

Transcript Prepared By the Clerk of the Legislature
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Rough Draft

Appropriations Committee
March 19, 2009

[AGENCY 07 AGENCY 08]

The Committee on Appropriations met at 1:30 p.m. on Thursday, March 19, 2009, in Room 1003 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on Agency 7, Agency 8, Agency 10, Agency 12, Agency 14, and Agency 3. Senators present: Lavon Heidemann, Chairperson; John Harms, Vice Chairperson; Tony Fulton; Tom Hansen; Heath Mello; Danielle Nantkes; John Nelson; Jeremy Nordquist; and John Wightman. Senators absent: None.

SENATOR HEIDEMANN: I think we're ready to get started here. We don't have a full crew yet. We've got some people introducing bills and some maybe just a little bit late. We will start with some introductions though. Over to my right at the present time is not here, he is introducing a bill, Senator Jeremy Nordquist from Omaha, District 7. Senator Tom Hansen from North Platte is here from District 42. Senator Danielle Nantkes from Lincoln, District 46; and Senator John Wightman from Lexington, District 36. I am Senator Lavon Heidemann from Elk Creek, District 1. The fiscal analyst at the present time is Scott. Our committee clerk's name is Anne Fargen. The pages for today: Andy and Stephen. I don't know where Stephen is at right now, but he is around. Also we have Senator John Harms from Scottsbluff, District 48; Senator John Nelson from Omaha, District 6. At the present time, Senator Tony Fulton from Lincoln, District 29, isn't with us, will be joining us later. And also Senator Heath Mello from Omaha, District 5. At this time we would like to remind you if you have cell phones if you'd please shut them off or put them on silent, vibrate so as not to disrupt us later. Testifier sheets are on the table near the back door. We ask you please fill them out completely, put them in a box on the table when you testify. You do not need to fill out this form if you aren't publicly testifying. At the beginning of the testimony for public record please state and spell your name. Nontestifier sheets near the back door if you do not want to testify but would like to record your support or opposition. You only need to fill out this if you won't be publicly testifying. If you have printed material to distribute, please give them to the page at the beginning of testimony. We will need approximately 12 copies. In the matter

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of time, we ask that you please keep your testimony concise and on topic, under 5 minutes would be appreciated. With that, we will open up the public hearing on Agency 8. We're going to flip it around just a little bit today, Agency 8, Lieutenant Governor. []

LARRY BARE: Thank you, Senator Heidemann, members of the Appropriations Committee. For the record, my name is Larry Bare, it's B-a-r-e. I'm the Governor's chief of staff. I'm here today to testify on both the Lieutenant Governor's budget and the Governor's budget. I can comply with your 5-minute time limit on the Lieutenant Governor's budget very easily. Thank you very much. Everything is fine. (Laughter)
[AGENCY 08]

SENATOR HEIDEMANN: Well, we appreciate that testimony. Are there any questions on Agency 8? It's going to be an easy one. Is anyone else wishing to testify on Agency 8? If not, we will close the public hearing on Agency 8 and open up the public hearing on Agency 7. [AGENCY 08]

LARRY BARE: Again, my name is Larry Bare, last name is B-a-r-e, Governor's chief of staff. There are four programs in the Governor's Office. On two of those, I can be just about as brief as I was on Lieutenant Governor. The Governor's Salary and Policy Research Office recommendations are fine as preliminary recommendation. Thank you. The other two programs that I will mention briefly, one is the Operations Program for the Governor's Office. There the only issue was the committee included our modification, which was the elimination of the NGA dues in his preliminary recommendation. And I can understand at the time and maybe yet today and maybe again in the future that that is something that the committee needs to consider. We did list it as a modification. We are a very small agency with limited staff, and that was the most prudent recommendation we could make given the budget request that we had submitted. I guess I would just ask as you look through other agencies and as you finalize your budget if that kind of modification is consistent with what you're doing with membership dues or modifications in other agencies I can understand it. If not, we would like to

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continue to belong to the National Governors Association. We believe that the state and the Governor's Office benefit from it. But if a modification needs to be taken, so be it. The other program and then I'll answer any questions on the whole agency would be the transition, Governor's transition budget where I believe it was reduced to \$40,000 from I think we were \$75,000 or something akin to that. We worked out the number with your staff prior to our submission. Having worked on transitions, both being a state employee in the Department of Administrative Services when a new Governor was coming in, and then coming in with a new Governor in a transition point...as a transition coordinator, \$40,000 would be very difficult in today's environment with the amount of work that needs to be done during a transition for a new Governor to operate efficiently. There is an incredible amount of work to be done in an incredibly short period of time. And those funds help provide a minimal staff and some basic operating costs for a new Governor. Obviously, in the event that there is not a new Governor, those funds are simply lapsed back to the treasury. With those two comments, I'd be happy to answer any questions the committee might have. [AGENCY 07]

SENATOR HEIDEMANN: Are there any questions? Senator Fulton. [AGENCY 07]

