,070						
Cash Fund	0						
Federal Fund	0						
<p>Item 6 Eliminate the Long-Term Care Savings Program</p> <p>Since this program was relatively recently created and hasn't been widely used, the committee decided to eliminate the program.</p>	<p><u>#12 Treasurer</u></p> <table border="0"> <tr> <td>General Fund</td> <td style="text-align: right;">-98,084</td> </tr> <tr> <td>Cash Fund</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Federal Fund</td> <td style="text-align: right;">0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-98,084	Cash Fund	0	Federal Fund	0
General Fund	-98,084						
Cash Fund	0						
Federal Fund	0						
<p>Item 7 Require monthly child support billing statements to be sent electronically</p> <p>The Nebraska Child Support Payment Center is housed within the State Treasurer's office and every month, paper support billing statements are sent out to over 69,000 non-custodial parents. The State Treasurer estimates it costs around \$13,000 a month in general fund dollars to send out these paper statements. This option would require the monthly billing statements to be sent electronically, with some opt-out provisions available on a limited basis.</p>	<p><u>#12 Treasurer</u></p> <table border="0"> <tr> <td>General Fund</td> <td style="text-align: right;">-150,000</td> </tr> <tr> <td>Cash Fund</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Federal Fund</td> <td style="text-align: right;">0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-150,000	Cash Fund	0	Federal Fund	0
General Fund	-150,000						
Cash Fund	0						
Federal Fund	0						
<p>Item 8 Eliminate the State Fire Marshal's duties under the Volunteer Emergency Responders Recruitment and Retention Act</p> <p>The Volunteer Emergency Responders Recruitment and Retention Act (VERRRA) was created to encourage and assist cities and fire departments in their efforts to retain trained and qualified volunteer emergency response personnel. The State Fire Marshal's role in VERRA is to develop and maintain a record-keeping and certification list database. This option removes the State Fire Marshal's duty under VERRRA, but does not eliminate the program.</p>	<p><u>#21 Fire Marshal</u></p> <table border="0"> <tr> <td>General Fund</td> <td style="text-align: right;">-12,066</td> </tr> <tr> <td>Cash Fund</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Federal Fund</td> <td style="text-align: right;">0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-12,066	Cash Fund	0	Federal Fund	0
General Fund	-12,066						
Cash Fund	0						
Federal Fund	0						

Item 9 Transfer money from the Veterans' Aid Income Fund for use for the veterans' cemetery system	<u>#28 Veterans Affairs</u>								
The Veterans' Aid Fund is a trust that generates income. In 2009, the Veterans' Aid Fund generated close to \$1.7 million. The money generated goes into another fund called the Veterans' Aid Income Fund. For the last few years, not all the money generated from the trust has been used for needy veterans and there has been close to \$280,000 remaining. At the same time, the state veterans' cemetery in Box Butte is being established and there will be an increase cost in general fund dollars to maintain that new cemetery. This option allows up to \$280,000 from the Veterans' Aid Income Fund to be used for the maintenance and upkeep of the Box Butte cemetery.	<table border="0"> <tr> <td>General Fund</td> <td>-280,000</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> <tr> <td colspan="2">Bill Required = Yes</td> </tr> </table>	General Fund	-280,000	Cash Fund	0	Federal Fund	0	Bill Required = Yes	
General Fund	-280,000								
Cash Fund	0								
Federal Fund	0								
Bill Required = Yes									
Item 10 Eliminate the Tuition Credit Reimbursement program for National Guard members	<u>#31 Military Dept</u>								
The Military Department has a program that reimburses 75% of tuition charges to any state supported university or college for tuition credits for authorized National Guard members. This program is a great recruiting tool for the National Guard, but unlike other programs in the Military Department, it does not have a federal match, therefore, eliminating this program doesn't leave federal dollars "on the table."	<table border="0"> <tr> <td>General Fund</td> <td>-488,775</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> <tr> <td colspan="2">Bill Required = Yes</td> </tr> </table>	General Fund	-488,775	Cash Fund	0	Federal Fund	0	Bill Required = Yes	
General Fund	-488,775								
Cash Fund	0								
Federal Fund	0								
Bill Required = Yes									
Item 11 Reduce the number of hours historic sites and library archives are open to the public	<u>#54 Historical Society</u>								
The historic sites operated by the Historical Society include Fort Robinson, Chimney Rock, Neligh Mill and Norris House. According to the Historical Society closing these historic sites and Library Archives an average of 4 hours a week would save a total of \$33,876 a year. These costs primarily reflect personal services savings. There would be negligible savings in operating costs. Also, this would likely reduce the hours available for the public that pay admission which may result in an anticipated loss of revenue.	<table border="0"> <tr> <td>General Fund</td> <td>-33,876</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> <tr> <td colspan="2">Bill Required = Yes</td> </tr> </table>	General Fund	-33,876	Cash Fund	0	Federal Fund	0	Bill Required = Yes	
General Fund	-33,876								
Cash Fund	0								
Federal Fund	0								
Bill Required = Yes									
Item 12 Eliminate general fund dollars allocated to the Risk Management program and replace them with dollars from revolving funds.	<u>#65 Admin Services</u>								
The Office of Risk Management is mainly funded through revolving funds, but does receive approximately \$79,000 in general fund dollars. This option would eliminate the \$79,000 from general funds and instead replace those general fund dollars with funds from the workers compensation and insurance revolving funds.	<table border="0"> <tr> <td>General Fund</td> <td>-79,000</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> <tr> <td colspan="2">Bill Required = Yes</td> </tr> </table>	General Fund	-79,000	Cash Fund	0	Federal Fund	0	Bill Required = Yes	
General Fund	-79,000								
Cash Fund	0								
Federal Fund	0								
Bill Required = Yes									

Item 13 Eliminate the Latino-American Commission

The Latino-American Commission serves the needs of Latinos in the fields of education, employment, health, housing, welfare and assists in translation projects. There are 10 Commissioners appointed by the Governor and three employees of the Commission.

#68 Mexican-American Co

General Fund	-195,837
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 14 Eliminate the Commission on Indian Affairs

The Commission on Indian Affairs serves as the state liaison between the four tribes in Nebraska. There are 14 commissioners appointed by the Governor. There are three staff people employed at the Commission.

#76 Indian Affairs

General Fund	-223,535
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 15 Eliminate the per diem given to Accountability and Disclosure Commissioners

There are eight members of the Commission, plus the Secretary of State. Currently commissioners receive \$50 a day and they meet approximately seven times a year.

#87 Account/Disclosure

General Fund	-2,800
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 16 Reduce number of Accountability and Disclosure Commissioners by two

The savings from reducing the Accountability and Disclosure Commission by two members will come from travel and necessary expenses incurred by the Commissioners. The bill draft to implement this option will attempt to retain the Commission's geographical and political diversity.

#87 Account/Disclosure

General Fund	-1,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Health & Human Services Committee

Committee Members

Sen. Tim Gay (Chair)
Sen. Dave Pankonin (Vice Chair)
Sen. Kathy Campbell
Sen. Mike Gloor
Sen. Gwen Howard
Sen. Arnie Stuthman
Sen. Norman Wallman

Committee Staff

Michelle Chaffee

Committee Meetings

Room 1510
Wednesday, Thursday & Friday

LR 542 Overview

In completing the charge of LR 542 the Health and Human Services Committee, working teams from the Committee, and the Chair met numerous times to review information, discuss options and make determinations for the LR 542 HHS Committee Options list. Briefings were held with Liz Hruska and Sandy Sostad from the Fiscal Office. They provided invaluable service to the committee by supplying data, organizing reports, giving background, researching question and attending multiple meetings to assist the committee during their discussions. In addition, the Committee met with the Department of Health and Human Service's CEO and each agency director to review their operations and aid budget requests.

The LR 542 Health and Human Service Option list provides options the Committee agrees can be "on the table" for discussion and consideration for the difficult task of balancing the state budget, however having an item on the list is recognition of it as an option only and should not be interpreted as an endorsement by the Committee.

There are issues regarding Medicaid that limit options :

- * Participating in Medicaid requires NE to provide certain mandatory services
- * "Maintenance of Effort" (MOE) is required as a condition of ARRA funds and continues under the Patient Protection and Affordable Care Act
- * Cutting Medicaid programs result in loss of Federal Medical Assistance Percentage (FMAP)
 - FY2010: \$1.5 billion was spent on Medicaid, \$491 million General Funds, \$1.08 billion Federal Funds
 - NE Medicaid FMAP is 58.44%
 - Some services have an enhanced Medicaid match- 71% CHIP; up to 90% for some programs; administration has a 50% match.
- * Cutting some Medicaid programs will result in cost shifting and actually result in spending more money on higher cost services
- * Aged and Blind/Disabled individual are 22% of Nebraska Medicaid enrollees but account for 63.8 % of expenditures and many of these enrollees have multiple illnesses and chronic conditions
- * Cutting Medicaid optional services shifts the costs from preventive, lower cost services to more expensive mandated services

The Health and Human Services Committee maintains that strategic planning and policies for long term Medicaid reform measures are required to maximize federal funding and leverage Medicaid spending to maintain high quality, efficient health care and cost saving initiatives.

