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Floor Debate  
April 08, 2009

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SENATOR ROBERT PRESIDING []

SENATOR ROBERT: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the fifty-eighth day of the One Hundred First Legislature, First Session. Our chaplain for today is Reverend Theodora Boolin of the First Baptist Church in Beatrice, Nebraska, Senator Wallman's district. Please rise. []

PASTOR BOOLIN: (Prayer offered.) []

SENATOR ROBERT: Thank you. I call to order the fifty-eighth day of the One Hundred First Legislature, First Session. Senators, please record your presence. Mr. Clerk, please record. []

CLERK: I have a quorum present, Mr. President. []

SENATOR ROBERT: Thank you. Are there any corrections for the Journal? []

CLERK: I have no corrections. []

SENATOR ROBERT: Are there any messages, reports, and announcements? []

CLERK: Mr. President, I have neither messages, reports, or announcements at this time. []

SENATOR ROBERT: Thank you. We will now proceed to the first item on the agenda, legislative confirmation report. []

CLERK: Mr. President, Judiciary Committee reports on the appointment of James Pearson to the State Board of Parole. (Legislative Journal page 948.) []

SENATOR ROBERT: Senator Ashford, as Chair of the Judiciary Committee, you're recognized to open on the confirmation report. []

SENATOR ASHFORD: Thank you, Mr. President. And I am here today to talk about James Pearson. James has been nominated again for a job on the Parole Board, probably one of the toughest if not the toughest job of its kind in state government. He appeared before the committee just a few days ago. The committee unanimously approved his appointment...reappointment. He has been the vice chair of the Board of Parole for the last four years and has served on the board since 1995. He has

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significant experience and has served Nebraska and the law enforcement community of the state of Nebraska since 1962. He is a...he was born in Minnesota. He graduated from the Provost Marshal General School U.S. Army at Fort Gordon in 1962. He graduated from the national FBI National Academy at Quantico. He was employed by the Nebraska State Patrol from 1966 to 1995 and was the assistant superintendent of the patrol during that time. He is very well-qualified for this position. Again, it is an exceedingly important job. We need the experience of individuals like James Pearson and I wholeheartedly recommend that we approve this confirmation report. Thank you, Mr. President. []

SENATOR ROBERT: Thank you, Senator Ashford. Members, you have heard the opening to the confirmation report. Are there members wishing to speak? Seeing none, Senator Ashford, you're recognized to close on the confirmation report. Senator Ashford waives. Members, the question before the body is the adoption of the confirmation report by the Judiciary Committee. All those in favor vote yea; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record. []

CLERK: (Record vote, Legislative Journal pages 971-972.) 38 ayes, 0 nays, Mr. President, on the adoption of the report. []

SENATOR ROBERT: The legislative confirmation report is adopted. We'll now proceed to General File, appropriations bill. []

CLERK: Mr. President, LB601A by Senator Nordquist. (Read title.) [LB601A]

SENATOR ROBERT: Senator Nordquist, you're recognized to open on LB601A. [LB601A]

SENATOR NORDQUIST: Thank you, Mr. President. LB601A appropriates \$30,000, roughly, a year for a program specialist to carry out the...to manage the Medicaid waiver that we set forth in LB601. If you'll remember, it will make the department file a Medicaid waiver for secure residential and subacute behavioral health services, services that we're already providing. And because of that, in Section 3 you'll see a savings, a reduction in Program 38, which is the behavioral health program, of \$977,000 in FY '10, and then FY '11 a savings of \$1.8 million. There is one clause in the A bill that says that we're anticipating that the program is implemented by December 1. The bill requires the department to make the application for the waiver by July 1, and that would give them enough time to work with CMS to implement the waiver by December 1. Should that date change a little bit, then we would have to adjust these numbers slightly, but there still obviously will be significant savings. I'd appreciate your support of LB601A. Thank you. [LB601A LB601]

SENATOR ROBERT: Thank you, Senator Nordquist. Members, you have heard the

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opening to LB601A. Are there members wishing to speak? Seeing none, Senator Nordquist, you're recognized to close. Senator Nordquist waives. Members, the question before the body is, shall LB601A advance to E&R Initial? All those in favor vote yea; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record. [LB601A]

CLERK: 35 ayes, 0 nays, Mr. President, on the advancement on LB601A. [LB601A]

SENATOR ROBERT: LB601A does advance. Next item on the agenda, General File, 2009 senator priority bills, Sullivan division. [LB601A]

CLERK: Mr. President, LB159, a bill by Senator Gay. (Read title.) Introduced in January of this year, referred to Revenue, advanced to General File. Bill was discussed yesterday, Mr. President. At this time, I have no amendments to the bill. [LB159]

SENATOR ROBERT: Senator Gay, you're recognized to open on LB159. [LB159]

SENATOR GAY: Thank you, Mr. President. Mr. President, how much time do I have on this opening? How much time do I have on this opening? Five minutes? [LB159]

SENATOR ROBERT: Five minutes, yes. [LB159]

SENATOR GAY: Okay. Thank you, Mr. President. That's about all I need. I'll...back to bring everyone up to speed, and I did appreciate the conversation yesterday and both for and against the idea. I think it's a very good conversation to have. Again, I just want to state why...how we come to this point. I think, not I think, I know, there's a looming problem coming when it comes to our aging population in Nebraska and the ability to be prepared to take care of yourself. I talked about how a long-term care tax credit would promote individuals to take responsibility of their long-term care needs and the changes that we're making as a society to go to more of a home-based delivery system. The idea of you'd go to a nursing home and spend years and years in a nursing home is gone because of expense. Unfortunately, some people may be in that situation--you just don't know what your individual circumstances would be--but those may be the Alzheimer's or some major problems. But most of us would rather stay at home, receive the services at home, and then in our final days possibly we'd go to a nursing home to be cared for. But long-term care is a great opportunity and a great way to protect yourself and this would promote for three years a joint couple up to \$500 tax credit and an individual up to \$250. Now that's maximum. I talked about the savings you're going to get; \$5,000, on average, is the best information that we have that it would save Medicaid a year. So when we look at that, this is an important bill, I think, in the future that will help us. Is it an immediate problem? It's a very big problem because right now today it's already a problem. Senator Carlson talked about the amount of money we currently spend and as we look in the future what we would spend. The idea of...I'm using last year, Senator

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Erdman handed out a sheet, and how much money...what would consume our budget if we don't do something about it. By fiscal year 2025, it would be Medicaid, TEEOSA, and then a very small amount would be for other items. But basically, this will consume our whole budget if we don't be proactive and take measures right now. Right now it's consuming about 48 percent of our budget. So when we talk about this, the ten conditions that people...why people need long-term care again is...could be, you know, fractured bones, recovery from an illness, rehab, Alzheimer's, MS, Parkinson's, heart disease, strokes, you name it. I had talked much yesterday about the aging population and that still is probably what we think of this, the majority of people. However, the trend I believe is those people that are taking care of loved ones now who are in their 40s, 50s, whatever, and they see the...they've lived through this or are currently right now living through this situation where they're taking care of their parents and they're seeing assets being exhausted, they're very interested in this and we would be doing them a...they're the ones kind of shopping around at this point and the people we're trying to target here to say, hey, you know, we want to help you a little bit, not forever but a little bit, to take care of yourself. So we hear, well, this is only for wealthy people. I would...I disagree with that. I think a lot of people are looking at this and you'd be surprised how many people would like to take care of this situation. So when we look at that, this could help even those people for their future, but they never know what's going to happen. Earlier and earlier we're having cases of early-onset Alzheimer's, things like this that people need to think about and that we hear about more and more. There just... [LB159]

SENATOR ROBERT: One minute. [LB159]

SENATOR GAY: Thank you, Mr. President. Just recently I got an article on that and have attended conferences regarding early-onset Alzheimer's. So this can be of benefit to any age. We're trying to entice younger people, 40s, 50s, to buy this. You're not going to go buy it when you're 20, obviously, but as you're...I don't know what age exactly, you can't pinpoint that, but if we can encourage them to do something and take care of themselves and help them out along the way, I think it's a good policy. I understand some of us, when we talk about the fiscal note, and I'm very cognizant of our fiscal situation and this is General File. I've had many good input from several of you that we can consider if this is fortunate enough to move on. Thank you, Mr. President. [LB159]

SENATOR ROBERT: Thank you, Senator Gay. (Doctor of the day and visitors introduced.) Proceeding on with discussion of LB159, Senators wishing to speak: Senators Lathrop, Utter, White, and Carlson. Senator Lathrop, you are recognized. [LB159]

SENATOR LATHROP: Thank you, Mr. President and colleagues. I stand in support of LB159 and I'd like to give a little perspective to the body because this was alluded to by Senator Campbell yesterday. The law in the state of Nebraska basically says that if

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you...to qualify for the Medicaid for a nursing home, you have to have spent your way down to a state of poverty. You can only have a certain number of assets. Some people come in to lawyers as a part of estate planning, and it really is nursing home planning, and they say, what can I do to get my assets down so that I qualify for Medicaid and to have the state of Nebraska pay the cost of my nursing home. Now the state has responded to that approach by saying we're going to consider that you have as assets those things that you've traded off for inadequate consideration, in other words, you've given them to your kids, in the three years before you actually ask for or try to qualify for the Medicaid. That stopped a lot of it. Before, people would just go in, give their kids the house and then turn to Medicaid and say, pay the cost of my nursing home. The practice still goes on, however. I don't do that kind of work but I know that it happens. There are seminars on how to do this. And so the question that I think this bill addresses is, what can we do as a policy matter to stem the use of Medicaid funds to pay for nursing homes? And the suggestion was made yesterday that this is just the rich people who are already going to buy one of these policies who will qualify for this tax benefit. I think if that's the problem, maybe you limit to whom or the income level of people that can take advantage of this. That's not part of the bill at this point in time anyway, but I think it misses the point. If you go into a nursing home, if you go into a nursing home, it's going to be \$4,000 a month at least, probably more, depending on your level of needs. And so you're going to spend through the savings and the retirement benefits, you know, the nest egg of people who are middle incomers, upper-middle incomers. And that really is what this bill, I think, presents as an opportunity. What will happen, what will be the consequence if LB159 passes? You will see people who are in Senator Carlson's industry go to middle incomers and say, you don't have to try to put the house in the kids' name, you don't have to try to squirrel your assets away so that your kids get something, we have a way to protect you from the one thing that would prompt most people to try to hide their assets or to...not to hide them but to transfer them to the next generation and that's the anticipation of the unforeseen nursing home expenses that will wipe out an nest egg. It will wipe out an nest egg. You'll send people to Medicaid. LB159 was before us I think every year we've been here. I think Senator Pahls might have introduced this in the past. And I've been a supporter of this idea because I think, as we look at it, it makes sense. It's good policy. Does it cost some money? Yeah, it does. But are we going to save Medicaid dollars? And I think we can if we recognize that this isn't just a rich person's product, insurance product. This is a middle-class thing where we can go to people and say, buy this policy, the first three years we'll give you a tax credit, which is pretty significant... [LB159]

SENATOR ROBERT: One minute. [LB159]

SENATOR LATHROP: ...in terms of defraying the cost. And people in Senator Carlson's industry are going to be able to go out and sell these policies and ultimately it's an investment for the state and we will benefit by not having the demands on Medicaid 5,