SENATOR FULTON: If we indeed...thank you, Mr. Bare. If we indeed were to take the modification for the National Governors Association, do you expect that the Governor would be able to...would have to cease membership in the NGA or would there be an attempt to find monies or would there... [AGENCY 07]

LARRY BARE: Well, we're not going to...if you take that out, we're not going to pay dues to the National Governors Association. [AGENCY 07]

SENATOR FULTON: Okay. [AGENCY 07]

LARRY BARE: In previous economic downturns, states have terminated their membership dues, their paying dues to NGA. Some have imposed on the goodwill of

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the organization to continue to participate even though they didn't pay dues. Others felt that if they weren't paying dues they shouldn't participate. [AGENCY 07]

SENATOR FULTON: And are there any other states whose governors don't participate? Do you know? [AGENCY 07]

LARRY BARE: I can't tell you with any certainty whether all of the states pay and pay the full amount of the levy. I know at one point, again during the early 2000s, there were some that weren't. I don't know what the status is today. I think there are a couple of states that just have never participated in the NGA. [AGENCY 07]

SENATOR FULTON: Okay, thank you. [AGENCY 07]

SENATOR HEIDEMANN: Senator Wightman. [AGENCY 07]

SENATOR WIGHTMAN: Two questions. Is the \$79,000 (inaudible) almost \$80,000, is that the amount that you pay to that governors association? [AGENCY 07]

LARRY BARE: That's...it's almost \$90,000, yes, sir. [AGENCY 07]

SENATOR WIGHTMAN: And then on the \$78,000, is there...is that what you compute would be the minimum necessary on a transition or would there be somewhere in-between? [AGENCY 07]

LARRY BARE: The way we have always done it is we went back to the Jim Exon transition, what Jim Exon spent, and historically what we have done is inflated that amount by roughly what the overall budget went up for state government for the number of years, you go four years forward and you put that amount in. You do it again and you do it again and you do it again. I know that when I came in with Governor Johanns and was actually responsible for the transition we spent almost all of the money that was

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appropriated to us. Most of it was spent on a limited staff. Typically, for those of you who aren't familiar, a room will be provided in the Capitol to a new Governor. You don't have to buy furniture. You don't have to buy partitions. You don't have to buy phones. Those kinds of things will be provided from equipment that's available in the Capitol Building. DAS will typically outfit the space for a new Governor. You do have printing costs, postage costs, phone costs, staff costs, computer costs in terms of computer usage costs to pay. Most states provide a transition fund for newly elected governors. [AGENCY 07]

SENATOR WIGHTMAN: Thank you. [AGENCY 07]

SENATOR HEIDEMANN: Senator Nantkes. [AGENCY 07]

SENATOR NANTKES: Just one, I guess, comment for the record in relation to the dues issue and then one question in regards to the transition cost line item. Just to be clear, the committee's preliminary recommendation does include a reduction in professional organizational dues amongst our own. Within the court of the Nebraska Legislature, we eliminated dues to the National Conference of Insurance Legislators as well because times are tough. So I just want to make sure that's clear in terms of parity. But on the transition question, Mr. Bare, if, for example, there would be a transition that we would need to look at down the road, could that be funded through a deficit appropriation or is this really the, in your opinion, the best way to fund it through this existing line item? And then if we don't use it we lapse or... [AGENCY 07]

LARRY BARE: I think if you were to fund it with the deficit...I would not recommend that. It could be done, but I would not recommend that. If you were going to do that, I think you owe it to whatever Governor is coming in to say, you can submit a deficit but it ought to be in this range so they know whether it's \$25 or \$2,500 or \$250,000. Without some benchmark guidance or parameter, I think it would be difficult for a newly elected Governor to have some sense of what's normal. Now you could always say, you know,

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when they come in...believe me, when a new Governor comes in there is a ton of communication in a very short period of time and you could always say, here's what it's been for the last three times that it's happened. But again, I think that...a Governor might feel uncomfortable submitting...a new Governor might be uncomfortable submitting a deficit and, in essence, demanding that you pay it. I think it's better if they have a budget to work with. That's personal opinion. [AGENCY 07]

SENATOR NANTKES: That's helpful. Thank you. [AGENCY 07]

SENATOR HEIDEMANN: Senator Nelson. [AGENCY 07]

SENATOR NELSON: And if there's no new Governor, then what happens to the money? [AGENCY 07]

LARRY BARE: Lapse, the money is lapsed. [AGENCY 07]

SENATOR NELSON: It lapses? Okay. [AGENCY 07]

LARRY BARE: Yeah, Calvert comes and gets me and makes sure, no, I'm just kidding (laugh). No, it's...when there isn't a change...in fact, I think the language says it's available upon a change in the person who is in the office. So it's not available to a Governor if they're reelected. [AGENCY 07]

SENATOR HEIDEMANN: Is there any other questions? Seeing none, thank you. [AGENCY 07]

LARRY BARE: Thank you. [AGENCY 07]

SENATOR HEIDEMANN: Is anyone else wishing to testify on Agency 7? Seeing none, we will close the public hearing on Agency 7 and open up the public hearing on Agency

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10, the State Auditor. [AGENCY 07]