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Listing of Options - Health & Human Services Committee

<p>Item 1 Reduce FTE & Operating Exp. in Prog. 250 -Juvenile Srvs. (Operations)</p> <p>Division of Children and Family Services (CFS) would reduce FTEs and operating expenditures in the Office of Juvenile Services, including the elimination of some positions, and reductions in Detention, Tracker Services, Transportation, Family Support Services, Family Preservation Services, Electronic Monitoring and Drug Screen Testing, travel expenses, summer school and a contract for behavioral health services.</p>	<p><u>#25 HHS System</u></p> <table border="0"> <tr> <td>General Fund</td> <td style="text-align: right;">-2,496,193</td> </tr> <tr> <td>Cash Fund</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Federal Fund</td> <td style="text-align: right;">0</td> </tr> </table> <p>Bill Required = No</p>	General Fund	-2,496,193	Cash Fund	0	Federal Fund	0
General Fund	-2,496,193						
Cash Fund	0						
Federal Fund	0						
<p>Item 2 Reduce FTE's in Prog. 265 - Protection & Safety (Operations)</p> <p>Reduce General Fund expenditures in Child Welfare and the Office of Juvenile Services. For every 10 CFS Specialists reduced, corresponding reductions will be made in supervisors and administrators. Current supervisor to worker ratios are 1:6. The Department would increase the ratios to 1:10 and propose additional staffing reductions based on the ratio. Approximately eighty-three (83) staff would need to be reduced from this budget. CFS would accomplish this reduction primarily through a combination of not refilling CFS Administrator, CFS Supervisor and Specialist positions and layoffs. It is estimated that 18 FTE positions would not be refilled and 65 staff would have to be laid off.</p>	<p><u>#25 HHS System</u></p> <table border="0"> <tr> <td>General Fund</td> <td style="text-align: right;">-2,153,700</td> </tr> <tr> <td>Cash Fund</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Federal Fund</td> <td style="text-align: right;">-2,725,680</td> </tr> </table> <p>Bill Required = No</p>	General Fund	-2,153,700	Cash Fund	0	Federal Fund	-2,725,680
General Fund	-2,153,700						
Cash Fund	0						
Federal Fund	-2,725,680						
<p>Item 3 Reduce FTE's/Contracts in Prog. 266 - Econ. & Family Support (Operations)</p> <p>Reduce General Fund expenditures in the Division of Children and Family Services. Child Support Enforcement and Economic Assistance frontline, administrative and supervisory staff will be impacted. Economic Assistance programs include such programs as the Supplemental Nutrition Assistance Program, Temporary Assistance to Needy Families, Low Income Home Energy Assistance Program, Kids Connection and Child Care. The Department has two large contracts with Young Williams, Inc. One contract provides child support services in Douglas County; this contract would be reduced. The second contract is for a call center in Wausa. The Department proposes to eliminate the call center. Approximately eighty-four (84) staff would need to be reduced from this budget. CFS would accomplish this reduction through a combination of not refilling positions and layoffs. It is estimated that 19 FTE positions would not be refilled and 65 staff would have to be laid off. Reducing staff in this budget will have an impact on the completion of the functions described above that were performed by these staff of determining eligibility for economic assistance programs (i.e. SNAP, TANF, AABD, LIHEAP, Medicaid, CHIP).</p>	<p><u>#25 HHS System</u></p> <table border="0"> <tr> <td>General Fund</td> <td style="text-align: right;">-2,603,291</td> </tr> <tr> <td>Cash Fund</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Federal Fund</td> <td style="text-align: right;">-3,696,855</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-2,603,291	Cash Fund	0	Federal Fund	-3,696,855
General Fund	-2,603,291						
Cash Fund	0						
Federal Fund	-3,696,855						

Item 4 Reduce Additional Staffing (Operations)

Reduce the number of staff within the Department. If this modification is selected, the Department will identify the positions to be eliminated. However, the Department requests that, if this modification is implemented, the Governor's Budget Office allocate the reductions throughout all of the Department.

#25 HHS System

General Fund	-3,314,605
Cash Fund	0
Federal Fund	-3,314,605

Bill Required = No

Item 5 Reduce Administrative Staffing(Operations)

Reduce the number of staff within the Department Operations. If this modification is selected, the Department will identify the positions to be eliminated

#25 HHS System

General Fund	-1,162,149
Cash Fund	0
Federal Fund	-1,162,149

Bill Required = No

Item 6 Reduce Exps. in Veterans Homes (Operations)

Reduce expenditures in the Division of Veterans' Homes by 10% by immediately ceasing non-emergency admissions into the Veterans' Homes until the modification is achieved.

#25 HHS System

General Fund	-2,784,526
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 7 Reduce Prog. Spec. & DD Service Coordinators (Operations)

Eliminate 11 FTEs which would result in the need to remove at least 250 people from Community-Based Services waiver services in order to maintain acceptable caseloads and quality oversight. While the DD Division cannot cut waiver services (due to ARRA requirements), it could eliminate services to individuals who receive state-only services (due to Medicaid eligibility issues, etc.).

#25 HHS System

General Fund	-251,281
Cash Fund	0
Federal Fund	-357,598

Bill Required = No

Item 8 Eliminate Title XX Aged & Disabled Services (Operations)

Title XX Social Services Block Grant Funds and State General Funds are used to purchase supportive services to assist eligible aged and disabled persons to remain in their homes and live as independently as possible. This modification would eliminate the Title XX Social Services Block Grant services. Elimination of these services will result in the elimination of 0.5 FTE staff from the Division of Medicaid and Long Term Care.

#25 HHS System

General Fund	-39,191
Cash Fund	0
Federal Fund	0

Bill Required = Yes

<p>Item 9 Eliminate Gen. Funds for Med. Handicapped Child. Prog.(Operations)</p> <p>The Medically Handicapped Children's Program (MHCP) provides family-focused services coordination/case management, specialty medical team evaluations, access to specialty physicians, and payment for treatment services for children with special medical needs. This program is funded by a combination of federal and state funds. This modification would eliminate the General Funds associated with the MHCP. (If General Fund support for the MHCP is eliminated, a corresponding reduction of 2.0 FTEs in the Division of Medicaid and Long-Term Care would result.) Approximately 2,400 children and adults would be impacted.</p>	<p><u>#25 HHS System</u></p> <p>General Fund -133,409 Cash Fund 0 Federal Fund 0</p> <p>Bill Required = Yes</p>
<p>Item 10 Eliminate Disabled Persons & Family Support Prog.(Operations)</p> <p>The Disabled Persons and Family Support Program provides services or assistance for disability-related expenses for low income adults with disabilities who need support to remain employed, for families who provide care for disabled family members, and for other adults with disabilities who live in independent living situations. A significant number of these individuals may require institutional care. The Program also helps families keep family members with disabilities in their homes. This program is funded by State General Funds. This modification would eliminate the Disabled Persons and Family Support Program. (If GF support for the DPFSP is eliminated, a corresponding reduction of 1.25 FTEs in the Division of Medicaid and Long-Term Care would result.)</p>	<p><u>#25 HHS System</u></p> <p>General Fund -86,713 Cash Fund 0 Federal Fund 0</p> <p>Bill Required = Yes</p>
<p>Item 11 Reduce Tobacco Prev. & Control Educ. Services (Operations)</p> <p>The purpose of the Tobacco Prevention and Control Program is to: 1) reduce initiation of tobacco use among children and adolescents; 2) increase tobacco cessation efforts by adult tobacco users; 3) eliminate exposure to second hand smoke; and 4) eliminate tobacco-related disparities among various population groups. This modification would reduce appropriations to the Tobacco Prevention and Control program by 10%.</p>	<p><u>#25 HHS System</u></p> <p>General Fund -286,470 Cash Fund -286,470 Federal Fund 0</p> <p>Bill Required = Yes</p>
<p>Item 12 Reduce DD Support Staff in Service Areas (Operations)</p> <p>Eliminate nine positions in the Service Area offices. This will leave only four support staff positions to provide support to the Service Coordination Administrators and almost 200 Service Coordinators.</p>	<p><u>#25 HHS System</u></p> <p>General Fund -110,539 Cash Fund 0 Federal Fund -171,161</p> <p>Bill Required = No</p>

Item 13 Contract Reductions (Operations)

The Department will review all contracts before they are renewed and make reductions where appropriate. This option is associated with Program 261; however, the Department requests that, if this option is implemented, the Governor's Budget Office allocate the reductions throughout all of the Department.

#25 HHS System

General Fund	-3,967,021
Cash Fund	0
Federal Fund	-3,967,021

Bill Required = No

Item 14 Reduce in-state DD Travel (Operations)

Reduce in-state travel costs in the Division of Developmental Disabilities, resulting in a reduction in the amount of face-to-face contact with individuals receiving services.

#25 HHS System

General Fund	-18,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 15 Eliminate Children's Helpline (Operations)

Reduce funds for the Nebraska Family Helpline, which is in current contract through June 30, 2011. With this service reduced, caregivers may resort to utilizing emergency services when their youth experience behavioral health situations, as an alternative to more appropriate treatment services. In some instances, families may remain without services or any assistance in identifying resources to meet their family's needs, often placing the youth at higher risk. This new service received just over 1,500 calls from 1/1/10-6/30/10, and is expected to serve a minimum of 5,000 in FY11.

#25 HHS System

General Fund	-1,200,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 16 Reduce Contract for Behavioral Health Strategic Plan (Operations)

The Division of Behavioral Health currently contracts with the Nebraska Public Policy Center for facilitation and development of a strategic plan for behavioral health in Nebraska. With this option, the contract for Strategic Planning for the Division of Behavioral Health with the Public Policy Center would be substantially reduced.

#25 HHS System

General Fund	-40,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 17 Close Hastings Regional Center (Operations)

The Hastings Regional Center operates a 40-bed juvenile chemical dependency program for youth paroled from the Youth Rehabilitation and Treatment Center (YRTC) in Kearney who have substance abuse issues. The Hastings Juvenile Chemical Dependency Program (HJCDP) provides residential substance abuse treatment and has an average length of stay of approximately 4-6 months. This option would close the Hastings Regional Center.

#25 HHS System

General Fund	-2,000,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 18 Eliminate DD Quality Review Teams (Operations)

Eliminate the Quality Review Teams provided for in the Developmental Disabilities Services Act. The Centers for Medicare and Medicaid Services (CMS) now requires the Division to perform surveys of individuals in services as part of the Division internal quality assurance process. The input of the Quality Review Teams are not a CMS requirement and the process duplicates what the Division is already doing.

#25 HHS System

General Fund	-23,363
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 19 Eliminate DD Advisory Committee (Operations)

The DD Advisory Committee would be eliminated and the Division would need to rely on other resources for community input on policies and practices.

#25 HHS System

General Fund	-6,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 20 Eliminate Internal OTS Team (Operations)

This modification will result in the elimination of the Division of Developmental Disabilities' internal Outreach Treatment Services (OTS) team (3.0 FTEs) Elimination of the internal OTS team will reduce resources to individuals and providers in community-based services. It could result in increased psychiatric hospitalizations and/or termination of services for individuals with challenging behaviors.

#25 HHS System

General Fund	-77,794
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 21 Eliminate LB 603 Evaluation Contract for Beh. Health (Operations)

Eliminate the Evaluation Services of the Nebraska Family Helpline, the Family Navigators Program and the Post Adoption/Post Guardianship Services which is in current contract through June 30, 2011. The elimination of this service would remove the comprehensive analysis of the effectiveness of the newly appropriated services as well as the outcome analysis of the broader system.