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10, 15 years down the road when that program will be at a crisis stage. So I'm in full support of it. I think it's good policy and I think it's a good investment for the state. Thank you. [LB159]

SENATOR ROBERT: Thank you, Senator Lathrop. Senator Utter, you are next and recognized. [LB159]

SENATOR UTTER: Thank you very much, Mr. President and ladies and gentlemen of the body. I am very hesitant about talking this morning because I think this is probably a good piece of legislation, and I think it would be a good piece of legislation next year or the next year or sometime down the line. I am just really questioning whether this year it is a good piece of legislation because of the fiscal note that is attached to it. And I appreciate Senator Gay for bringing this forward and I appreciate Senator Coash and Senator Lathrop and Senator Carlson, all of you that have spoke on this legislation and have pointed out the very positive aspects of it. So I believe that the purchase of nursing home insurance certainly for a great many Nebraskans has virtue, and for some of them, they really won't need a state incentive to realize the value of that purchase. We are receiving daily in the news of continuing layoffs and I just can't help but think that when we receive our next revenue forecast, it's going to be a sadder forecast than the one was in February, and then on down the line for awhile, because I think we're probably a long ways from the bottom. And early on we said we need to batten down the hatches because this is going to be a difficult time from a budget standpoint for the state of Nebraska, frankly, without adding any new programs. I'm really getting the feeling that, yes, we did batten down the hatches but now the hatch is kind of starting to leak like a sieve and we're seeing these things kind of run through it. I think, folks, that we have got to keep in mind when we are looking at these pieces of legislation...and it's not just this piece of legislation, it's going to be other pieces of legislation. I appreciate Senator Sullivan's bill, and it also has virtue, that's going to come up behind this one and it also has a fiscal note. But I think, folks, we really need to pay attention to our economic situation, the economic conditions that are facing this state. And those bills that are good bills will also be good bills when recovery is in sight. Unfortunately, I don't think that recovery is in sight. Thank you very much. [LB159]

SENATOR ROBERT: Thank you, Senator Utter. Senator White, you are next and recognized. [LB159]

SENATOR WHITE: Thank you, Mr. President and members of the body. I greatly respect Senator Utter's opinions and concerns about the fiscal problems facing the state, but I also have to tell you there are times when, as painful as it may be, you have to literally spend money to save far more money later. And I want to relate a personal situation to all of you. Both of my wife's parents, lovely people, they live in Denver, Colorado, and they now reside in a full-time, locked down, Alzheimer's ward. They were some of the most kind, intelligent--I mean Tony Zeman was a brilliant dentist, taught at

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dental schools--giving people you could know, and our family fights with the loss of them, of who they are literally ebbing away. But because Tony really believed in taking care of his own, they both have long-term health insurance coverage. Now that was not just decent in Tony to protect his family from what occurred; it was an outstandingly responsible thing he did for the taxpayers of the United States and for the citizens of Colorado. Their costs to house them far exceed \$10,000 a month. They live together in an Alzheimer's ward. They can no longer leave the building without someone with them. We went through the times when they had to stop driving, when they couldn't travel without a companion. And we fight the personal loss and tragedy every day. Every day it's so painful to see people of that quality disappear while they're still alive. But what they did when Tony had his mind and his full faculties, and Mary Ann, was truly a gift. If this bill will help others give that same gift to the people of Nebraska and to the taxpayers of the United States, it will cost money, Senator Utter, I do know that, and we are in tough times, but the money we will save will so overwhelm what we invest today that this is truly one of those situations where we are spending to save our children, not to burden them with additional debt, and even in tough times, especially in tough times I think that's appropriate. And I will support the bill. Thank you. [LB159]

SENATOR ROBERT: Thank you, Senator White. Senator Carlson, you are next and recognized. [LB159]

SENATOR CARLSON: Mr. President and members of the Legislature, I'm going to refer back to comments that I heard yesterday and appreciate the discussion that's taking place this morning. Some of the things that I've heard bother me and I'm going to bring them up. I heard something said yesterday that selling long-term care insurance is done basically because of a commission. In my career, I've tried not to sell. I've tried to help people decide to buy. There's a big difference. Commission represents profit. Salary represents profit. Profits aren't evil. State revenue is a reality from sales and income taxes. It's all based on salary earned and profits earned. Then I heard about the idea of shielding assets, hiding assets. Appreciate what Senator Lathrop said this morning. And I think shielding assets and if you want to call it hiding assets is okay if long-term care and medical needs are taken care of in other ways, but the idea to hide things so the state can take care of me is wrong. It's immoral. I've heard some comments made that really refer back to a state of mind that says it's not too important to plan ahead. We can't do this now, we can't consider this bill now because of our present financial emergency. Failure to plan ahead is poor policy, and I think this might be a danger in term limits because we put off doing today what we ought to do. And then some of us stay after this, year after year after year, trying to get the body to help us plan ahead and then we're gone. I think this can be a negative result of term limits. But, members of the Legislature, we have a tsunami on its way. It's not "if," but it's coming and failure to plan ahead is very, very dangerous. I'm going to relate to a true story, comes from the book of truth. There was a man a long time ago who listened to some instructions given to him from on high. He heard them. He couldn't see who was giving them. These

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instructions told him, in spite of the fact that it's a drought, I want you to build a big boat on dry land. And this man was going about his business, taking care of his family. He couldn't find anybody else to help him with the project--he decided to obey--so his family did. In the process of building this big boat, a lot of the neighbors really made fun of him, ridiculed him--what are you doing this for; we got economic problems today to worry about and you're building a big boat out here on dry land; how stupid can you be? Then he finished it and the instructions came, take a pair of every kind of animal, put it in that boat and shut the door. [LB159]

SENATOR ROBERT: One minute. [LB159]

SENATOR CARLSON: When he did it, it started to rain. It rained for 40 days and 40 nights, and everybody that made fun of him weren't even there to ask for help. Failure to plan ahead is dangerous. Let's recognize the tsunami coming and at least be willing to consider doing something about it. Thank you, Mr. President. [LB159]

SENATOR ROBERT: Thank you, Senator Carlson. Senator Nelson, you are next and recognized. [LB159]

SENATOR NELSON: Thank you, Mr. President, members of the body. I'm going to take this opportunity to speak because this is an area where I do practice in. I run into this quite a bit of the time, numerous times during the year. And Senator Lathrop I think did talk a little bit about the spend-down provision so that couples will come in and they are beginning to think that one of them is going to have to go into a nursing home and so they need information about how they can preserve some of their assets. And part of that, of course, is spending down to a certain extent, but there are certain things you have to go through, applications that you have to make, and you have to start spending down. More often than not, sometimes the children will bring in their parents, who may be in their 60s, early 70s, and the question is, how can we hide or preserve assets or pass them along to the kids so that we can go on Medicare...or, rather, Medicaid? That presents a problem to me, an ethical problem, first of all, because I don't believe in that. I don't think they should take advantage of the system in whatever way so that they get on Medicaid at the cost to the taxpayer. And I generally advise them that this money is for themselves that they have earned, that they have saved, and it should be used for their own benefit even if it does mean spending it on a nursing home or assisted living. I also remind them that if they're going to try to transfer their assets to their children, there is this look-back period, which actually I think is closer to four and four and a half years now, and, just as Senator Lathrop said, that all those transfers can be set aside if they have to apply and begin and expect to get Medicaid. So this is the decision that they have to make: Are they going to transfer the assets? If they insist on doing that then I guess I can help them do that, and then gamble on whether it's going to be four or four and a half years before one of the partners has to go into a nursing home. With regard to LB159, I've had some reservations about it but I do think that, from my standpoint, it's

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going to be another weapon that I have in persuading them not to transfer their assets. I can tell them, you can buy insurance, saving here at least for three years and why don't you investigate that. It may be that...and I don't know what premiums are going to be. If the premiums are too high even with the 25 percent credit then that will be discouraging. But it will present an option to them and I think probably a number of older couples might very well take advantage of that, all things being considered. And I, too, think it's very important on the long haul to keep people from going on Medicaid in every way possible that we can. So I stand in support of LB159. I do intend to vote for it. Thank you, Mr. President. [LB159]

SENATOR ROBERT: Thank you, Senator Nelson. Mr. Clerk for an announcement. [LB159]

ASSISTANT CLERK: Mr. President, the Banking Committee will hold an Executive Session at 9:45 in Room 2022. [LB159]

SENATOR ROBERT: Thank you, Mr. Clerk. Returning to discussion, those wishing to speak: Senators Pankonin, Price, and Wightman. Senator Pankonin, you are recognized. [LB159]

SENATOR PANKONIN: Thank you, Mr. President, members of the body. I didn't know if I was going to speak on this issue today but Senator Lathrop's comments prompted me to do so. Eight years ago my wife Lori and I purchased these type of policies and I want to tell you what our thinking was on why it was important to do. And consequently, this bill has no personal benefit for me because it doesn't go retroactive, and it shouldn't, and we're looking at a three-year going forward provision, which is good. But the reason that we decided to do it, and we did it before we turned age 50 because the rates were considerably less, was out of a sense of responsibility. And Senator Lathrop really did hit what our situation was. We don't have enough assets to assume this risk that now is probably \$100,000 a year, as Senator White has talked about, I mean for a couple in a care center can easily be \$100,000 a year. We didn't have enough assets to assume that risk but we did have a small business to protect for our employees, our children, our customers that we didn't want to drain those assets if one of us was in a care center and we couldn't afford to pay it out of our personal assets. We didn't want to have to sell or liquidate a small business. So out of this sense of responsibility to others was what prompted us to purchase these type of policies and I've felt good about it. The other reason that I think it's important, and I think there are a lot of people that feel this way, is I have benefited greatly from living in the state of Nebraska and the United States of America, and I do not want to be a burden, if at all possible, to our state and to our country. I think it's out of a sense of personal responsibility that having one of these policies is a good thing to do, not only from a personal standpoint but also as citizens that have benefited from so many of the things that our country and our state offers, and that was the secondary strong consideration. If at all possible, I want to be able to pay

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my own way, I've benefited so greatly from this society. So I think this is a good bill. It does have a cost, there's always going to be one. Time is always going to be maybe not right. But I think if we prompt other people through this mechanism to add these policies, we will be doing them a favor but, more importantly, we will help our state with future costs in this area that are alarming and we will be looking at these policies from every year forward because of the cost. So I just wanted to give you my reasoning of why I've purchased these type of policies. This bill will not affect me but I think it's a sound policy to try to encourage others to do it. Thank you. [LB159]

SENATOR ROBERT: Thank you, Senator Pankonin. (Visitors introduced.) Returning to discussion, Senator Price, you are recognized. [LB159]