#25 HHS System

General Fund	-150,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 22 Eliminate Two Environmental. Health Scientist Positions (Operations)

Elimination of two FTEs, and three programs: the well and septic evaluation program, the mobile home park program, and the recreation camp program.

#25 HHS System

General Fund	-115,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 23 Eliminate Epidemiology Surveillance Coordinator (Operations)	<u>#25 HHS System</u>						
Eliminate one FTE from the Division of Public Health.	<table border="0"> <tr> <td>General Fund</td> <td>-110,000</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table>	General Fund	-110,000	Cash Fund	0	Federal Fund	0
General Fund	-110,000						
Cash Fund	0						
Federal Fund	0						
	Bill Required = No						
Item 24 Reduce Medical Student Loans - 3.5 FTE Physicians (Operations)	<u>#25 HHS System</u>						
The reduction is equivalent to 3.5 physicians for one year who would have been placed in underserved areas which are mostly rural areas.	<table border="0"> <tr> <td>General Fund</td> <td>-63,709</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table>	General Fund	-63,709	Cash Fund	0	Federal Fund	0
General Fund	-63,709						
Cash Fund	0						
Federal Fund	0						
	Bill Required = No						
Item 25 Reduce EMS (Operations)	<u>#25 HHS System</u>						
Reduce expenditures in the Emergency Medical Services (EMS) program and eliminate one meeting of the Board of Emergency Medical Services. Currently, the Emergency Medical Service Board meets five times per year. With a reduction in funding as proposed by this budget modification, one meeting would be eliminated.	<table border="0"> <tr> <td>General Fund</td> <td>-7,021</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table>	General Fund	-7,021	Cash Fund	0	Federal Fund	0
General Fund	-7,021						
Cash Fund	0						
Federal Fund	0						
	Bill Required = No						
Item 26 Reduce Standardized Devices Supported by IS&T (Operations)	<u>#25 HHS System</u>						
The Department currently has about 2,000 cell phones being used by employees, many of whom also have desk phones. The Department will review the usage of cell phones and desk phones, to determine the optimal usage of each. As a result of this review, it is expected that the Department can reduce the number of cell phones and desk phones being used and, when feasible, change services plans, resulting in a reduction in the overall Communications costs for the Department as well as a reduction in the number of SMART devices and services that need to be supported by Information Systems & Technology (IS&T).	<table border="0"> <tr> <td>General Fund</td> <td>-240,000</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>-240,000</td> </tr> </table>	General Fund	-240,000	Cash Fund	0	Federal Fund	-240,000
General Fund	-240,000						
Cash Fund	0						
Federal Fund	-240,000						
	Bill Required = No						
Item 27 Centralize Facility Buyers (Operations)	<u>#25 HHS System</u>						
Two buyer positions would be moved to central support services. Professional buyers, now focused only on facilities where they are located, would apply their purchasing expertise to all DHHS commodity purchases; is anticipated to result in consistency of purchasing statewide, better use of state contracts, volume discounts, and purchasing support to managers with adequate backup.	<table border="0"> <tr> <td>General Fund</td> <td>-44,000</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table>	General Fund	-44,000	Cash Fund	0	Federal Fund	0
General Fund	-44,000						
Cash Fund	0						
Federal Fund	0						
	Bill Required = No						

Item 28 Reduce Paper Forms (Operations)

Currently, about 16% of all forms used by the Department are electronic forms. This modification would reduce the printing costs of paper forms by eliminating the printing of stockpiles of already existing electronic fillable forms, and increasing the percent of forms that are electronic forms from 16% to 50%.

#25 HHS System

General Fund	-88,084
Cash Fund	0
Federal Fund	-88,084

Bill Required = No

Item 29 Centralize Building Rent Budget (Operations)

Currently, each Service Area is allocated funds to rent office space; centralize the building rent budget for statewide standardization to meet life safety code and Americans with Disabilities Act requirements for office space. In addition, centralizing the building rent budget would result in more efficient use of space, making use of private, state and county-owned offices for all DHHS divisions.

#25 HHS System

General Fund	-87,500
Cash Fund	0
Federal Fund	-87,500

Bill Required = No

Item 30 Medicaid Coverage for Failure to Meet EF Requirements (State aid)

Eliminate Medicaid coverage for adults receiving Aid to Dependent Children who fail to meet the Employment First requirements.

#25 HHS System

General Fund	-1,600,000
Cash Fund	0
Federal Fund	-2,200,000

Bill Required = No

Item 31 Eliminate Hearing Aids (State aid)

Eliminate Medicaid coverage for hearing aids for adults

#25 HHS System

General Fund	-506,000
Cash Fund	0
Federal Fund	-757,665

Bill Required = No

Item 32 Limit Nutritional Supplements to IV Only for Adults (State aid)

Limit nutritional supplements to cover the codes that are maintained as covered but not administered parent rally (not via IV) for adults.

#25 HHS System

General Fund	-105,000
Cash Fund	0
Federal Fund	-158,576

Bill Required = No

Item 33 Eliminate Meals for H&CB Waiver for Adults (State aid)

Eliminate meals under the Aged and Disabled Home and Community-Based Services (HCBS) for adults.

#25 HHS System

General Fund	-204,000
Cash Fund	0
Federal Fund	-306,000

Bill Required = No

Item 34 Limit Nutritional Supplements to IV Only for Children (State aid)

Limit nutritional supplements to cover the codes that are maintained as covered but not administer parent rally (not via IV) for children.

#25 HHS System

General Fund	-231,000
Cash Fund	0
Federal Fund	-345,383

Bill Required = No

Item 35 Expand Managed Care Physical Health Statewide (State aid)

Physical health managed care is currently utilized in 10 counties. This modification would expand Medicaid physical health managed care statewide. Providers and clients that are currently receiving services in a fee-for-service setting will become enrolled in managed care and will begin receiving services through the managed care organization network.

#25 HHS System

General Fund	-1,239,779
Cash Fund	0
Federal Fund	-1,859,668

Bill Required = No

Item 36 Eliminate Disabled Persons & Family Support Program (State aid)

The Disabled Persons and Family Support Program provides services or assistance for disability-related expenses for low income adults with disabilities who need support to remain employed, for families who provide care for disabled family members, and for other adults with disabilities who live in independent living situations. A significant number of these individuals may require institutional care. The Program also helps families keep family members with disabilities in their homes. This would eliminate the Disabled Persons and Family Support Program. (If GF support for the DPFSP is eliminated, a corresponding reduction of 1.25 FTEs in the Division of Medicaid and Long-Term Care would result.)

#25 HHS System

General Fund	-910,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 37 Eliminate Gen. Funds for Med. Handicapped Child. Prog. (State aid)

The Medically Handicapped Children's Program (MHCP) provides family-focused services coordination/case management, specialty medical team evaluations, access to specialty physicians, and payment for treatment services for children with special medical needs. This program is funded by a combination of federal and state funds. This would eliminate the General Funds associated with the MHCP. (If General Fund support for the MHCP is eliminated, a corresponding reduction of 2.0 FTEs in the Division of Medicaid and Long-Term Care would result.)

#25 HHS System

General Fund	-1,416,270
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 38 Reduce Aid to DD Progs. (State aid)

Require the Division to either remove individuals from DD services, reduce provider rates, or increase ability-to-pay ratios (for individuals who receive services but contribute a portion of their resources thereto).

#25 HHS System

General Fund	-6,557,343
Cash Fund	0
Federal Fund	-8,047,649

Bill Required = No

Item 39 Eliminate Title XX Aged & Disabled Services (State aid)

The Title XX Social Services Block Grant Funds and State General Funds are used to purchase supportive services to assist eligible aged and disabled persons to remain in their homes and live as independently as possible. This modification would eliminate chore services, home-delivered meals, non-medical transportation, congregate meals, and adult day care for approximately 9,600 recipients. Some individuals would be faced with nursing facility placement without these services. If the Title XX Aged and Disabled Program is eliminated, a corresponding reduction of 0.5 FTEs in the Division of Medicaid and Long Term Care would be made.

#25 HHS System

General Fund	-5,783,807
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 40 Reduce DD Aid Waiting List Funds (State aid)

Reduce the unallocated Developmental Disabilities (DD) Waiting List appropriation by \$2,500,000. Due to the influx of new individuals in services, Service Coordination is already at maximum capacity. Thus, without additional Service Coordinators, the Division is not going to be equipped to offer additional services to individuals on the waiting list. This is also one of the few areas where reductions can be made without impacting individuals already relying on DD services. It would, however, lengthen the wait for people in need of services.

#25 HHS System

General Fund	-2,500,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 41 Eliminate Emergency Assistance Program (State aid)

The Emergency Assistance program is designed to provide financial and medical assistance to needy families who have at least one minor child in the home, who are threatened with unforeseen crises, such as discontinuation of utilities, imminent eviction from the family home, or lack of food. The Emergency Assistance program provides help through direct payments to landlords or utility companies. Support is also available for home furnishings, moving expenses, transportation, and medical expenses. This modification would eliminate the Emergency Assistance program. Elimination of the Emergency Assistance program would impact approximately 1,640 persons a year.

#25 HHS System

General Fund	-1,738,126
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 42 Eliminate State Disability Prog. - Maintenance (State aid)

Elimination of the State Disability Maintenance program would discontinue cash payments on behalf of low income persons with a physical or mental disability that is expected to last at least 6 to 12 months. (The Aid to the Aged, Blind and Disabled (AABD) program covers those persons whose disability is expected to last at least 12 months.)

#25 HHS System

General Fund	-466,684
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 43 Eliminate State Disability Prog. - Medical (State aid)

Elimination of the State Disability Medical program would discontinue payments for medical services on behalf of low-income persons with a physical or mental disability that is expected to last at least 6 to 12 months. (Medicaid covers those persons whose disability is expected to last at least 12 months. A number of state disability recipients are later determined to be eligible for Medicaid when the disability does, in fact, exceed 12 months. Currently federal Medicaid funds are claimed when this situation occurs.) A high number of these persons have hospitalizations as well as other significant medical needs. County medically indigent programs and general assistance would be expected to feel the impact if this program is eliminated. In addition, hospitals and other providers may experience a higher level of charity care.

#25 HHS System

General Fund	-9,097,211
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 44 Eliminate State Only Food Stamps (State aid)

Eliminate the State-only Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) provides food assistance to certain low income non-citizens who are in the U.S. legally, but do not meet federal Supplemental Nutrition Assistance Program (SNAP)/ Food Stamp Program citizenship/alien eligibility criteria. The average monthly participation in the state-only program is up to 500 people a month. The food assistance is delivered via Electronic Benefit Transfer Cards. This category of individuals would no longer be eligible to receive the benefits if this program was eliminated.

#25 HHS System

General Fund	-1,055,069
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 45 Eliminate TANF Two-Parent Cash Assistance (State aid)

The Temporary Aid to Needy Families (TANF) program for two parents is a State optional program. It is not a federal requirement. This would eliminate TANF payments to homes with two parents. This program is not counted when determining Work Participation Rates (WPR). There is a monthly average of 640 two-parent households being served

#25 HHS System

General Fund	-3,063,536
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 46 Limit Prescription Drugs for Adults (State aid)

Prescription drug costs are currently one of the most significant expenditures made by the Medicaid program. This limitation provides for the coverage of 10 prescriptions per month in order to reduce costs. Currently there are 5,352 clients who have more than 10 prescriptions per month.

#25 HHS System

General Fund	-2,817,681
Cash Fund	0
Federal Fund	-4,226,523

Bill Required = No

Item 47 Reduce NEPSAC Contract by 1% (State aid)

The Northeast Panhandle Substance Abuse Center (NEPSAC) provides short term residential substance abuse treatment services for Native Americans from the Pine Ridge Indian Reservation and Native Americans who are residents of Nebraska. The service was funded in part in response to the situation in Whiteclay about a decade ago. This would reduce funding for short term residential services provided at the Northeast Panhandle Substance Abuse Center by 1%. This would reduce the capacity to serve roughly one person per year.

#25 HHS System

General Fund	-4,500
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 48 Reduce Magellan Beh. Health Contract (State aid)

Decrease the amount of training and clinical consultation Magellan provides to the Division of Behavioral Health on data and managed care issues.

#25 HHS System

General Fund	-100,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 49 Reduce Purchase of Vaccines - Hep. B & Chicken Pox (State aid)

The Immunization Program provides vaccines to public immunization clinics and to private providers to immunize primarily children and new mothers for a number of vaccine preventable diseases, in accordance with national guidelines established by the Centers for Disease Control and Prevention (CDC). This is a 42% reduction in State General Fund support for vaccines. These funds are used to purchase vaccines needed by children under the age of 6 and which are required for children attending child care, preschool, and Head Start. \$139,683 would purchase, for example, 13,968 doses of Hepatitis B vaccine for newborns or 2000 doses of chicken pox vaccine.

#25 HHS System

General Fund	-139,683
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 50 Reduce Beh. Health Contracts with Tribes by 1% (State aid)

Currently, the Division of Behavioral Health Community Based Services section contracts with the Omaha, Winnebago, Ponca and Santee Tribes for the provision of mental health, substance abuse treatment and substance abuse prevention services.

#25 HHS System

General Fund	-15,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 51 Reduce Funding for Behav. Health Consumer Srvs. & Advoc.(State aid)

Reduce Kim Carpenter’s consumer trauma trainings to assist trauma survivors in connecting with their mind, body, and spirit; National Alliance on Mental Illness’ trainings and coordination of new trainings for people to access information on recovery and wellness; The Mental Health Association of Nebraska planning our 2011 Success Stories conference; The Nebraska Recovery Network hosting of educational events and group events for people to access information on recovery and wellness

#25 HHS System

General Fund	-15,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 52 Reduce Funding to Local Public Health Departments (State aid)

The money in this fund is divided equally among eighteen local public health departments (LPHDs). This would reduce the amount to each department by slightly over \$11,000 and reduce resources for local health surveillance, epidemiology, and training. After the reduction, each LPHD will continue to receive about \$97,000. In addition, the LPHDs receive cash infrastructure and per capita funds from the Tobacco Settlement fund, federal emergency response funds and other grants they may have acquired.

#25 HHS System

General Fund	-200,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 53 Reduce Aid for Stem Cell Research by 10% (State aid)

The Stem Cell Research program was created by the Legislature in 2008 to award grants to Nebraska institutions or researchers for the purpose of conducting nonembryonic stem cell research. The Stem Cell Research program, unlike other State government programs, has not received a reduction in appropriations since its inception in 2008. This will likely result in fewer grants being awarded, or the amount of the grant awards being reduced. The Cash Fund savings will be used to replace General Funds in other programs within the Department as appropriate.

#25 HHS System

General Fund	-50,000
Cash Fund	-50,000
Federal Fund	0

Bill Required = Yes

<p>Item 54 Eliminate Aid for Motor Voter Payments to WIC Subgrants (State aid)</p> <p>The National Voter Registration Act of 1993 mandates that WIC clinics offer voter registration opportunities on-site. Impact would be minimal. Voter registration opportunities have been integrated into ongoing program operations</p>	<p><u>#25 HHS System</u></p> <table border="0"> <tr> <td>General Fund</td> <td>-16,760</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table> <p>Bill Required = No</p>	General Fund	-16,760	Cash Fund	0	Federal Fund	0
General Fund	-16,760						
Cash Fund	0						
Federal Fund	0						
<p>Item 55 Reduce Funding To Community Health Centers (State aid)</p> <p>Reduce the amount allocated to Community Health Centers (CHCs) in Nebraska by \$186,739, which is a reduction of approximately \$31,000 to each of six CHCs. This reduction could limit the amount of health care services provided by Community Health Centers to persons without health insurance. It could increase visits to emergency rooms thereby passing increased costs to hospitals.</p>	<p><u>#25 HHS System</u></p> <table border="0"> <tr> <td>General Fund</td> <td>-186,739</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table> <p>Bill Required = No</p>	General Fund	-186,739	Cash Fund	0	Federal Fund	0
General Fund	-186,739						
Cash Fund	0						
Federal Fund	0						
<p>Item 56 Reduce Cancer Research Aid to UNMC & Creighton(State aid)</p> <p>The Cancer Research Aid program was created by the Nebraska Legislature in 1981 for the purpose of providing funds for research related to cancer and other smoking-related diseases. This would reduce funding of the Cancer Research program by 10%. The Department requests that the savings be used to replace General Funds in other programs within the Department.</p>	<p><u>#25 HHS System</u></p> <table border="0"> <tr> <td>General Fund</td> <td>-369,663</td> </tr> <tr> <td>Cash Fund</td> <td>-369,663</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-369,663	Cash Fund	-369,663	Federal Fund	0
General Fund	-369,663						
Cash Fund	-369,663						
Federal Fund	0						
<p>Item 57 Reduce Pharmaceutical Assistance in Renal Program (State aid)</p> <p>Reduce funding for pharmaceutical assistance in the Chronic Renal Disease Program. The Chronic Renal Disease Program assists low income individuals on dialysis. Generally these individuals are elderly on a fixed income. The Program reserves the majority (80%) of the funding for pharmaceutical assistance. The remainder is directed toward service related expenses such as dialysis. This program has a cap of \$8,500 per patient per fiscal year. The Department averages ten new applicants a month and is currently serving 624 active clients. Based upon the maximum benefit cap this reduction will reduce that number by 12 individuals</p>	<p><u>#25 HHS System</u></p> <table border="0"> <tr> <td>General Fund</td> <td>-100,000</td> </tr> <tr> <td>Cash Fund</td> <td>0</td> </tr> <tr> <td>Federal Fund</td> <td>0</td> </tr> </table> <p>Bill Required = No</p>	General Fund	-100,000	Cash Fund	0	Federal Fund	0
General Fund	-100,000						
Cash Fund	0						
Federal Fund	0						

Item 58 Reduce Aid for Public Health Infrastructure (State aid)

The intent of Program 502, the Public Health Aid Program, is to ensure that all people in Nebraska are covered by a county or district health department, to provide assistance with the high percent of uninsured persons using Community Health Centers, to distribute grants to address health disparities in Congressional Districts 1 and 3 having 5% or greater racial ethnic minority populations and to distribute funds to Community Health Centers in Omaha to address the needs of minority populations. The impact of this could be a reduction in grants to address health disparities or the health needs of minority populations.

#25 HHS System

General Fund	-858,000
Cash Fund	-858,000
Federal Fund	0

Bill Required = No

Item 59 Reduce Reimbursement for Colon Cancer Screen/Diag.(State aid)

The Colorectal Cancer Aid program reimburses providers for screening tests and diagnostic procedures for eligible low income men and women. Screening tests include fecal occult blood tests and colonoscopies when indicated, with colonoscopies also provided as needed for diagnostic purposes. Potential impacts include deferred/delayed testing for approximately 1,140 individuals should providers and patients be unable to access other resources for these tests/procedures. According to the Centers for Disease Control and Prevention, when colorectal cancer is found early and treated, the 5-year relative survival rate is 90%. Because screening rates are low, less than 40% of colorectal cancers are found early. Nebraska ranks in the lowest tier of all states for screening rates and ranks eighth of all states in colorectal cancer mortality.

#25 HHS System

General Fund	-139,681
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 60 Reduce Payments for Trng. Colposcopy Equip/Testing (State aid)

The purpose of the Public Health Screening funds is for reimbursement for the provision of pap smears, colposcopy, cervical biopsy, cryotherapy, loop electrosurgical excision procedure (LEEP), and such other treatments and procedures as may be developed for the follow up of abnormal pap smears; the diagnosis and treatment of sexually transmitted diseases, including, but not limited to, chlamydia, gonorrhea, HPV (genital warts), and herpes; and associated laboratory and equipment costs and staff training costs relating to the use of colposcopy equipment. This would reduce Public Health Screening expenditures by \$50,000 per year. Reductions would be prioritized as follows: 1) reduce/eliminate support for staff training; 2) reduce/eliminate support for purchase of colposcopy equipment; and 3) reduce numbers of screening/testing procedures reimbursed.

#25 HHS System

General Fund	-50,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 61 Eliminate Unspent Aid for Newborn Screening to UNMC (State aid)

Funds have been budgeted for many years based on an early appropriation of funds for birth defects legislation first enacted in 1972 (LB 1203, and now codified as NRS 71-645 to 648). This appropriation was originally designated as a pass-through to the University of Nebraska Medical Center genetics clinics, to support activities authorized in NRS §71-647 sub (1) (d): to conduct and support clinical counseling services in medical facilities.