SENATOR PRICE: Thank you, Mr. President, members of the body. These aren't easy subjects to talk about. We're talking about our loved ones here. And I wanted to take a moment. When it was alluded that only the wealthy may take advantage of these programs, I suspect that depends on how you define wealthy. Right now, my mother-in-law, my father-in-law have a policy to take care of this, but they bought one policy because they figured as long as the two of them are together and they can take care of themselves, they'll tough it out taking care of themselves. And they only need one policy, too, to defer to the one person remaining. This is a retired NCO, retired post office worker. I don't know, maybe some people call that wealthy. I think they're wealthy just for the love they have for each other. But I know as a responsible citizen, a responsible family member, that I would be taking care of them no matter what they had or didn't have. And I'm very grateful that they took the initiative to take care of this, not wealthy. I won't be inheriting any debt, though, which is kind of nice. I think a lot of times people do that. So again, let's not mischaracterize this. Let's not punish people for taking care of themselves and standing up. Yesterday I got up on the mike and I was talking about tax breaks and that they needed to go to people, they needed to go to the individuals. Now however you want to look at this, this is helping people, this is helping Nebraskans, and I would encourage everybody to look at it just like that. This is helping people. I was told that for \$500, up to the \$500 limit, there's a \$5,000 return on investment, if you want to, that you don't have \$5,000 on Medicaid; for \$500, \$5,000. I don't know what type of business anybody here is in, but that's a pretty good rate of return and we need to think about that with our aging population, with everything we have going on, that we offer every tool we possibly can to every Nebraskan to take care of themselves. I suspect many people here campaigned on that very topic. And I encourage everybody here to take a look at it. Maybe, maybe there are some changes, maybe we need to again, like I'm fond of saying, polish the rock a little bit. Maybe there's a timing issue we need to work on. But let's not throw it away and then dismiss it because only some few people are going to be able to take advantage of it. I think a lot of people will take advantage of it and, as Senator Carlson said, we have got to let people and empower people to take care of themselves and if we can do that, think about that, \$5,000, \$5,000. And you multiple that times 100 people, you multiple that by

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1,000 people, next thing you know we're talking, if it's \$5,000, we're talking some serious money. We're talking programs that could be had. We're talking other people who weren't able to take advantage of these programs who now need that assistance. How shortsighted would we be to forgo the \$5,000-per-person benefit that this could resolve to? And that could then go to people who really didn't have that opportunity. So again, let's let it move forward, let's polish it, let's make it work but give another tool to Nebraskans, for the citizens, for the people of Nebraska to take care of themselves. It's all we really ask for. [LB159]

SENATOR ROBERT: One minute. [LB159]

SENATOR PRICE: Thank you, Mr. President. [LB159]

SENATOR ROBERT: Thank you, Senator Price. Senator Wightman, you are next and recognized. [LB159]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the Legislature. I certainly agree with a lot of that that's been said here. Senator Lathrop, Senator Carlson, Senator Nelson all talked about situations where frequently parents come in but sometimes it's a child with a parent wanting them to give all of the assets away, whether we call it hiding the assets, preserving the assets, whatever it is. I usually hear the same story. Again, I practice law in this area, in estate planning, and I see this happen so frequently. And usually what happens is that the child comes in with the parent and the child says, well, we don't want the nursing home to get all of Mom and Dad's money. Well, that's not being entirely accurate, in my opinion. I think what they should be saying is looking at the attorney and saying, we really don't want Mom and Dad to go through all of their estate; we want to have it down the road; we want you to pay for it, as fellow taxpayers. And it is, it is really bothering to me that so many people have this mentality that the state owes all of that to their parents. You know, they will criticize frequently welfare recipients that are maybe getting \$200 or \$300 a month, but they're willing that their parent receive \$70,000 a year, and that's about the cost today. Maybe they'll have a little Social Security to offset that but, generally speaking, you're looking at \$60,000 to \$70,000; even if they have \$20,000 a year Social Security, may be looking at as much as \$50,000 a year, and that may go on for five or ten years. There may be half a million dollars easily going out for the support of that parent and really what they're saying is they want the taxpayers of Nebraska to share that burden rather than them. Now that having been said, I still think we have to look sensibly--and certainly Senator Utter has made a good point--what is a level that we can afford this particular program doing these hard times. And I don't know what that level is. I think Senator Langemeier made a good point yesterday when he talked about that, to a great extent, these policies will be purchased by people who were probably going to purchase them anyway. They will get a \$250 a year maximum credit, \$500 for a couple, and I think they get \$500 whether they buy a joint policy or two separate policies. So I guess I

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don't know what the level is. I probably would look more favorably toward this legislation if we had maybe a \$100 floor for the first year and we phased it up to \$250. I would certainly like to see something of this nature pass. Whether we can afford a \$1 million fiscal note, which it has right now or a little more than that, I don't know. I think we maybe also ought to at least take a look at the possibility of phasing this out because there are a lot of reasons that people that have a lot of assets need to purchase this insurance other than to take advantage of this \$250 credit. For someone that has a \$200,000-a-year annual income, I think they're going to buy this no matter what, and whether we ought to look at phasing the credit out at certain income levels, I think that's certainly a possibility and something I would like to see looked at before final passage of this bill. At the same time, I do think that it is a great concept. We ought to do everything we can to encourage people to take the responsible course of action and purchase long-term care insurance. The poorest people really have nothing much to gain if they aren't paying any income tax, they don't have any great amount of assets... [LB159]

SENATOR ROBERT: One minute. [LB159]

SENATOR WIGHTMAN: ...to...thank you, great amount of assets to protect, so it is the middle class who will gain from this and probably that gain maybe should be limited. I think we have a lot different idea of what middle class is out here than maybe people in the eastern or western end of the country who think that \$250,000, every other person is earning that amount. Certainly out here that's a rare individual that's earning \$200,000 a year, a rare family. With that, thank you, Mr. President. [LB159]

SENATOR ROBERT: Thank you, Senator Wightman. Seeing no other lights on, Senator Gay, you are recognized to close on LB159. [LB159]

SENATOR GAY: Thank you, Mr. President. Again, I think an excellent discussion. Thank my colleagues who shared their individual cases and stories and sharing them with us. I appreciate that because that does send home a message. And you can see in a representative body like this of Nebraskans, and we are, of just the 49 of us here some of those stories you've heard, so it's a real...it's a real deal. And I mean, you expand that out throughout the state and you've got a lot of people who this issue is something that they probably don't bring up in casual conversation because it's not too pleasant. But every day, and many of you, I know, have attended some of these respite, you know, the people that are providing respite care throughout the state for no charge and there's just so many things going on. But I think this is a step in the right direction. I think we can all agree on the purpose of the bill, it sounds like, the legislation. I respect all the different opinions I've heard and will work to understand those concerns and try to incorporate those. I, too, want a responsible bill that gets to the problem and is fiscally responsible as well. I'd like to again thank Senator Coash for prioritizing this bill and I'd ask for your support. One thing I know, there's this uncertainty with the budget, no question, but there's a certainty, though, of what we're going to be spending in the

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future on these long-term care services in the Medicaid budget. That is a certainty. The budget is an uncertainty right now, for how long we don't know, but I'm well aware of the budget situation as well and will work with those colleagues who brought up some good...I've heard some good suggestions between yesterday and today again, and Senator Wightman just alluded to a few of those. I know the Banking Committee is in Executive Session now and I'm kind of wondering if they have the TV on and could come in here and vote on this (laugh), but we'll go ahead. With that, I would encourage your support and thank you for the input. Thank you, Mr. President. [LB159]

SENATOR ROBERT: Thank you, Senator Gay. Members, you have heard the closing to LB159. Question before the body is, shall LB159 advance to E&R Initial? All those in favor vote yea; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record. [LB159]

CLERK: 34 ayes, 0 nays, Mr. President, on the advancement of LB159. [LB159]

SENATOR ROBERT: LB159 does advance. Next item, Mr. Clerk. [LB159]

CLERK: LB159A, Senator Gay. (Read title.) [LB159A]

SENATOR ROBERT: Senator Gay, you're recognized to open on LB159A. [LB159A]

SENATOR GAY: Thank you, Mr. President. The appropriations bill is to, again, on our computer situation and to reprogram computers, the fiscal note deals with that. It is not inconsequential, but that's just a technical part of this that needs to be done, \$45,000. Thank you, Mr. President. [LB159A]

SENATOR ROBERT: Thank you, Senator Gay. Members, you have heard the opening to LB159A. Those wishing to speak: Senator Heidemann. [LB159A]

SENATOR HEIDEMANN: Thank you, Mr. President, fellow members of the body. We're going to start a process, and we have been somewhat, hearing bills that had A bills, and now we have an A bill before us and I'm not picking on this A bill. I did not vote for this bill because I have some reservations about the people that we're trying to actually help here. But my main point is, I will vote for this A bill because the bill did pass on General File. I think it's important for us to always vote for the A bill and to do the right thing and to fund something that we have passed, so don't get me wrong there. What I'm trying to tell you is, probably more than anything else, we are not going to be able to do everything that we have passed on with A bills. We're in tough economic times. Revenues to the state are not coming in to where we would like them. We are...we need to start a selection process and I wanted to start right here a little bit. We probably, as A bills or bills that have a cost to them go down the line, I'm going to have to probably stand up and be maybe a little bit more vocal. And I'm not going to try to pick on any

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one person but I do need to let you be aware that we will not be able to do all this, and I think that's somewhat my job to do that. But once again, I think that discussion needs to be had. I will vote, even though I didn't vote to advance LB159, I will vote to advance LB159A because it is important, because it did pass so we need to fund it. But I really think that we as a body need to start looking and setting priorities as fast as we can so that as we get down in the process maybe we don't have to look at quite as many things. But it is up to this body to set those priorities. Thank you, Mr. President. [LB159A LB159]

SENATOR ROBERT: Thank you, Senator Heidemann. Are there other members wishing to speak? Seeing none, Senator Gay, you're recognized to close. Senator Gay waives closing. The question before the body is, shall LB159A advance to E&R Initial? All those in favor vote yea; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record. [LB159A]

CLERK: 34 ayes, 0 nays, Mr. President, on the advancement of LB159A. [LB159A]

SENATOR ROBERT: LB159A does advance. Next item on the agenda, Mr. Clerk. [LB159A]

CLERK: Mr. President, LB489, a bill introduced by Senator Sullivan. (Read title.) Bill was introduced on January 20 of this year, at that time referred to Health and Human Services Committee, advanced to General File. There are committee amendments pending, Mr. President. (AM731, Legislative Journal page 767.) [LB489]

SENATOR ROBERT: Thank you, Mr. Clerk. Senator Sullivan, you are recognized to open on LB489. [LB489]

SENATOR SULLIVAN: Thank you, Mr. President and members of the body. I stand before you today asking for your support of LB489, my priority bill, a bill that keeps Nebraska's area health education centers, or AHECs, in place. I believe in AHECs and I believe in LB489 and, believe me, as a freshman senator considering the economic challenges our state is facing, I would not be introducing a bill and prioritizing it if I didn't truly believe in its worth. You know, I've listened carefully over the last few weeks to the concern and the debate on pressing healthcare issues in our state, issues related to behavioral health, the desperate need for more behavioral health practitioners and the statewide nursing shortage. What I will show you are the benefits of LB489, that it helps in small yet effective ways to address these issues. I'll show you that AHECs help strengthen the web, the healthcare infrastructure if you will, and that this will truly be money well spent. I will show you that it's in the best interest of the state to provide general support for AHECs. As amended, LB489 establishes area health education centers in statute. Let me tell you a little bit about what AHECs will do under LB489. They'll recruit young people from all walks of life into a wide variety of health careers.