#25 HHS System

General Fund	-34,369
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 62 Repeal Autism Funding Match

\$1 million a year was to be used for intensive behavioral services under Medicaid for children with autism. The transfer of up to \$1 million a year for five years was contingent upon the receipt of no less than one dollar of private funds for every two dollars from the Health Care Cash Fund. The organization that had intended to private matching dollars informed the state that no matching funds will be provided, so this funding is not being used

#25 HHS System

General Fund	-5,000,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 63 Deadline for initiating PACE for Dual Eligible clients

Chronically ill adults who are dually eligible for Medicaid and Medicare account for 46 percent of Medicaid spending and 25 percent of Medicare with health care costs practically five times those of other Medicare beneficiary. The Program of All-Inclusive Care for the Elderly (PACE) program provides comprehensive health care services within a defined geographic area for voluntarily enrolled individuals age fifty-five and older. DHHS will make capitated payments to a PACE organization which will utilize Medicare, Medicaid, and private pay revenues to provide coordinated care. The organization will be at-risk for all covered services offered by Medicare and Medicaid. By July 1, 2011 PACE implementation will occur for Omaha. (The Department is currently implementing PACE, this proposal puts a deadline line in place. Department maintains PACE is budget neutral)

#25 HHS System

General Fund	0
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 64 Medicaid Limit on Emergency Room Visits

Limit ER visits to adult Medicaid populations to no more than 12 visits per year. This will count for both managed health care and fee for services care. ER visits that result in inpatient admission would be excluded from the 12 visit limit. In SYF 10 there were 460 adults with more than 12 ER visits. Just under half of these visits were for persons dually eligible for Medicaid and Medicare. The average estimated cost of an ER visit for Medicaid adult is \$1,300 per visit. The average estimated cost of an ER visit for a Medicaid eligible who is dually eligible for Medicare is \$250 per visit.

#25 HHS System

General Fund	-948,500
Cash Fund	0
Federal Fund	-1,422,500

Bill Required = Yes

Item 65 Medicaid Family Planning Program

#25 HHS System

The Family Planning Program would require the Department of Health and Human Services to apply for a waiver or an amendment to an existing waiver for the purpose of providing medical assistance for family planning services for persons whose family earned income is at or below 185% of the federal poverty level. Twenty seven states currently utilize the Family Planning Expansion. Minnesota since providing these services to low-income and high-risk women, the number of abortions in the state has dropped significantly, and Minnesota currently has the fourth-lowest teen pregnancy rate in the nation. Minnesota estimates that for every \$1 they spend on family planning, they save \$4 in general funds. No money from the Family Planning program would go, directly or indirectly, to fund abortions.

General Fund	-4,400,000
Cash Fund	0
Federal Fund	-6,726,189

Bill Required = Yes

In 2009 LB 370 was introduced proposing the Family Planning Option. The LB 370 Fiscal Note stated "The Department of Health and Human Services estimates that it could take up to 15 months from the effective date of the bill to receive federal waiver approval and implementation begins. The department also estimates based on the U. S. Census statistics that approximately 24,725 women who currently do not qualify would become eligible for family planning services at 185% of the federal poverty level. The approximate cost per recipient is \$184. The state match for family planning services is 10% with 90% paid by the federal government. Assuming an implementation date of December 2010, for seven months in FY 11, the cost of family planning services is estimated to be \$2,653,817 (\$265,382 GF and \$2,388,435 FF).

In regards to expenditures, a half-time program specialist would be needed to develop the waiver. The costs would be \$33,158 (\$16,579 GF and FF) in FY 10 and \$13,726 (\$6,863 GF and FF) in FY 11. With the implementation of the waiver estimated to be December 2010 along with the phased-in implementation of ACCESSNebraska, it is likely fewer than 24 additional workers may be required.

An evaluation of other states family planning waivers was conducted by the CNA Corporation under contract with the federal Centers for Medicare and Medicaid (CMS). The report published in 2003 showed family planning waivers saved millions of dollars in all six state programs that were evaluated. The states were Alabama, Arkansas, California, New Mexico, Oregon and South Carolina. In calculating the potential savings in Nebraska, the department assumes 4% of the women receiving services would have otherwise have had a birth that would be covered by Medicaid. Using this assumption, the savings would be \$11,210,315 (\$4,484,126 GF and \$6,726,189 FF) in FY 12. This is based on the cost of prenatal care and delivery at \$9,360 and medical services for an infant up to one year of age at \$1,975. Prenatal care, delivery and medical care for a newborn is matched at 60% from the federal government with 40% paid by the state." The departments fiscal assessment of this waiver was that it would cost an additional \$681,218 GF and \$2,804,271 in FF.

Item 66 Medicaid Integrity Program- Collection of Overpayments

#25 HHS System

General Fund	-8,000,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

The GAO estimated several years ago fraud was indicated in approximately 10 percent of all health insurance claims. More recently, in 2006, GAO reported that Medicaid is especially at risk to waste, or extravagant and unnecessary expenditures. The GAO report stated that a nationwide rate of improper payments for Medicaid had not been specifically estimated, but even a rate as low as 3% would have resulted in a loss of about \$5 billion in federal funds in FY 2004. The National Health Care Anti-Fraud Association (NHCAA), also, conservatively estimates 3% occurrence of fraud waste, and abuse in health care billings. Nebraska Medicaid expenditures in SFY 2010 totaled \$1.5 billion. A 3% rate would result in an estimated potential savings, through additional collection activities, of \$45 million dollars (approximately \$15 million in state funds). According to the June 2010 CMS State Program Integrity Assessment (SPIA) report for Nebraska FY 2008 the total dollars recovered from all Nebraska Medicaid Integrity activities was \$5.3 million. According to the research there is a potential for \$10 million dollars in increased savings through additional efforts in Medicaid integrity. The FY 2008 Nebraska SPIA reports expenditure for Medicaid integrity activities was \$1.03 million dollars; an estimated 1:5 return on Nebraska expenditures on Medicaid Integrity. The Utah Office of Legislative Auditor General provided a Performance Audit of Fraud, Waste and Abuse Controls in Utah's Medicaid Program in August 2009. Six states were surveyed for return on expenditure data. According to the report the return in expenditure rates were- 1:2.50 California; 1:6.50 Connecticut; 1:6.55 Illinois; 1:1.54 Louisiana; 1:12.85 Maine; 1:5.25 Maryland. Additionally, information indicates the 2008-2009 Florida return rate was 1:5.5. According to the National Conference of State Legislatures July 2010 Legislative Summit presentation, Ohio added 10 staff to the Medicaid Fraud Unit resulting in an increase recovery of \$23 million in one year; New York's data mining project saved \$132 million in one year; and Texas' \$12.3 million increase in Medicaid fraud enforcement helped increase recoveries by \$176.5 million. The PPACA has a section that expands the Recovery Audit Contract program to expand from Medicare to Medicaid accordingly overpayments and underpayment audit efforts are required to expand. By December 31, 2010 states will be able to enter into Medicaid audit contracts on a contingency fee basis, where they pay their contractors for overpayments based on amounts recovered and for identifying underpayments based on amounts to be specified by the state Accordingly, the research and data indicates additional savings may be attainable through investment and efforts in the Nebraska Medicaid Integrity program. COST- 2,000,000 if done internally; \$0 cost if contingency contract is legislatively enabled and utilized.

Item 67 Medicaid Integrity Program- Third Party Liability Cost Avoidance

Additionally private recovery companies have provided Nebraska Medicaid projection of revenue and return on investment for third party liability cost avoidance, third party post-payment recovery and Health Insurance Premium Assistance Payment. Currently over 40 Medicaid programs utilize such a company. A Projected Revenue and Return on Investment Proposal identified third party liability cost avoidance that numbers are estimates that are representative of the results that could be achievable. In two comparable states (AK and ID), the company helps cost avoid Medicaid expenditures, identifying TPL for between 3 and 13% of the annual Medicaid population. Based on these metrics, NE could expect to identify between 7,449 and 31,421 other medical policies covering its members per year, resulting in annual cost avoidance of between \$9,832,323 and \$41,475,720.

#25 HHS System

General Fund	-9,800,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 68 Medicaid Integrity Program-Third Party Liability Recovery

Regarding the issue of third party liability recovery the company contended that in states with comparable Medicaid populations, the company returns on average \$28 per recipient per year, through the post-payment identification and recovery processes. For Nebraska, this means a recovery of \$6.7 million cash from payments that were the responsibility of a liable third party

#25 HHS System

General Fund	-6,700,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 69 Medicaid- Health Insurance Premium Assistance Program

Another potential area is Health Insurance Premium Assistance Program. It is estimated 500 Medicaid enrollees qualify at \$350 a month premium, which included the fee, for a total \$2.1 million dollars; and year for savings of \$5200 per member per year in costs.

#25 HHS System

General Fund	-400,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 70 Medicaid Change Therapy Limits

Therapies: Physical, Occupational, Speech Pathology & Audio logy. Nebraska Medicaid covers speech, physical, and occupational therapies in the office, in the client's home, hospital, nursing facilities, or other facilities. The services must be prescribed by a physician. Therapy is limited to restoration of lost function due to illness or injury if a client is age 20 and older. Currently, NMAP covers a combined total of 60 therapy sessions per fiscal year (physical therapy, occupational therapy and speech therapy). Change the limit to a total of 40 therapy sessions per fiscal year. Total saving if therapies are limited for adults would by \$698,150 (\$275,660 GF) and would effect 648 Medicaid adults. The total savings related to limiting therapy session to 40 per fiscal year would by \$3,271,600 (\$1,308,640 GF) and would affect 1,164 clients.

#25 HHS System

General Fund	-1,308,640
Cash Fund	0
Federal Fund	-1,962,960

Bill Required = Yes

Judiciary Committee

Committee Members

Sen. Brad Ashford (Chair)
Sen. Steve Lathrop (Vice Chair)
Sen. Mark Christensen
Sen. Colby Coash
Sen. Brenda Council
Sen. Scott Lautenbaugh
Sen. Amanda McGill
Sen. Kent Rogert

Committee Staff

LaMont Rainey
Stacey Conroy

Committee Meetings

Room 1113
Wednesday, Thursday & Friday

LR 542 Overview

In order to comply with the requirements of LR 542, the Judiciary Committee took the following steps to identify the options presented by the committee:

- The committee reviewed the statutory provisions of each agency that falls under the committee's purview;
- Conducted two separate agency briefings in which agencies under the committee's purview discussed the budget ramifications of a 10% budget cut to their agency and the committee sought and received input on possible budget reduction solutions;
- Conducted multiple executive sessions to discuss the potential options and the ramifications for agencies and the state if a particular option were to be introduced and adopted into law by the Legislature;
- Identified options for inclusion on the LR 542 options list to meet the December 10th deadline; and
- Directed committee legal counsels to work with the Bill Drafters office to draft the accompanying legislation for each option on the committee's LR 542 Options list so that draft legislation is available to the committee and/or other members of the Legislature for possible introduction by January 3, 2011.
- Based on options selected, the committee has identified \$31,570,660 in cuts for FY2011-12 and \$33,415,315 in cuts for fiscal year 2012-13, which exceeds the \$29,000,000 per fiscal year in cuts called for under LR 542.

Listing of Options - Judiciary Committee

Item 1 Eliminate the State Law Library located in the State Capitol building, which is funded by Program 40.

This option would eliminate the employees that staff the law library located in the State Capitol, and close the facility. The employees who would be eliminated under this option are employed by the Nebraska Supreme Court. The state law library serves reference and research needs of the public, state government and the various courts throughout the state.

#5 Supreme Court

General Fund	-269,544
Cash Fund	0
Federal Fund	0

Bill Required = Yes

<p>Item 2 Delay Lancaster County judgeship that is to go into effect on July 1, 2011 until July 1, 2012.</p> <p>This option would delay the implementation of the Lancaster County Judgeship that was to be filled on July 1, 2011, until July 1, 2012. This is purely done for the budget savings that such a move would provide. It should be noted that delaying the implementation of this judgeship denies the need for judicial relief that has been identified in Lancaster County.</p>	<p><u>#5 Supreme Court</u></p> <p>General Fund -162,481 Cash Fund 0 Federal Fund 0</p> <p>Bill Required = Yes</p>
<p>Item 3 County Court Services Reductions (Supreme Court Modification Priority 2 of 5)</p> <p>This option was originally a Supreme Court modification that reduces judicial services in county courts by closing 30 courts and eliminating the staff that services those courts (17 FTE) and reducing staff in 32 other courts (23 FTE). The result would be that individuals in the affected counties would most likely have to go to a neighboring county to receive courthouse services.</p>	<p><u>#5 Supreme Court</u></p> <p>General Fund -1,898,070 Cash Fund 0 Federal Fund 0</p> <p>Bill Required = Yes</p>
<p>Item 4 Return fiscal responsibility for County Court employees to the counties.</p> <p>This option would revise section 24-514 of the Nebraska Revised Statutes to provide that county court employees' salaries, benefits, and expenses shall be paid by the county. LB 1032 of 1972 provided fiscal relief to counties by the State's assuming the financial costs for County Court employees. This option would return those costs to the counties. This would relieve general fund pressure of the state at the expense of the various counties across the state and those counties' property tax payers.</p>	<p><u>#5 Supreme Court</u></p> <p>General Fund -16,752,188 Cash Fund 0 Federal Fund 0</p> <p>Bill Required = Yes</p>
<p>Item 5 Impose a three month delay on installing new judges in the state.</p> <p>This option provides that the State Supreme Court impose a three month delay on installing new judges when replacing judges who have retired or are removed for some other reason. The three month delay combined with the normal three month hiring process for judges will have the net effect of a six month delay in hiring for fiscal purposes. This option would temporarily result in the increase of judicial district caseloads across the remaining judges in that judicial district. As the case load per judge increases, the citizens and businesses residing in that judicial district will have a longer wait to receive judicial services. In attempting to identify the potential general fund savings under this option, an assumption was made that 7-8 judges per year would retire or need to be replaced between the County, District and Juvenile Courts.</p>	<p><u>#5 Supreme Court</u></p> <p>General Fund -539,000 Cash Fund 0 Federal Fund 0</p> <p>Bill Required = No</p>

Item 6	Expand Juvenile Service Delivery Project (Pilot Program) between Department of Probation and HHSS to Sarpy and Lancaster County.	<u>#5 Supreme Court</u>	
	This option calls for the expansion of the Nebraska Juvenile Service Delivery Project to Sarpy and Lancaster Counties. The Project is a collaboration between the Office of Probation Administration and the Department of Health and Human Services that has been piloted in Douglas County since June 2009. The role of the Project is to identify juveniles eligible for probation whose families are unable to pay for services and to place such juveniles on probation within their home communities with properly targeted interventions. The Project makes funding available for in-state services up to the Enhanced Treatment Group Home level of care. At current estimate, this option should yield a \$2,500,000 savings to the Nebraska Health & Human Services System, which is under the purview of the Health & Human Services Committee of the Legislature. It is also believed that implementation of this option, in conjunction with LB 800 of 2010 would yield a savings to the states juvenile justice system, but the amount of this savings cannot be identified at this time.		General Fund 0 Cash Fund 0 Federal Fund 0 Bill Required = No
Item 7	Require Probation Administration to develop a program to identify the cost of all felony convictions and to include such cost information in all pre-sentence investigation reports.	<u>#5 Supreme Court</u>	
	This Option would require the Probation Administration to develop a program to identify the cost of all felony convictions and to include such cost information in all pre-sentence investigation reports. If a pre-sentence report pertaining to a felony conviction is not completed, the cost information shall still be collected and provided to the sentencing court. The difference in cost between incarceration and Probation programming shall also be included in the cost information. All relevant sentencing information should be provided to the sentencing court, to assist the court in arriving at an appropriate type and level of sentence, and it is believed that the fiscal cost of a sentence is relevant information.		General Fund 0 Cash Fund 0 Federal Fund 0 Bill Required = Yes
Item 8	Supreme Court may utilize Clerk Magistrates for uncontested traffic offenses in Judicial Districts that have lost a judge due to retirement.	<u>#5 Supreme Court</u>	
	Under this option, the Supreme Court would be able to place a Clerk Magistrate in a judicial district that did not replace a retiring judge as a cost saving measure. Clerk magistrates installed under this provision would have limited jurisdiction over uncontested traffic offenses. The installation of a Clerk Magistrate would decrease the amount of savings realized by not replacing a judge by \$61,000 for a Clerk Magistrate I and by \$80,000 for a Clerk Magistrate IV.		General Fund 0 Cash Fund 0 Federal Fund 0 Bill Required = No

Item 9 Adopt Supreme Court modification to furlough all judicial branch employees for ten days in fiscal year 2012-13.

This option would implement the Nebraska Supreme Court's modification to furlough all judicial branch employees (excluding judges) for ten days. It should be noted that in implementing these furloughs, Court services will be impacted and may result in all courts across the state being closed for business, depending on how the furlough days are implemented across the court system.

#5 Supreme Court

General Fund	-1,401,566
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 10 Increase in Good Time for Inmates & Parolees (DCS Modification Priority 23 Of 26).

This option would allow for additional good conduct time to be earned for positive institutional behavior by individuals sentenced to incarceration. This standard would be measured by the absence of misconduct reports for a period of 12 months. Following the 12th month (beginning in the 13th month), the inmate would receive three days of good time each month thereafter (provided he/she remains misconduct report-free). With regard to parolees, Nebraska statutes currently state: "The board shall reduce, for good conduct in conformity with the conditions of parole, a parolee's parole term by two days for each month of such term." DCS proposes to change "two days" to "ten days."

#46 Correctional Services

General Fund	-108,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 11 Lower Prison Population – Stage 1 (DCS Modifications Priorities 12, 10, 13, and 15 of 26) and Stage 2 (DCS Modifications Priorities 1, 3, 8, and 9 of 26)

This option calls for the Department of Corrections to implement proposed budget modifications priorities 1,3,8,9, 10, 12, 13 and 15 of the 26 modifications identified by the Department in their Agency Modifications Report List for budget cycle 2011-2013. The modifications previously identified calls for the Department to work with the Board of Parole to identify and put procedures in place to allow for the paroling of more correctional inmates. It is estimated that through the two stage process identified by the Department of Corrections, over 1,000 parole eligible inmates would be able to be released from state correctional facilities and placed under Parole's supervision. In making this transition, the Department of Corrections would reduce the number of correctional officers staffing state facilities as the inmate capacity numbers system-wide decrease. It should be noted that the Department of Corrections, which also has oversight of parole officers, would increase the number of parole officers statewide as the number of those paroled increases.

#46 Correctional Services

General Fund	-12,156,947
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 12 Charge tuition to individuals who attend the Law Enforcement Training Academy in lieu of general fund expenditures.

#78 Crime Commission

This option would require the Law Enforcement Training Academy to make up the difference between the amounts provided by the Law Enforcement Improvement Fund fee and the General Fund for the cost of providing basic law enforcement certification by charging tuition. Current statute provides that the training academy "may" charge tuition to each individual attending the academy, but this option would mandate it. It should be noted that most counties currently provide meals and equipment used by cadets at the academy and it is likely that counties would ultimately add the cost of tuition as a part of the pay package for new officers as an inducement to get officers to relocate to more rural areas of the state.

General Fund	-290,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Natural Resources Committee

Committee Members

Sen. Chris Langemeier (Chair)
Sen. Annette Dubas (Vice Chair)
Sen. Tom Carlson
Sen. Tanya Cook
Sen. Deb Fischer
Sen. Ken Haar
Sen. Beau McCoy
Sen. Ken Schilz

Committee Staff

Laurie Lage

Committee Meetings

Room 1525
Wednesday, Thursday & Friday

LR 542 Overview

The Natural Resources Committee has legislative jurisdiction over three agencies that use General Funds: The Department of Natural Resources, the Game and Parks Commission, and the Department of Environmental Quality. The other agencies assigned to the committee -- the Oil and Gas Conservation Commission, Ethanol Board, Nebraska Energy Office, and the Power Review Board -- do not receive General Funds and are, therefore, not subject to this study.

The Natural Resources Committee staff worked with the three relevant agencies and with the Legislative Fiscal Office to identify each agency's programs and operations for which General Funds are used. Additionally, the agencies and Fiscal Office categorized the use of General Funds according to general functions within the agency to help the committee better understand how the funds are used.

On October 13, 2010, the Natural Resources Committee held a briefing on LR 542. First, the Fiscal Office described each agency's use of General Funds, and then a representative from each agency presented detailed budget and modification information, and answered questions from the committee.

The Natural Resources Committee was to find \$3,598,318 in cuts to general funded programs from the three agencies, which is 10% of the agencies' total General Fund appropriation and 1.1% of the total state General Fund appropriations. Sen. Langemeier asked the committee to review the programs and recommended that the committee consider all programs and operations that use General Funds for possible reductions. The final options list contains program elimination recommendations from committee members.