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They'll provide community-based training in education for health profession students in medically underserved areas. They'll work to retain healthcare professionals in medically underserved areas like north Omaha, like Thurston County and much of western Nebraska. They'll help prepare healthcare professionals to practice in medically underserved areas through field placements, through preceptorships and residency training programs. They'll conduct interdisciplinary training programs for health profession students, and they'll conduct continuing education programs for licensed professionals that are in the field. And lastly but very importantly, they're going to evaluate the performance of their statutory duties and report back to you on what they've accomplished. Although healthcare is a major employer in Nebraska, we're experiencing, as you well know, a severe shortage of new healthcare workers. The most severe shortages are in rural areas and in high-poverty, high-need groups. These shortages impact the quality of healthcare through reduced access as well as by increased stress on the providers of this healthcare. Forty-nine Nebraska counties are federally designated, either in full or in part, as primary care health professional shortage areas. Seventy-one Nebraska counties are designated as medically underserved. Why do we have these shortages in both rural and urban? Because we have an aging work force, because we have recruitment and retention issues, and we have increased workloads for professionals in the healthcare work force. In short, we have big healthcare needs in Nebraska and AHECs can help address those needs. It might be helpful if I told you a little bit about how AHECs came to be. In the 1990s, UNMC decided to develop a program to recruit future health professionals in Nebraska by educating students about their career options in healthcare. The program also focused on retaining medical students as practitioners in Nebraska once their education was finished. UNMC obtained startup funding through the federal Health Resources Administration to help establish AHECs across the state. Congress actually created the AHEC program clear back in 1971 and currently 48 states have AHEC statewide system programs. Here in Nebraska, we have five independent AHECs providing service to all of our 93 counties. There are four rural AHECs and one urban. Grand Island got its start in 2002, Norfolk in 2003, Scottsbluff in 2005, and both Beatrice and Omaha were established in 2006. We aren't asking to create new programs with this bill or reinvent the wheel. We simply want to keep a good program that does good things in place, things like the Omaha AHEC program, its Nurses Up Program, which provides certified nursing education to low-income individuals along with other basic employability skills to help them move off the welfare rolls into healthcare employment; or Central Nebraska AHEC's purchase of the initial video bridge and videoconferencing equipment for the Grand Island area, which allowed hospitals, clinics, and doctors to connect to the Nebraska Telehealth Network; or Northeast Nebraska AHEC's work in collecting and packaging the data that UNMC used in planning their northern nursing division in Norfolk, and this same AHEC worked with Norfolk Kiwanis and Central Nebraska AHEC to train and equip 35 different EMS squads across the state on pediatric trauma equipment. This project alone ultimately saved a child's life. The Winside, Nebraska, rescue squad called on a home where a child was in respiratory

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distress. They were transporting this child on a long trip to an Omaha hospital and employed the use of this equipment. When they arrived at the Omaha hospital, the doctor told them that this child probably would have died had it not been for the use of that properly sized equipment and the people had the training to use it. They had this training, they had that equipment because of AHECs. In southeast Nebraska, the AHEC has created a total of 143 new clinical rotation opportunities for medical students. The Nebraska Panhandle AHEC purchased digital diagnostic equipment that allows local health providers to send x-rays to UNMC, the College of Dentistry, and other specialists in seconds, a fraction of the time it used to take, allowing a diagnosis and treatment to begin immediately. Of course you might challenge, are AHECs really important, are they really filling a critical need? Well, I say yes. I've given you a few examples of what AHECs do, too, with our and for our constituents, the training, the support, the networking, the relationship building. And for those of you today who say the work of AHECs can be picked up by someone else, well, I say, no, that's probably not going to happen. Without AHECs, Nebraska's healthcare infrastructure will just be a little weaker and I believe that we Nebraskans can do better and we deserve better than that. And believe me again, I am fully aware of the riskiness, as a freshman senator, in introducing a bill with a price tag. But, you know, I also believe that our current economic challenges do not remove us from the responsibility to address the needs of our state, nor do I think we should use tough financial times as an excuse not to fund important and needed programs. AHECs do not currently receive any General Fund support. LB489 is asking the state to invest \$900,000 over the next two years. That's the fiscal note that you have before you. But I also want you to know that we have been working very hard and I am prepared to introduce an amendment in the A portion of this bill that will basically cut this asking in more than half, and I hope I will be able to engage in a conversation with you on that in a little bit. Basically, I am continuing to ask the state of Nebraska to partner in this effort to strengthen our healthcare infrastructure and, in return for that, AHECs will perform their statutory duties and they're actually going to provide the Legislature and the Governor with an annual report. They are going to be accountable. They will give you proof of what they're doing. They will show you in hard numbers the number of students that they've reached out to and the professions that they will ultimately enter, the graduates who have stayed in this state because of AHECs' work with them, the continuing education programs that AHECs have offered for healthcare workers in the field and the credit hours awarded. LB489 will also hold UNMC accountable to serve as a resource to collaborate with AHECs on programs and to assist them in their annual evaluations. I'm asking you to fund AHECs for five years. In 2014, the Health and Human Services Committee and the Appropriations Committee will evaluate the effectiveness of AHECs and make a recommendation to you concerning continued funding. This act will terminate on June 30, 2014, so new legislation would be required. I can't emphasize enough that AHECs are really important for this state and for the healthcare infrastructure. AHECs are effective. They help strengthen and keep the pipeline full for students and professionals going into healthcare professions. As senators, we are obligated to address the critical shortage of

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healthcare workers looming over this entire state and I believe that AHECs are a piece of the puzzle... [LB489]

SENATOR ROBERT: One minute. [LB489]

SENATOR SULLIVAN: ...that the Legislature is trying to fit together to address the shortage of healthcare services in behavioral health, in geriatric care, in basic medical care. I encourage you to support LB489, as amended, and to invest in the future of Nebraska healthcare. Thank you very much. [LB489]

SENATOR ROBERT: Thank you, Senator Sullivan. Members, you have heard the opening to LB489. Senator Gay, you are recognized to open on AM731, as Chair of the Health and Human Services Committee. [LB489]

SENATOR GAY: Thank you, Mr. President. The committee amendment replaces the bill, as introduced, but retains the substantive content of the original bill. The amendment makes technical and clarifying changes, strengthens the evaluation provisions, and adds legislative intent with respect to funding for the AHECs. The amendment requires each AHEC to conduct an annual evaluation of its performance in carrying out the duties provided in the bill. In conjunction with the evaluation, the amendment requires AHECs to provide the following data to the Governor and the Legislature: the number of participants in any of the programs developed, implemented, or facilitated by area health education centers who enter into health-related professions and which professions they would enter; the number of participants in any of the programs developed, implemented, or facilitated by area health education centers who remain in Nebraska and provide healthcare services to underserved areas and populations; the number and type of continuing education programs offered; the number and type of participants in each such program by health profession category; and the number of continuing education hours awarded. The evaluation component was very important to the Health Committee and the committee amendment intends to strengthen that part of the bill. The amendment provides legislative intent to appropriate initial funding for AHECs for five years. The amendment requires the Health and Human Services Committee, in consultation with the Appropriations Committee, by June 30, 2014, to provide for an evaluation of the effectiveness of AHECs in carrying out the duties provided in the bill and make recommendation regarding continued AHEC funding. The amendment terminates the Area Health Education Centers Act on June 30, 2014, and I'd ask for your adoption of the amendment. Thank you, Mr. President. And just on an aside, the reason this did get out of Health Committee, we understand there is a shortage. Senator Sullivan will do her job providing you information of the value of AHECs and you'll make up your mind how that is, but when we looked at it, the part we considered was if we've invested federal money or state money at this point and we have a program in place, does it make sense to completely let these go when we've invested money already. So our look at this was to make sure that it's working and we're

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getting our money's worth. That's with the review and evaluation. Senator Sullivan was very good work with on that and then she will do her best to explain the AHEC program because it does many different things in Nebraska. And we felt, especially in rural Nebraska, this could be very good help on trying to recruit and retain Nebraskans, and that's the part of the amendment where we want to know, if you're going to go train and recruit, how many are staying in the state and in what fields are they going into. But this could complement other issues that we have going on. I just want to give two examples possibly where this could work. One would be Senator Harms's bill to encourage people to get into professions and continue their education and get off of welfare. Possibly they could be steered, with the help of AHEC, into a healthcare profession. The second, LB603, which is a bill that we discussed earlier, would be to create collaborative opportunities in Nebraska and AHECs could help serve in that role as well. So there is different, intertwined opportunities here. Senator Sullivan will do her best to explain that and I'm sure we'll have a good discussion on this today. With that, Mr. President, I'd yield the balance of my time to Senator Sullivan, if she'd like it. [LB489 LB603]

SENATOR ROBERT: Senator Sullivan, 6:10. [LB489]

SENATOR SULLIVAN: Thank you very much, first of all, Mr. President, and thank you, Senator Gay, for yielding your time. You have before you, I think it's been passed out, a colored map that shows all of the counties in Nebraska, all of the five AHECs that are operating, and some bullet points on some of the projects that they have done. I think this is a good example of the outreach of all of the AHECs and what they've been able to accomplish. Some of the challenges that have been brought to me is that, well, you just spend time working with elementary and secondary students. Well, that is a part of it and, to be sure, that is a very important part. We talk about the healthcare shortage, not just in the short term but over the long run, and how else are we going to get people involved in healthcare professions, by and large, particularly in underserved areas of Nebraska, if we don't begin to create an interest among young people? And I would also challenge that who does that? Certainly hospitals are charged with the immediate responsibility of taking care of patients. They aren't in the job of marketing the professions that they have available in their institutions. You could also challenge that this is a responsibility of schools to do that. Well, very often AHECs are partnering with schools in providing whether it's science modules or presentations about healthcare professions, but again, oftentimes schools and their curriculums don't allow the time or the information or knowledge available to reach out to kids and tell them all the different healthcare professions that are available. And a third component, particularly for where AHECs focus on, which is medically underserved areas and high-poverty, high-need groups, sometimes in our recruitment, particularly of doctors into the healthcare profession, we go after the best and the brightest students to fill those needs. AHECs focus on all students from all walks of life because there are potential for all of these students to go into healthcare fields. So that's, again, an example of how AHECs fill a need that is not currently being met. In addition to the work where they...of working with

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children all through elementary and secondary, certainly AHECs play a very important role when there are students being trained in the medical field. We have some wonderful success stories of AHECs providing and creating rotations in the rural areas and in high-need areas for medical students, and these medical students, quite frankly, may not have even been placed in these areas, and that serves a couple of different needs. First of all, it gets the students out to rural Nebraska and in some of the anecdotal stories that I've heard from these experiences, these students come away from that experience knowing much more about rural Nebraska and small communities and finding that they not only are great places to work but great places to live, which again fulfills one of the responsibilities and one of the goals of AHECs, is to get medical students to return to these high-need, medically underserved areas once they receive their education and, of course, reaching out to young students when they're making their education and career decisions, if they live in rural Nebraska. If they can find a way to return to rural Nebraska after they receive their education, that's great. I mean now we've got some great examples even in the community where I live and it just makes me want to jump up and down when I see a situation of a young couple who grew up in Cedar Rapids, who graduated from Cedar Rapids High School, went on to receive their education and the young woman came back as a doctor and the young...her husband is there as a farmer. Those are the kinds of opportunities that keep our small communities in rural Nebraska vital and AHECs have been a part of situations like that. You know, one of the areas of opportunity for I'd guess you'd call it real rural economic development is retirees that have been away from the state considering returning to rural Nebraska to retire. [LB489]