Department of Natural Resources

The department's operations budget makes continued reductions from prior years. For FY2010/11, general funds are reduced by \$932,489 and reappropriated general funds are reduced by \$516,624 for a total of \$1,449,113. The department reduced its general fund operating program base for the biennium by \$211,163 and applied it as an offset against the required 10% budget modification. Modifications, if implemented, would save \$1,480,541 in general funds. The committee does not recommend any further cuts for the Department of Natural Resources and believes programs that provide funding to the natural resources districts should be reviewed to find areas in which the financial burden of technical studies and projects can be shifted.

Department of Environmental Quality

The department elected to make voluntary general fund cuts in its budget request, resulting in a lower request level for the FY11-13 biennium. Modifications, if implemented, would result in a \$329,290 reduction in general funds. The committee did not consider for the options list those programs that receive general funds that match federal funds because continued federal funding is contingent on a certain level of state funding. The consequences of failing to meet this level in general would likely result in loss of federal funds, oversight of a federal agency, reduced local participation and compliance assistance efforts, raised noncompliance penalties and sanctions.

Game and Parks Commission

The commission approved a reorganization plan (affecting all funding sources, not just general funds) in late July to make the agency more efficient by consolidating programs and eliminating permanent positions, and other measures. Administrative changes will have funding effects that will be fully realized in the first year of the biennium. The commission's budget request represents a 6% reduction to general fund support (\$745,086 in FY11/12) including a reduction of 30 FTEs. The modification plan would reduce the base by another 4% (\$405,623) in FY12.

Listing of Options - Natural Resources Committee

<p>Item 1 Soil and Water Conservation Fund - Eliminate program</p> <p>Cost share program to provide state financial assistance to landowners installing approved soil and water conservation measures that is coordinated at the local level by the natural resources districts. Statutory removal of the program is provided as an option to meet the required budgetary goal, however, the committee believes that the program should continue but with a downward modification of funding.</p>	<p><u>#29 Natural Resources</u></p> <table border="0"> <tr> <td>General Fund</td> <td style="text-align: right;">-2,318,036</td> </tr> <tr> <td>Cash Fund</td> <td style="text-align: right;">384,750</td> </tr> <tr> <td>Federal Fund</td> <td style="text-align: right;">0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-2,318,036	Cash Fund	384,750	Federal Fund	0
General Fund	-2,318,036						
Cash Fund	384,750						
Federal Fund	0						
<p>Item 2 Resources Development Fund - Eliminate program</p> <p>Grants or loans to natural resources districts and other political subdivisions to carry out natural resources projects. Projects can include flood control, pollution control, improvement of public irrigation facilities, preservation of fish and wildlife resources, and public recreation. Statutory removal of the program is provided as an option to meet the required budgetary goal, However, funds are already obligated for approved projects so the committee believes that the program should continue but with a downward modification of funding.</p>	<p><u>#29 Natural Resources</u></p> <table border="0"> <tr> <td>General Fund</td> <td style="text-align: right;">-3,140,325</td> </tr> <tr> <td>Cash Fund</td> <td style="text-align: right;">47,500</td> </tr> <tr> <td>Federal Fund</td> <td style="text-align: right;">0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-3,140,325	Cash Fund	47,500	Federal Fund	0
General Fund	-3,140,325						
Cash Fund	47,500						
Federal Fund	0						
<p>Item 3 Stormwater Grant Program - Eliminate program</p> <p>Distribution of funding to communities that have storm water management plans approved by DEQ. No federal funds are attached. Statutory removal of the program is provided as an option to meet the required budgetary goal, however, the committee believes that the program should continue but with a downward modification of funding.</p>	<p><u>#84 Environmental Quality</u></p> <table border="0"> <tr> <td>General Fund</td> <td style="text-align: right;">-2,324,996</td> </tr> <tr> <td>Cash Fund</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Federal Fund</td> <td style="text-align: right;">0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-2,324,996	Cash Fund	0	Federal Fund	0
General Fund	-2,324,996						
Cash Fund	0						
Federal Fund	0						
<p>Item 4 Livestock Waste Management Program - Eliminate program</p> <p>Inspection of livestock feeding facilities, permit application reviews, public notice issuance, compliance assistance, compliance/enforcement action recommendations and permitting of livestock waste control facilities. Agency modification calls for a change in program funding structure so that 70% comes from the general fund, and 30% comes from fees. Currently, general funds provide 80% of the program costs, and 20% comes from fees. The committee recommends following the agency's modification rather than elimination of the program.</p>	<p><u>#84 Environmental Quality</u></p> <table border="0"> <tr> <td>General Fund</td> <td style="text-align: right;">-1,251,925</td> </tr> <tr> <td>Cash Fund</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Federal Fund</td> <td style="text-align: right;">0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-1,251,925	Cash Fund	0	Federal Fund	0
General Fund	-1,251,925						
Cash Fund	0						
Federal Fund	0						

Item 5 Operations: Nongame and Endangered Species; Parks, Engineering and Maintenance

Provides for conservation of nongame species and recovery and restoration of endangered species; operation of parks system; and capital construction projects requiring engineering services including site planning and design and maintenance activities, mostly in state park areas. Funding for these activities is provided by a variety of funds and grants in addition to general funds. The committee believes that cuts to these program areas be found by the commission to meet the required goal.

#33 Game and Parks

General Fund	-9,662,017
Cash Fund	0
Federal Fund	0

Bill Required = No

Item 6 Niobrara Council - Eliminate funding

Assists in all aspects of the management of the Niobrara National Scenic River corridor since a portion of the Niobrara River has been designated as a national scenic river. The Niobrara Council's enabling legislation gives them express authority and responsibility to manage the Niobrara National Scenic River in conjunction with the National Park Service. Established under the commission for administrative purposes. General funds provide the primary match for federal grant dollars for administering the council's programs. Elimination of operations programs would largely come from cuts in personnel through combining duties and programs for efficiency. Federal oversight would likely take over duties.

#33 Game and Parks

General Fund	-44,222
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Nebraska Retirement Systems Committee

Committee Members

Sen. Dave Pankonin (Chair)
Sen. Jeremy Nordquist (Vice Chair)
Sen. Lavon Heidemann
Sen. Russ Karpisek
Sen. LeRoy Louden
Sen. Heath Mello

Committee Staff

Kate Allen

Committee Meetings

Room 1525
On Call

LR 542 Overview

Two agencies are under the Committee's jurisdiction -- the Nebraska Investment Council (NIC) and the Nebraska Public Employees Retirement Systems (NPERS). Both agencies are primarily funded by cash funds, however, NPERS receives general fund appropriations for defined benefit pension plan obligations.

In September, the Legislative Fiscal Office conducted a budget briefing on NPERS' budget for the Committee and NPERS provided an overview of the agency's responsibilities for the implementation and oversight of the state-administered pension plans which include: three defined benefit plans (Judges, State Patrol, and School Employees) and defined contribution and cash balance plans for the County and State Employees. NPERS also presented an itemization of the FY 2011-13 budget modifications. Included in the list of budget modifications was elimination of general fund appropriations to the Class V Omaha School Employees Retirement System (OSERS) for statutorily established state contributions to the OSERS plan.

The Retirement Committee has also prepared an addendum report that describes the pension funding issues facing the Nebraska Retirement Systems Committee and the Legislature not only in the next biennium, but for many years to come. As part of the framework for understanding the pension obligations, the report presents a brief overview of state pension obligations throughout the country, describes the various state-administered public pension plans, and the constitutional limitations that restrict the Legislature's ability to decrease or eliminate the State's public pension funding obligations. The report also reviews the impact of the 2008 and 2009 investment losses on pension funding requirements, and provides information on the annual actuarial valuations that identify pension funding needs.

Listing of Options - Nebraska Retirement Systems Committee

Item 1 Eliminate annual state contribution to the Omaha School Employees Retirement System (OSERS) that equals 1% of OSERS members' annual compensation.

#85 Retirement Board

Omaha school employees are members of a separate defined benefit plan which was originally created in 1909 for Omaha teachers and has since been expanded to include other Omaha school employees. In 1945 when the School Employees Retirement Plan was created by the Legislature for all of Nebraska's school employees, Omaha school employees chose not to join the statewide school system, and instead retained their separate retirement system which is known as the Class V Omaha School Employees Retirement System (OSERS).

General Fund	-2,993,000
Cash Fund	0
Federal Fund	0

Bill Required = Yes

□□

NPERS does not administer the Omaha School Employees Retirement System; it is administered by a separate Omaha retirement board. The Omaha Board of Education appoints ten trustees to serve as members of the Class V Retirement Systems Board. The trustees, under the direction of the Omaha School Board, contract with their own actuary and make investment decisions regarding the assets of

the Omaha school retirement system. The statutes provide that the Omaha school districts, not the State of Nebraska, are responsible for contributing the amount necessary to maintain the solvency of the Omaha retirement system, i.e. the actuarially determined unfunded liability. □ Throughout the years, the Legislature has enacted a number of statutes that provide specific annual contribution amounts to the state-administered School Employees Retirement Plan – for example, the service annuity, purchasing power cost-of-living adjustment (COLA) and 1% of compensation. In the past, as a matter of equity, the Legislature determined these annual general fund contributions should also be appropriated for members of OSERS, though the State does not bear any ongoing funding liability for the Omaha school plan members. Currently the State of Nebraska makes an annual appropriation to the School Retirement Fund (which is administered by NPERS) that equals one percent of the annual compensation of members of the School Employees Retirement Plan and one percent of the annual compensation of the Omaha School Employees Retirement members. Since NPERS does not administer the OSERS plan, it serves as a “pass-through” agency and forwards OSERS’ portion of the appropriation to the OSERS Retirement Board. □ □ In reviewing the constitutional limitations on the Legislature’s ability to eliminate funding for state-administered public pension plans, the Committee chose to adopt the NPERS modification to eliminate state funding for OSERS’ 1% of compensation. Elimination of the state appropriation to OSERS would result in a reduction of approximately \$2.9 million in FY 2011-12 and an estimated \$3 million in FY 2012-13 (the amount varies since it is based on the total compensation paid to all OSERS members). The Committee was not unanimous in its selection of this option to eliminate this general fund appropriation to OSERS. Given the longstanding tradition of this contribution to OSERS and the equity issues involved, passage of this legislation may be difficult.