SENATOR ROBERT: One minute. [LB489]

SENATOR SULLIVAN: But you know that one of the considerations that will help in their decision making is if they have good, solid healthcare. Well, I've tried to tell you in my opening remarks that we are facing a critical healthcare work shortage in our state and AHECs, that's their...if I can help you remember one thing about AHECs other than their acronym, area health education centers, it is that they are the healthcare work force development mechanism in this state. They are making sure that the pipeline is going to be filled so that we not only have students going into healthcare professions but, just as importantly, coming back to work in those areas once they complete their education. Thank you. [LB489]

SENATOR ROBERT: Thank you, Senator Gay and Senator Sullivan. Members, you have heard the opening to AM731, the Health and Human Services Committee amendment. Those wishing to speak: Senators Price, Heidemann, Gloor, Wallman, and others. Senator Price, you are recognized. [LB489]

SENATOR PRICE: Thank you, Mr. President, members of the body. I rise in support of this concept of what AHEC is doing and the work that they are performing and the

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services they provide to our state. When Senator Sullivan first mentioned AHEC to me, my first response is what the heck? And then, you know, I really didn't know. We have so much to digest when we're here. And seeing as I have advantage of the military medical system, it wasn't something that was on my radar scope. But as I dug into this and I learned more about it, I have to be honest with you, I'm very much in support of what they're doing. And I'm going to lay out a couple of points and I'm going to share with you some thoughts I have. First and foremost is I like the idea that the program isn't predicated on one single focus, that is...that that way, if it gets cuts down, you've toppled it and it's gone, it's washed away, but that the AHEC program does take care of reaching out to develop that pipeline. It also helps with the training and the continuing education of existing healthcare workers, and even what I believe is a fundamental benefit, if not secondary in nature but still fundamental, and that is it reaches out to our youth and it excites them for the medical career field. I asked them, I asked for information. I said, can you tell me why this is good; what is this going to help; what is the bang for the buck, the ROI, all those other nice buzzwords we like to use? And I got numbers like exposing the 115,000 students to 300 healthcare careers in the last five years. What I was really, really happy about is the fact that AHEC doesn't say, hey, we're going to have something and would you all please come to us, when we're talking with our youth, with our children. They had actually gone out and gone to the children in rural communities like Hooker and Thomas and Rock and Brown and Boyd. They've gone out to these areas and these communities and brought the excitement of science out there. What I can remember when I was a young man, the excitement of science. You might be a little amazed but I am just so intrigued by anything that's scientific. I just...I'm amazed at what we can get done. And matter of fact, it was those types of excitement, honestly, ladies and gentlemen, that led me on in my military career. At one point in time, there I was, a weather forecaster, living the life of Riley, enjoying a job where I could be wrong half the time and still be...keep my job. But I got to get involved, I got to be a combat life saver. I tell you what, that was a true joy of mine, to be able to know that I could learn something like that, something so vitally important. And I think that if we let our children get exposed to things like this, we don't know where we can go with this. You don't know who the next doctor or nurse is going to be, or phlebotomist or any one of these multiple careers. But out in rural areas, it's very difficult to say to a doctor or to a nurse, you know, to, hey, would you please go out here where there's not a lot going on and live out here and service the people. It's hard. It's not easy. But you know what? The people who grow up there, they like where they grew up. They like their family. They know the community. Wouldn't it be great if more and more people get exposed to the opportunities in the medical healthcare career fields and then they stayed at home and they helped out at home? I think that's what this AHEC program does... [LB489]

SENATOR ROBERT: One minute. [LB489]

SENATOR PRICE: ...and I really do appreciate...thank you, Mr. President. And over the

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next bit of time that we talk on this bill, I do plan to rise up again and continue to share facts and opinions. But this is a good program. Much to maybe some people's surprise, but an ounce of prevention really does prevent a pound of cure, you know, here and we need to move forward on good programs that do multiple things to help Nebraska and I believe...I believe the AHEC program does that. And it provides, again, opportunity for our children to become excited to fill a much needed niche in the health career fields and it also provides an avenue and a venue for continuing education credits to our current professional. Because everybody knows, you sure would like to know that every one of your medical professionals has maintained all their...actually, they have to, but it would be great that they can maintain their... [LB489]

SENATOR ROBERT: Time. [LB489]

SENATOR PRICE: ...needs in the communities they live in. Thank you, Mr. President. [LB489]

SENATOR ROBERT: Thank you, Senator Price. Senator Heidemann, you are next and recognized. [LB489]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. I just want to talk briefly. I talked briefly a little while ago on the other A bill that was up. I probably am going to put a little bit of caution out here. I do have some questions about AHECs. I want to provide just a little bit of history that this body has seen with the AHECs. I've been on Appropriations for five years and I think there's been AHEC discussion practically every year that I've been on Appropriations. We, up to this point--and maybe Senator Sullivan has said some of this, I've had a lot of people talk to me here lately so I haven't been able to listen to all of the conversation--but we, up to this point, we have been...they have asked and they have asked and they have asked for General Funds. We, up to this point, have not put any General Funds in. On the appropriations side, I think there...a couple of years ago during the budget debate there was some money that was put into the budget, but that was taken back out with a veto action, was not restored. So even though there has been a lot of discussion, we have never given them any General Funds. I will not argue with anybody. I can see that there is support in the body for AHECs. I do believe they do, do some good things. There's no doubt about that. I believe that we need to get young kids interested in the medical field because there are a lot of...there are needs not only in the rural parts of this state but also in the urban parts, so I think that's something to look at. I do want to throw caution out. We have been aware of the AHECs, at least in my last five years. We have asked questions and sometimes we haven't quite got the questions answered like maybe we would have liked. They've been in existence now for I think close to seven years. And I've got a piece of paper in front of me that, at least for the last three years, of the amount of money that has been spent on the AHECs and maybe I need to get Senator Sullivan, if she would yield to a question or two. [LB489]

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SENATOR ROBERT: Senator Sullivan, will you yield to a question? [LB489]

SENATOR SULLIVAN: Yes, I will. [LB489]

SENATOR HEIDEMANN: It appears over...since 2005-2006, and '06 and '07, and 2007-2008 that the AHEC total spent--this is federal money, local money, and private money--they've spent a total of almost \$8 million over the last three years. Is that correct? [LB489]

SENATOR SULLIVAN: I'm trying to do the math, but in any given year, yes, that's probably right, Senator. [LB489]

SENATOR HEIDEMANN: It's close. It's not... [LB489]

SENATOR SULLIVAN: Uh-huh. [LB489]

SENATOR HEIDEMANN: ...it's not quite \$8 million... [LB489]

SENATOR SULLIVAN: Uh-huh. [LB489]

SENATOR HEIDEMANN: ...but it's close. [LB489]

SENATOR SULLIVAN: Right. Right. [LB489]

SENATOR HEIDEMANN: Have you ever asked yourself the question as far as results, what, just in the last three years? I'd be curious about going back seven years and finding out what the total was. What have we...what have they got for results for the...just say for the last three years for that \$8 million? [LB489]

SENATOR SULLIVAN: Well, first of all, that sheet that was passed out with the state of Nebraska, the colored one, I think that has not only some data as far as numbers of people reached, we have a lot of anecdotal evidence and we do have some results that show what AHECs have done. Is it put together in a nice, neat, little report? No, it's not, and I'll be the first to admit that that's probably one thing that maybe AHECs have done...have not done. [LB489]

SENATOR ROBERT: One minute. [LB489]

SENATOR SULLIVAN: Does that mean that they haven't been in the field, actually producing some good programs? I think they have. And I would be so bold as to say we have a lot of programs that we fund in the state that we do not have hard data on to show that they are effective, but we believe that they are effective. And the one

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component of LB489 says that we will show you hard-core evidence as to what AHECs have been doing and are doing if we currently fund them. So, yes, the evidence has not been there but it will be there and it does exist. [LB489]

SENATOR HEIDEMANN: Isn't...and I think that's a little bit a part of the frustration on the Appropriations' side because we've kind of...we've asked for some data to back up what the results were. It's been in existence for seven years and because probably the question has been asked, do you understand our frustration as far as why hasn't it been produced until now? [LB489]

SENATOR ROBERT: Time. [LB489]

SENATOR HEIDEMANN: Thank you. I'll probably put my light back on. [LB489]

SENATOR ROBERT: Thank you, Senator Heidemann. Senator Gloor, you are next and recognized. [LB489]

SENATOR GLOOR: Thank you, Mr. President, members of the body. Senator Heidemann provided a great, perfect segue for me and my comments, since I was intimately involved in the establishment of the AHEC and have, given the fact Central Nebraska was the first one established, some specific answers to give him. First of all, let me say that I appreciate Senator Sullivan introducing this legislation. Senator Carlson, in the previous bill, in the debate, used a great quote that I'd like to start with. That's failure to plan ahead is poor policy. We're also having a discussion that Senator Harms is leading forward about the importance of having plans or a planning approach when it comes to making state decisions and state policy. I would tell you that the AHEC and the importance of the AHEC when it comes to planning for the current shortage we have in healthcare professionals, healthcare careers, and the challenge we will have moving into the future as our population ages and the size of the work force begins to diminish that we can count on, this is a critical issue. There are a couple of key points I want to make, and I know I won't get through all of them so I have punched up again. This is a partnership. We are not funding anywhere near the majority of dollars necessary for this program. Healthcare professionals, institutions, schools already are contributing as part and part of the AHEC. They provide dollars for specific programs that the AHEC helps coordinate. They provide space. They provide time, salary expense of people who provide the training. They underwrite the expense of speakers who come in. They provide things like scholarships that help make sure that students who gain an interest have dollars available so they can pursue healthcare careers when they get postsecondary education--colleges, medical schools. There are millions of dollars that make what we're talking about budgetwise here pale in comparison because there are active people all across the state who are plugging into the overlay that the AHEC provides in training and getting students interested in healthcare careers. I also want to point out, this is proven because it does exist. We're not talking about

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something hypothetical that sounds good in theory. It's something that in fact actually has been producing results. Senator Heidemann is correct in voicing and wanting to have some specific examples and I will start now and continue later with some impact that it had on central Nebraska, our institution at St. Francis in Grand Island. And understand I'm just talking about one AHEC, one institution, one community or one area of Nebraska. Multiply this through all the AHECs, all the institutions, healthcare professionals and schools throughout the state. But these will be some specific examples in one corner of our state. In terms of growing our own healthcare professionals, the Central Nebraska AHEC sponsors health science competition annually through UNMC and it's important that we've got UNMC as the head agency for all of this. It involves high school students and hands-on experiences that piques their interest and expands their knowledge of healthcare professions as career options. And obviously, once again, this is a long-term approach towards addressing our healthcare work force issues. It involves other institutions like the hospital in Grand Island, St. Francis, Grand Island Senior High School and their health careers program which is actually a curriculum-based program at the high school level for which the school provides the space, for which a number of healthcare organizations provide the equipment. [LB489]

SENATOR ROBERT: One minute. [LB489]

SENATOR GLOOR: Thank you, Mr. President. Rural high school nutrition programs and elementary schools actually get involved through health career programs. ER access, emergency room access, and we talk about emergency response all the time, the Central Nebraska AHEC has provided direct access to specialized emergency room physicians from hospitals in both Grand Island and Kearney who go out to critical access hospitals throughout the eastern, western parts...central western parts of the state to assist in assessing and determining the best course of action. In other words, they help their staff and physicians in those rural hospitals, help in both the treatment and transfer of emergency patients seen in those rural hospitals. The quality of patient care, and we could get you some statistical numbers if you want to see them, has unquestionably been enhanced, the quality of care provided to get those patients stabilized, transferred into larger institutions that have trauma centers that can provide care. [LB489]

SENATOR ROBERT: Time. [LB489]

SENATOR GLOOR: Thank you, Mr. President. [LB489]

SENATOR ROBERT: Thank you, Senator Gloor. Senator Wallman, you are next and recognized. [LB489]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. Would Senator

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Sullivan yield to a question? [LB489]

SENATOR ROBERT: Senator Sullivan, will you yield to a question? [LB489]

SENATOR SULLIVAN: Yes, I will. [LB489]

SENATOR WALLMAN: Do other states have a similar program as this surrounding us? [LB489]

SENATOR SULLIVAN: Yes. Actually, 48 other states have AHECs and have been in place for quite a number of years. [LB489]

SENATOR WALLMAN: Thank you. Do I like this bill? Sure I do. Having been to an emergency room on a farm accident when I can't understand the doctor, you know, I needed an interpreter. So let's help rural Americans become doctors and nurses and physician assistants and midwives. Can we help our own? It sure would seem we should. And is it going to cost money? We spent some money the other day on nothing related to healthcare. So will it break the bank? One of my neighbor girls went through this, yes, in a different state called Arizona, I think bought out the contract or whatever, which was sad. She was a farm girl. But we're not always going to keep them. So I would yield the rest of my time to Senator Sullivan. [LB489]

SENATOR ROBERT: Senator Sullivan, 3 minutes, 30 seconds. [LB489]

SENATOR SULLIVAN: Thank you. Senator Wallman, when...thank you, Mr. President, and thank you, Senator Wallman. I apologize for being somewhat distracted, but I did hear you use the word "diversity." I'll probably use it in a different context in giving you a few examples of what AHECs have been responsible in doing. The Panhandle AHEC sent an individual to be trained to the train the trainer. And this was in an effort to provide 24/7 Spanish medical interpretation in the Panhandle area of the state. The individual who received the initial training trained 7, who in turn trained 37 other individuals. You know, we talk about diversity becoming more and more a feature in this state and that's precisely why AHECs are important in reaching out to a lot of different students. How else are we going to get people of other ethnic origin involved in medical professions if we don't reach out to them in some special ways? Central Nebraska AHEC received a grant from the Robert Wood Johnson Foundation to help them create 12 medical...a 12-credit medical interpreting certificate program. Before the grant, many of the healthcare providers were using family members to communicate with non-English speaking patients. And now through AHECs' work, they're providing the interpreter training through Central Community College. Sometimes when we're talking about the usefulness or, in some cases of people's opinion, lack thereof of AHECs, we overlook the value of being able to network and facilitate programs that eventually are carried out by other entities, whether it be UNMC or a hospital or a community college.

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But the point being, those programs would not have been developed had it not been for the facilitation and networking of AHECs. So I can't emphasize enough that that is a feature that sometimes is underrated and used as a reason that AHECs don't need to exist. But again, so many of these programs wouldn't exist without the facilitative efforts of AHECs. Thank you. [LB489]

SENATOR ROBERT: Thank you, Senator Sullivan and Senator Wallman. Senator Stuthman, you are next and recognized. [LB489]

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. I rise in strong support of Senator Sullivan's bill. And we do know that the local healthcare profession shortage significantly impacts rural economy, especially in rural Nebraska. One way to increase Nebraska's healthcare work force is to support our existing AHECs, the infrastructure that provides programs that are specifically designed to recruit and train and retain healthcare providers in the rural and underserved areas. Nebraska AHECs already have in place the infrastructure to support a number of priorities in the Legislature this year, including my priority, which is LB476, which is the Center for Student Leadership and Extended Learning Act. I know that AHECs have been instrumental in facilitating the development of student organizations called Health Occupation Students of America, HOSA. And we know that Central Nebraska's AHEC that serves my district has provided continued support for these organizations serving as the host in the midyear conference this year. HOSA, the Health Occupation Students of America, is a unique membership organization for postsecondary and secondary adult and college students with a mission of promoting healthcare opportunities. These organizations in the high school as HOSA, as I had just stated, are organizations that allow students that have an interest in healthcare to excel in leadership and gain the expertise needed. One of the things about that, when you allow these students to develop the interest that creates the learning and the leadership skills, these individuals will be coming back to Nebraska. Hopefully they'll stay in Nebraska. They will continue their education. They will come back to Nebraska and especially to the rural areas because these rural students are aware of the circumstances that are involved in rural Nebraska. It's very hard to get people that have lived in the large cities to come to rural Nebraska to work and develop a business there. And since we have such a healthcare shortage of people to work in this field, I do truly support this organization. And Nebraska AHECs are not just working with elementary-age children. Instead, their main focus is on college students and existing healthcare professions, working and building relationships with them and between them in an effort to maintain healthcare delivery to the delivery system in the communities. And I think that is very important because we do realize and we are aware that there is going to be a real need in years to come of people to work in the healthcare field. Because of the population, you know, is continuing to get older, the baby boomers are in that age where they're going to be needing some assistance in healthcare facilities and in facilities where they live in and hopefully in their homes. But there's going to be a need for people to help them. So with

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that, I do truly support this bill. I think it is definitely needed, and I think it is a bill that we can allow people, you know, that have an interest to develop more skills in the healthcare delivery system. Thank you, Mr. President. [LB489 LB476]

SENATOR ROBERT: Thank you, Senator Stuthman. Those wishing to speak: Senators Dubas, Cook, Campbell, Fulton, Council, and others. Senator Dubas, you are next and recognized. [LB489]

SENATOR DUBAS: Thank you, Mr. President, members of the body. I stand in strong support of Senator Sullivan's bill, LB489. I also cosigned onto this bill because I believe so much in what AHEC provides for our state. We readily recognize the challenges that we face in keeping healthcare providers in rural areas, across the state but especially in rural areas. And we're seeing a huge out-migration of these types of providers. I know when I have talked with young people and some of the reading I've done and asked them, you know, will you come back, will you come back to your home community or to rural areas of the state to work, and more often than not their answer is yes. They want to come home. They want to come back to where they grew up, but they need to have a job. They need to have something that will allow them to come back. The services that AHEC provides gives those young people the training and the opportunity to come back home. I think we have already seen the price that we're paying for the deficiencies in our healthcare work force. We don't have to look much farther than Beatrice to see the challenges that Beatrice is trying to overcome in bringing the trained work force to help them with the work that they do. This is not anything against the workers that are already there, but it is truly a challenge to have that type of trained work force, to be able to pay them the money that they so deserve and keep them in that environment. I received two communications from people in my district who are seeing the benefits of the AHEC program. Grand Island Senior High has put together a program that includes four classes to begin a health-science program. They have an introduction to medical careers, medical terminology, clinical nutrition, and sports medicine. They also offer a certified nurse assisting class to train students to work in assisted care facilities. This is a curriculum that we're actually bringing into the schools that is going to interest and excite young people to get involved in these types of careers. Senator Stuthman mentioned the Health Occupation Students of America group, and it's an important part of this health-science program. Our local AHEC hosted the midwinter HOSA invite. It allowed 80 Nebraska members to attend this event and one of our local students placed first at the state HOSA competition in nurse assisting. She's going to be attending UNK in the fall and it is her intention to stay in rural Nebraska. That's a great big accomplishment. Central City is also using what AHEC has available to them. They're teaching classes, healthcare careers, medical terminology. They have other things that they can bring into the curriculum to really get kids engaged with what kinds of healthcare opportunities there are for them and how much we do want them to get that training and then come back home and provide those services that we so desperately need. These are just...I think this is just the tip of the iceberg of what AHEC is providing

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for us across the state. I think it's one of those really best kept secrets about what we have going on in the state of Nebraska. They're out there really in the trenches doing the hard work, but not a lot of people really recognize or realize the results or the benefits of this program. So I really hope that...I know finances is going to be a huge issue for every bill that we talk about from here on out. Sometimes you got to spend a dollar to make a dollar, and I think this program in particular will give us great returns. I do have a question, if Senator Sullivan would yield for a question, please. [LB489]

SENATOR ROBERT: Senator Sullivan, will you yield? [LB489]

SENATOR SULLIVAN: Yes, I will. [LB489]

SENATOR DUBAS: Thank you, Senator Sullivan. If...as has been mentioned before, this bill has a history. It's been around and unfortunately we haven't been able to get much traction with it. But what happens if, again, we can't move this bill forward? What happens to AHECs if we can't give them some financial resources? [LB489]

SENATOR SULLIVAN: Well, it's going to be somewhat problematic, and maybe this is a good time to talk about this. What started out as the original intent of all AHECs is a partnership among federal, state, and local and private dollars. And AHECs have done a rather brilliant job of leveraging the local and private input to how they get their funding started. They have never received any appropriation from the General Fund. But currently I think some of the AHECs do operate with some state monies, soft monies through state grants and special projects. [LB489]

SENATOR ROBERT: Time. [LB489]

SENATOR DUBAS: Thank you. [LB489]

SENATOR ROBERT: Thank you, Senator Sullivan and Senator Dubas. Senator Cook, you are next and recognized. [LB489]

SENATOR COOK: Thank you, Mr. President, and good morning, members of the body. I also rise in support of this legislative proposal and the committee amendments and would like to highlight a specific accomplishment that I'm aware of in the Urban AHEC, the Omaha area AHEC. They have a program that works cooperatively with Creighton University, the School of Dentistry. And through the OneWorld Community Health Centers, from my understanding, they have delivered about 1,000 services to people in underserved communities. We've talked a lot about the transition from welfare to work. There are certainly opportunities in Urban AHEC for that and across the state. But I also wanted to highlight a little bit of what they've actually done and ideally will be able to continue doing. With that, I would yield the remainder of my time to Senator Sullivan, should she want it. [LB489]

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SENATOR ROBERT: Four minutes, Senator Sullivan. [LB489]