Revenue Committee

Committee Members

Sen. Abbie Cornett (Chair)
 Sen. Cap Dierks (Vice Chair)
 Sen. Greg Adams
 Sen. Galen Hadley
 Sen. LeRoy Louden
 Sen. Pete Pirsch
 Sen. Dennis Utter
 Sen. Tom White

Committee Staff

Bill Lock
 Steve Moore

Committee Meetings

Room 1524
 Wednesday, Thursday & Friday

LR 542 Overview

The Revenue Committee has subject matter jurisdiction over two agencies that receive general funds, the Department of Revenue and Nebraska's Tax Equalization and Review Commission

The committee held an executive session during which high-level executive representatives of the Nebraska Department of Revenue and some members of Nebraska's Tax Equalization and Review Commission gave budget presentations relevant to LR 542. During those budget presentations, there were a number of questions asked which brought about a thorough discussion of the issues. At a subsequent executive session of the Revenue Committee, committee members, committee staff, and Legislative Fiscal Office staff discussed LR 542 issues under the committee's jurisdiction and then members of the committee reached consensus on their LR 542 recommendations. The committee then directed its staff to draft bills designed to implement its LR 542 recommendations. Legal research, writing, and fiscal impact analyses, were conducted by the Revenue Committee and Legislative Fiscal Office staff which resulted in a number of bill drafts.

Listing of Options - Revenue Committee

<p>Item 1 Revenue Department, Aid to County Governments</p> <p>The Committee identified an option for budget cuts that would allow reducing the county aid program to zero funding for the next biennium. A bill will be drafted to amend current law. Current law mandates state funding at over 11 million dollars for the next fiscal year. (Statute number 77-27,137.02 is the statute to be amended)</p>	<p><u>#16 Revenue</u></p> <p>General Fund -9,659,935 Cash Fund 0 Federal Fund 0</p> <p>Bill Required = Yes</p>
<p>Item 2 Reduce Revenue Department Operations Budget</p> <p>The Committee has endorsed and recommends budget modification Priority 3 in the Departments budget submission to the Appropriations Committee. This is a vacancy savings by eliminating current vacant staff positions.</p>	<p><u>#16 Revenue</u></p> <p>General Fund -863,453 Cash Fund 0 Federal Fund 0</p> <p>Bill Required = No</p>

Item 3 Revenue Department, Homestead Exemption Program

The Committee did not recommend a cut in current appropriations. The Committee was advised of pending deficit appropriation which they endorse funding. The Committee examined forecasts for growth the program of 20 million dollars over the next two years. The Committee will draft legislation to slow the budget growth of the program in future years.

#16 Revenue

General Fund	0
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 4 Tax Equalization and Review Commission member salaries

The Committee identified an option for budget cuts that would reduce the salaries of the TERC Commissioners and place a fixed salary amount codified in the law for the first time. The salary amount of \$86,500 will be set as a maximum. Section 77-5004 is the statute to be amended.

#93 Tax Equal/Review

General Fund	-42,700
Cash Fund	0
Federal Fund	0

Bill Required = Yes

Item 5 Tax Equalization and Review Commission

The Committee examined budget cut recommendations submitted by the TERC to the Appropriations Committee and endorsed those changes.

#93 Tax Equal/Review

General Fund	-36,085
Cash Fund	0
Federal Fund	0

Bill Required = No

Transportation & Telecommunications Committee

Committee Members

Sen. Deb Fischer (Chair)
Sen. Arnie Stuthman (Vice Chair)
Sen. Kathy Campbell
Sen. Tim Gay
Sen. Galen Hadley
Sen. Charlie Janssen
Sen. Scott Lautenbaugh
Sen. LeRoy Louden

Committee Staff

Dusty Vaughan

Committee Meetings

Room 1113
Monday & Tuesday

LR 542 Overview

There were five state agencies under the Transportation & Telecommunications Committee's jurisdiction:

- Department of Roads
- Department of Motor Vehicles
- Department of Aeronautics
- Public Service Commission
- Motor Vehicle Industry Licensing Board

Out of the agencies under the committee's jurisdiction, only two use any state general funds for their operations: the Department of Roads and the Public Service Commission. Per LR542 guidelines, the Transportation & Telecommunications Committee focused only on statutory changes that would cut an agency's budget to help reach the 10 percent reduction target.

The Department of Roads' General Fund assistance is very small. The Nebraska Railway Council receives approximately \$2,500 of state General Funds to reimburse members for their travel expenses.

The Public Service Commission (Commission) uses a small proportion of General Fund money for its operations relative to its overall budget. The Commission receives approximately \$2.5 million in General Fund assistance. With a 10 percent reduction being the target cut, the committee was charged with finding \$250,775 annually over the biennium to reduce the general fund appropriation.

Committee staff met with the Director-State Engineer of the Department of Roads and the Executive Director of the Public Service Commission to discuss possible statutory program changes to their respective agencies. As there was only one realistic option with regard to the Railway Council, no agency briefing was scheduled for the Department of Roads.

The Committee met with Mike Hybl, Executive Director of the Public Service Commission, as well as Commissioners Jerry Vap and Anne Boyle in a private briefing on October 15th at the State Capitol. At the briefing, Mr. Hybl presented possible ideas that would reduce the General Fund assistance to the Commission. These ideas were used as the foundation for its decisions. However, all Committee recommendations were ultimately based on its own analysis.

With the two recommendations that the Committee offers, there would be a reduction of \$224,671 in general funds to the Public Service Commission, which is approximately \$26,000 under the Committee's estimated 10 percent target.

Of the \$2,509,079 in general funds received by the Commission for FY 2010-11, \$504,807 is reserved for the Commissioners' salaries and benefits. Due to the Nebraska Constitutional requirement that a public official's salary cannot be decreased while in office, this is not an option that the Committee could consider.

However, during testimony at the October 15th hearing, the Commission offered a proposal to institute a furlough for the executive director position to prevent further layoffs to Commission staff. The Committee

feels eliminating an additional statutory program to find an extra \$26,000 to meet the 10 percent reduction target is an unwise and potential costly decision at the expense of public safety. For that reason, the Committee recommends that a furlough policy for the executive director be implemented in the amount of a \$26,000 savings to the General Fund budget.

With the combined Committee recommendations, all general fund assistance would be eliminated from the Department of Roads' budget, and the required 10 percent target of \$250,000 in general fund assistance would be eliminated from the Public Service Commission's budget.

Listing of Options - Transportation & Telecommunications Committee

<p>Item 1 Eliminate the Nebraska Railway Council</p> <p>The Council reviews and approves loans and grants for funds from the Light-Density Rail Line Assistance Act. However, this program is no longer funded at the federal level. The Railway Council has approved grants to rail lines that should utilize all the funds left, leaving nothing for the Council to administer. DOR estimates that remaining Railway Council transactions will be completed and remaining fund balances will be expended before August 1, 2011. The T&T Committee recommends that the Railway Council be eliminated and any remaining agreements or funds be handled internally by the Department of Roads.</p>	<p><u>#27 Roads</u></p> <table border="0"> <tr> <td>General Fund</td> <td style="text-align: right;">-2,429</td> </tr> <tr> <td>Cash Fund</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Federal Fund</td> <td style="text-align: right;">0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-2,429	Cash Fund	0	Federal Fund	0
General Fund	-2,429						
Cash Fund	0						
Federal Fund	0						
<p>Item 2 Eliminate the PSC's Railroad Inspection program</p> <p>This option would eliminate the railroad track and freight car inspectors currently enforcing federal regulations. These inspectors do not receive any federal funding even though they are enforcing federal regulations. The T&T Committee recommends that the Railroad Inspection program be eliminated, and federal FRA inspectors enforce federal regulations upon all railroad carriers operating in Nebraska.</p>	<p><u>#14 Public Service Comm.</u></p> <table border="0"> <tr> <td>General Fund</td> <td style="text-align: right;">-150,671</td> </tr> <tr> <td>Cash Fund</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Federal Fund</td> <td style="text-align: right;">0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-150,671	Cash Fund	0	Federal Fund	0
General Fund	-150,671						
Cash Fund	0						
Federal Fund	0						
<p>Item 3 Eliminate the regulation of limousine service.</p> <p>Currently a limousine service is covered under the PSC's regulation of common and contract carriers. However, the committee felt that the public is at a lesser risk with a luxury service such as limousine.</p> <p><input type="checkbox"/></p> <p>With the elimination of the burden to regulate limousine services, the PSC has estimated its Transportation Department will need approximately \$74,000 less in General Fund assistance. The T&T Committee recommends an exemption for limousine service from the regulation of common and contract carriers by the PSC.</p>	<p><u>#14 Public Service Comm.</u></p> <table border="0"> <tr> <td>General Fund</td> <td style="text-align: right;">-74,000</td> </tr> <tr> <td>Cash Fund</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Federal Fund</td> <td style="text-align: right;">0</td> </tr> </table> <p>Bill Required = Yes</p>	General Fund	-74,000	Cash Fund	0	Federal Fund	0
General Fund	-74,000						
Cash Fund	0						
Federal Fund	0						

Item 4 Institute a furlough policy for the executive director of the PSC

At the agency briefing, the PSC presented an option of implementing a furlough for the executive director to prevent any further layoffs of Commission staff. As valuable as the Commission's current executive director is, this is not a policy that the Committee chooses lightly. However, to eliminate an entire statutory program to fund an additional \$26,000 in the face of close to a billion dollar shortfall does not seem like a wise choice. For that reason, the Committee recommends that the PSC implement a furlough policy for the executive director position to the equivalent of a \$26,000 reduction in general fund assistance.

#14 Public Service Comm.

General Fund	-26,000
Cash Fund	0
Federal Fund	0

Bill Required = No

Urban Affairs Committee

Committee Members

Sen. Amanda McGill (Chair)
Sen. Colby Coash (Vice Chair)
Sen. Tanya Cook
Sen. Bob Krist
Sen. Steve Lathrop
Sen. Kent Rogert
Sen. Tom White

Committee Staff

Laurie Holman

Committee Meetings

Room 1510
Tuesday

LR 542 Overview

The Urban Affairs Committee does not have subject matter jurisdiction over any agencies with general fund impact. We assisted other committees in their research for the options list.

Listing of Options - Urban Affairs Committee

Item 1 The Urban Affairs Committee does not have subject matter jurisdiction over any agencies with general fund impact #12 Treasurer

General Fund
Cash Fund
Federal Fund

Bill Required =