SENATOR SULLIVAN: Thank you, Mr. President, and thank you, Senator Cook, for yielding some time to continue a little explanation of the funding situation. When the AHECs were first started, the understanding was that federal funds would be used and be able to be used and accessed for six years of core funding for each individual AHEC. And as I said in my opening remarks, each of the five that we have were started in different years. Grand Island started in 2002. Grand Island AHEC has currently lost its federal funding, as has the AHEC in Norfolk. So the remaining ones, Scottsbluff, Beatrice, and Omaha, will be incrementally losing their funding depending upon the years that they started. This is a partnership and so there has been a tremendous local buy-in on the part of the communities that the AHECs serve at the local level. And they will continue to obtain and hopefully receive some continued local funding. The problem with the federal funds is that there is an indication and a commitment that federal funds would then be eventually provided for our five AHECs. But the clincher is that all five of the AHECs have to go all six years of their core funding before the federal funds will resume. So in other words, Grand Island AHEC and Norfolk AHEC have lost their funding, but three more have yet to lose their federal funding. All of them need to lose their federal funding before the federal funding is resumed. So it brings me back to I mentioned earlier how I, through the hard work of the AHECs, am coming to terms with the economic situations that we're facing in this state, we are going to decrease the asking in the fiscal note by more than half. And so what we're asking for is to help provide that missing federal funding for right now for the Grand Island and the Norfolk AHECs to help keep them in place. We want to keep the AHECs in place, all five of them, so that ultimately all five can eventually receive some federal support as well. And there have been lots of evidence from other states where there has been state general funds appropriated to keep the AHECs going. So getting back to what I'm asking for in the decreasing amount that we're wanting the state to provide for in AHECs, original asking was \$400,000 for the first year. We are decreasing that to \$198,000, which essentially provides... [LB489]

SENATOR ROBERT: One minute. [LB489]

SENATOR SULLIVAN: ...\$90,000 for each of the two AHECs that have lost their federal funding and a 10 percent amount for UNMC to provide administrative help and support for those two AHECs. In the second year, this gets a little confusing, a third AHEC, the one out in the Panhandle, will go off its core federal funding. And so in that second year we're upping that ask to \$297,000, rather than the \$500,000 that we were originally asking for, to again provide support for the third AHEC that has lost its federal funding. So we're basically asking with a decreased amount to just simply keep the AHECs alive so they continue that partnership of working with local and private funds, providing some assistance with state dollars, and ensuring that we'll eventually be able and

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on-line to receive some continued federal... [LB489]

SENATOR ROBERT: Time. [LB489]

SENATOR SULLIVAN: ...support in the future. Thank you. [LB489]

SENATOR ROBERT: Thank you, Senator Sullivan and Senator Cook. Senator Campbell, you're next and recognized. [LB489]

SENATOR CAMPBELL: Thank you, Mr. President and colleagues. This morning we've heard from a number of senators who represent rural areas, and I thought it might be important to talk a little bit about how AHEC has helped in an urban area. As many of you know, I work for an agency here in Lincoln, Cedars, which has been in existence since 1947 and primarily helps families of abused and neglected children, but has really a broad spectrum of services. And I was pleasantly surprised to receive an e-mail from one of my colleagues on the program side who had worked with the AHEC program in two different areas. And these are somewhat different from what you've heard. The first is we have a great after-school program in Lincoln called the Community Learning Centers, and in that Cedars sponsors several schools, and we work with low-income students. The AHEC program has come in and helped give programs to the students whenever we have asked for assistance. And in the second and perhaps most important, the AHEC staff has come in to provide education on health issues for our low-income families. This is somewhat of a different approach, but I thought worthy to at least mention to you, the colleagues, because it shows a well-rounded program that would be very helpful to both urban and rural. Thank you, Mr. President. [LB489]

SENATOR ROBERT: Thank you, Senator Campbell. Senator Fulton, you are next and recognized. [LB489]

SENATOR FULTON: Thank you, Mr. President and members of the body. We have to talk about financing, and I wonder if Senator Heidemann, Senator Lavon Heidemann, I wonder if he would yield to a question. [LB489]

SENATOR ROBERT: Senator Heidemann, will you yield to a question? [LB489]

SENATOR HEIDEMANN: Yes. [LB489]

SENATOR FULTON: There's a voice. Senator, let's talk a little bit about the process of how the...how A bills can be funded. If you could, you might have already touched on this, but if so it needs to be touched again. When we get to the point that A bills have moved forward on to Select File, we have \$10 with which to fund and \$50 worth of need. It's a matter of math. There are going to be some A bills and accompanying those A bills that won't move forward. Can you tell us how do we make decisions on A bills as

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they sit on Select File? [LB489]

SENATOR HEIDEMANN: Actually, I think you can start to set priorities on General File already. I think we need to start looking at every bill that goes by. We should have been looking. I tried to make this point before. According to I think it's Rule 8, and hopefully everybody knows this by now, but if you have a bill that has an A bill, it will not move until the budget is passed and then these things start to move. The more A bills that you have just sitting there, the more decisions and the more priorities you're going to have to look at. I think it would be my point is to maybe we should start to look at priorities already. And you're definitely right about as far as especially the revenue situation that we're in right now, we've already passed more A bills than I would have to think that we're going to be able to fund. [LB489]

SENATOR FULTON: Okay. So what happens if there are A bills that are sitting, that are waiting for the budget to pass, we pass the budget, and we have...what happens to those A bills that we don't have money to fund? Do we still take them up for a vote and then it's incumbent upon us to vote it down as a body or do they not come up for a vote at all? [LB489]

SENATOR HEIDEMANN: Well, that's...you would have to talk to the Speaker a little bit more on that. Some of them I'm sure will come up. There's a lot of interest this year. Senator Gay has put together a package of safe haven bills. I'm sure there will be some bills that are going to be brought up and then the body once again is going to have to look for priorities. And at that time, time is going to be very short. You're definitely going to have to do some ups or downs... [LB489]

SENATOR FULTON: Okay. [LB489]

SENATOR HEIDEMANN: ...depending on what your priority is. [LB489]

SENATOR FULTON: Now what would happen then, let's say in the scenario where we have expended our budget, we've passed the budget, we've passed whatever A bills that we want to pass, and our budget is balanced. And so let's assume that that's the scenario. We have a balanced budget with the appropriate number of A bills as well as the overall encompassing budget that we've passed. And then there are other A bills that get passed on top of this balanced budget. Can we pass those A bills? [LB489]

SENATOR HEIDEMANN: We have to pass a balanced budget with a 3 percent minimum reserve. I'm not saying that you couldn't pass more bills that had a cost or an A bill, but at that time I think, and this is somewhat my opinion, you would be relying on the Governor to do the right thing. And we as a body need to do the right thing. We should not rely on the Governor to make things work. And we don't actually want...we don't want to force that to happen. [LB489]

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SENATOR ROBERT: One minute. [LB489]

SENATOR FULTON: Okay. Thank you, Senator Heidemann. I think what can be gleaned from that exchange is that we as a body, as a separate and distinct branch of government, have a corporate responsibility to determine our priorities. And those priorities have to be determined within the realistic fiscal situation that we see. So for instance, just to break this down to a very general philosophy, and for Senator Sullivan's sake, I'm not speaking specifically to LB489 here. I want to speak generically now. Let us say that we have a bill whose intention is very good, and we have broad support that this is good, well-intentioned to do X. But it turns out we don't have the money to do X. There's no one here to bail us out. We, the Legislature, have to make that hard decision that, though X is well-intentioned, we don't have the fiscal means to accomplish X. [LB489]

SENATOR ROBERT: Time. [LB489]

SENATOR FULTON: Thank you, Mr. President. [LB489]

SENATOR ROBERT: Thank you, Senator Fulton. Senator Council, you're next and recognized. [LB489]

SENATOR COUNCIL: Thank you, Mr. President. I rise in strong support of LB489 and thank Senator Sullivan for introducing this measure. I had the opportunity last week to attend a healthcare disparities conference in Omaha sponsored by Creighton University. And as many of you know, disparities in healthcare delivery are very costly to the state and to the nation as a whole. Poorly managed cases or care or misdiagnoses result in expensive and many times avoidable medical complications. Access to healthcare, disparities in that access, result in too frequent use of emergency rooms as primary caregivers at a tremendous cost to society. So access to healthcare is an important prerequisite to obtaining quality healthcare and improving the condition and the health and welfare of the people of this state. Now the point that I want to make is you cannot access what is not there. So it's imperative that we take the appropriate and necessary steps to increase our healthcare professional work force. AHEC is one such step. I am familiar with the work of the Omaha Urban AHEC and what it does, and I'd just like to share with you a letter I received just last week from one of the participants in the Nurses Up Program sponsored by the Omaha Urban AHEC. And the Nurses Up Program is a program designed to provide training, CNA training, to individuals who are currently receiving welfare in an attempt to move them from dependency to self-sufficiency. This is the letter I received last week: Thank you for your time that you took out of your day to read my letter. I'm a student in the Nurses Up Program. I'm halfway done and I have learned so much in this little time. This program is very good for people who want to go into the health field. This will help us to better

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ourselves so we can better our community. If this program continues, I see a change in our employment and in our community. Thank you for your time, Shontay Lillard Meadows. And what Ms. Meadows was conveying to me is her understanding of, first and foremost, the need for us to increase our healthcare professional work force. Number two, she was conveying to me her understanding of the fact that this area, healthcare, is an employment opportunity for individuals in our community, a community that suffers from a high unemployment rate, a community that suffers from the highest rate of poverty, quite frankly, in the nation. And this young woman, through this program, has gained an appreciation for the importance of her and others receiving training in the healthcare professions, what it will do for herself individually, but more importantly what it will do for the community. So with that said, I would urge this body to vote in favor of advancing LB489 to Select File so that we can continue to provide opportunities for individuals in underrepresented portions of our state, be they rural or urban, to enter the career... [LB489]

SENATOR ROBERT: One minute. [LB489]

SENATOR COUNCIL: ...a healthcare career so that they can meet the needs of the citizens of this state. Thank you. [LB489]

SENATOR ROBERT: Thank you, Senator Council. Those wishing to speak: Senator Harms, Sullivan, Gloor, Heidemann, and Pirsch. Senator Harms, you are recognized. [LB489]

SENATOR HARMS: Thank you, Mr. President, colleagues. Senator Sullivan, would you yield to some questions? [LB489]

SENATOR ROBERT: Senator Sullivan, will you yield to a question? [LB489]

SENATOR SULLIVAN: Yes, I would. [LB489]

SENATOR HARMS: Senator Sullivan, one of the questions I have for you is that the...could you explain to me the governance structure of the AHECs and do you have an umbrella governance structural role over the five different units? [LB489]

SENATOR SULLIVAN: Well, first of all, each AHEC is an independent organization in and of itself. They provide...they get some administrative oversight and assistance from UNMC so that they are, I guess you'd have to say, literally joined at the hip with UNMC. But they also...and in our asking, we are asking for some administrative funds to be given to UNMC to fulfill those responsibilities. But AHECs are independent of themselves. They have individual boards at the local level that oversee their programs, provide input on the direction of their programs. So they are independent. And while the federal funds and the state monies flow through UNMC out to the AHECs, they are

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independent organizations. Does that help? [LB489]

SENATOR HARMS: Yes, it does. That may be part of the problem I guess I'm trying to get to. And the question is I think in Appropriations Committee we've had difficulty with the data and the information and that there are five individual independent units. I was looking for some way that we could get an umbrella over that so that we could collect the data appropriately and know that the data is accurate data and that someone would be responsible for that. That's really what I'm asking about. And does the University of Nebraska Medical Center have that responsibility or? [LB489]

SENATOR SULLIVAN: That actually is outlined in the proposed legislation, is that we are giving and demanding of UNMC responsibility for assisting all of the AHECs in collecting the data and compiling it into the evaluative report that is due to the Governor and the Legislature. So UNMC will definitely have a hand in that. [LB489]

SENATOR HARMS: Well, I...that's going to be very helpful. Another question I want to talk to you a little bit about would be the funding portion of it. When we talk about local funding, would you explain what local funding is? Where do they get that, the local dollars? Is that through hospitals or how is that locally funded? [LB489]

SENATOR SULLIVAN: Well, I think it comes in a variety of different ways, some of which are in-kind. The office space might be provided by a hospital or a community college. They might provide a site for a training program. And so they simply...the site is held in lieu of rent. They might provide meals, a whole variety of things. So I don't really have an exact breakdown, but a portion of those local and private supports come in in-kind as well as hard cash. [LB489]

SENATOR HARMS: Okay. In regard to the training that they provide, what kind of role does the University of Nebraska Medical Center play in that? [LB489]

SENATOR SULLIVAN: Well, sometimes UNMC might be directly involved in giving the training. But again, we're talking about AHECs facilitating the opportunities for the training. And you, Senator Harms, know as well as I do when we've got practitioners out in rural Nebraska sometimes the opportunities for training are almost nonexistent. And so if we can link up UNMC, whether it's through the Nebraska Telehealth Network... [LB489]

SENATOR ROBERT: One minute. [LB489]

SENATOR SULLIVAN: ...or some opportunities that allow the practitioners to get the training and not have to leave their local areas, they don't have to take off work, they don't have to leave the medical needs of their local area, but still get the quality training that they need. So I think that's how UNMC provides the rural as well. [LB489]

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SENATOR HARMS: Thank you. I do rise in support of this legislation. I think it's good. I've had the experience of helping create one in my previous life on the campus that I was located. It is...they do an outstanding job. I think it's important. The key will be can we find the funding and will it be a priority of this body, and I think it ought to be. So thank you, Mr. President. [LB489]

SENATOR STUTHMAN PRESIDING []

SENATOR STUTHMAN: Thank you, Senator Harms and Senator Sullivan. Senator Sullivan, you are next and you are recognized. [LB489]

SENATOR SULLIVAN: Thank you very much, Mr. President and members of the body. And I certainly appreciate all the senators who have spoken in support of the concept of AHEC and have identified specific programs that AHECs have done out in the field that show why there's a need because basically it boils down to do we want to make sure that we have healthcare available to all our citizens, that we have access to it, and that we don't want to deny it. I really appreciated Senator Council's comments with respect to the experience of the Omaha AHEC because not only does that highlight the role that AHECs can play in medically underserved and high-need areas, but it's bringing in people who might be overlooked in terms of fulfilling needs and positions in the healthcare work force so that it's not only good for them as individuals providing a place of employment and career development, but it provides a real need for that area. And I really appreciate Senator Fulton's comments and recognize and sometimes wonder why I was so naive as to think that maybe I could get an A bill through in these critical times. However, as I said in my earlier comments, I wouldn't be prioritizing and pushing this if I didn't think that it was very important to the state and that it addressed our healthcare needs. So I would encourage you, yes, we all have to make...prioritize our needs and our wants and you'll be doing that individually as senators when you look at the best needs of your district and of the state. But I would also encourage you to look at the AHEC bill short of how we're going to fund it at this point and look at does it fill critical needs in this state. I almost hate to bring up the whole idea of stimulus funds, but I can't overlook them in that perhaps there will be some searching as to the availability of some funds in the stimulus package. If you can see yourself fit to send this bill on to Select File, I could assure you that we will be continuing to look how we can fine tune the funding portion of this legislation to make it not only as palatable but reasonable and doable to make it work for the state in these tough economic times. Thank you. [LB489]

SENATOR STUTHMAN: Thank you, Senator Sullivan. Senator Gloor, you are recognized. [LB489]

SENATOR GLOOR: Thank you, Mr. President, members of the body. Senator Fulton made a great point, again, another excellent segue for me to make comments in

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support of this legislation and to give you some additional examples of how I see this having a direct impact on Nebraskans and why it's well worth the money. We don't have enough money to go around and so we ultimately have to prioritize. And my argument to you would be this needs to be a priority. We've talked a lot so far this session about other priorities that have to do with behavioral health as a result of safe haven, issues related to the whole concept of emergency responders, Medicaid pilot projects, and long-term care insurance. I mean think of it in terms of we're building a fleet of vehicles here to transport commerce, but we don't train drivers. What good does it do to invest in programs and services to provide acute care and behavioral health care and long-term care to Nebraskans if we don't have anybody to provide the service? Imagine ten years in the future you take your nice long-term care policy that you bought as a result of decisions we made today but you can't get into a long-term care facility because there's no one there to provide the care or there aren't enough people there to provide the care to make a bed available to you or a family member with the long-term care insurance. We have the same issue here. And my argument would be there's a priority for training. Now AHECs do more than just train, and I'd like to go on with my litany of examples. My favorite...one of my favorite poets is Elizabeth Barrett Browning who wrote a poem just about AHECs I am sure that starts out "How do I love thee? Let me count the ways." So I'm going to start counting some of the ways we should love AHECs. We have diversity in the state. We know we have growing diversity in the state. It affects healthcare and the provision of quality health services, especially as it relates to the Spanish-speaking populations. In central Nebraska, the AHEC has been involved in providing interpreters to medium-sized critical access hospitals throughout central Nebraska. It's done through televideoconferencing. The AHEC was responsible in helping bring this together. It has been so successful that the Robert Wood Johnson Foundation, which provided some of the initial monies that help the AHEC do this, has put this program together for use throughout the United States. And this approach started as a result of AHEC involvement here in central Nebraska. There is also an initiative that the Central Nebraska AHEC got involved in for universal signage for healthcare systems. We understand universal signage when it comes to driving in this country, in any country across the world. But with problems with literacy, problems with people speaking different languages, when someone walks into a healthcare facility, how do they know to find their way to a lab? And this initiative was to come up with signage that made it clear to anybody that saw it this is the way to a laboratory; this is the way to an imaging or radiology department; this is the way to any number of acute healthcare facilities. This had a role and was eventually adopted by the World Health Organization for use across the world and it has already gone in place at St. Francis in Grand Island. The AHEC helped be involved in that particular initiative. For most people here, you will have had institutions, healthcare providers, physicians' offices and others who have been involved in the Nebraska Telehealth Network. This is probably the most significant involvement that a number of the AHECs have had because it seems to touch on just about everybody. It is hard for a lot of hospitals to break their staff free for the education programs... [LB489]

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SENATOR STUTHMAN: One minute. [LB489]

SENATOR GLOOR: ...that are being offered. Thank you, Mr. President. However, the AHECs have gotten involved, especially the one I'm familiar with being the Central Nebraska AHEC, in making sure that hospitals, without having to break staff free for a full day with the cost associated with traveling to and fro from wherever an educational program is being put together, can have those educational programs brought to them in their institution with credits attached so that they get credits toward things that are licensure. The University of Nebraska Med Center has also been involved, to answer questions about their involvement, in making sure programs are available for these. These are another components of the AHECs and how they can impact healthcare, not just by way of training, but also assuring the quality and the accessibility of healthcare to Nebraskans. Again, this is part of thinking in a planning way. This is part of saying we have a lot of great programs... [LB489]

SENATOR STUTHMAN: Time. [LB489]

SENATOR GLOOR: Thank you, Mr. President. [LB489]

SENATOR STUTHMAN: Thank you, Senator Gloor. Senator Heidemann, you are recognized. [LB489]

SENATOR HEIDEMANN: Thank you, Mr. President, fellow members of the body. I was wondering if I could continue my conversation with Senator Sullivan. [LB489]

SENATOR STUTHMAN: Senator Sullivan, would you answer questions from Senator Heidemann? [LB489]

SENATOR SULLIVAN: Yes, I'll try. [LB489]

SENATOR HEIDEMANN: Senator Sullivan, I was talking to you previously and had mentioned that...the amount of money that the AHECs had received. And I would be curious about over the last seven years what they have got. We've only got the last three years and we put out that \$8 million or approximately \$8 million number. And the question that I had presented to you is what have we received or what are the results of that? Can you share what that \$8 million has got? Really I didn't quite get that from you. [LB489]

SENATOR SULLIVAN: (Laugh) Well, and as I indicated earlier, I don't have a handy little booklet that I can give you with hard-core data. And I would also remind you that there are a lot of programs that we fund with state dollars that don't also have a handy little booklet that we can hand out that says this is what your state dollars have done for

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the state. That being said, the map that I passed out delineates all across the state some successful programs with actual numbers where AHECs have conducted programs, the number of people that they've taught and reached out to, the number of rotations that they've had. So there is documentable evidence of people reached and programs conducted and results. That is not in an organized form. We collected it in that sheet that we handed out to you, and it's there but not in as an organized form as I would like. But I can assure you that this legislation that we are proposing will actually demand that of the AHECs and we will give that to you in a year's time. I'm not trying to sidestep this question, but I think you've heard a variety of senators indicate some contacts that they've had with AHECs, some of the programs that they've experienced, the map shows you, I've tried to point out some successful programs. They've been working in the field since their inception in 2002, and they've got evidence that they have, in fact, touched people and had results. Does that help? [LB489]

SENATOR HEIDEMANN: Yes. And I actually...and I do agree with one point that some...we need to make all of government more accountable. And we talk about that in Appropriations quite a bit. It has been also stated that the AHECs do many things that are unique that no one else does. Can you give me a couple of examples of what that might be. And another part, if we could continue on then, is there any way that we could partner with maybe ESUs or somebody else to help us do this? Or is there anybody else that could do the same things that the AHECs are doing? [LB489]

SENATOR SULLIVAN: It's really easy when we say one of the strengths of AHECs is facilitation, collaboration, and networking because those three words essentially mean that AHECs aren't out in front. They aren't the stars that are shining, but they are the sky, if you will. They are the wind beneath my wings so to speak. They are making sure programs happen. They look for needs. They identify a program or an entity that can fulfill those needs, and then they facilitate that happening. I mentioned earlier about the medical interpreting program that Central Nebraska AHEC started. That eventually was taken over... [LB489]

SENATOR STUTHMAN: One minute. [LB489]

SENATOR SULLIVAN: ...by Central Community College, but it got its start because Central Nebraska AHEC wrote a grant that developed the program. That wouldn't have happened had it not been for AHECs. And as I mentioned earlier, we've got people that...AHECs that reach out to all walks of life, all students and interesting them in health careers. Medical schools and schools across the board go after their best and brightest to be their doctors. But what about all the other health professions that we have shortages in? Who goes after students that could very easily walk into those health careers and interest them? I don't see schools having the knowledge and the time and the wherewithal to spend time developing programs that focus on those. AHECs do that. So they are filling needs. They're filling the cracks, if you will, in this

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infrastructure. And sometimes when you fill the cracks... [LB489]

SENATOR STUTHMAN: Time. [LB489]

SENATOR HEIDEMANN: Thank you, Senator Sullivan. [LB489]

SENATOR STUTHMAN: Thank you, Senator Heidemann and Senator Sullivan. Senator Gloor, you are recognized, and this is your third time. [LB489]

SENATOR GLOOR: Thank you, Mr. President, members of the body. I want to go back and answer...give a couple specific examples in response to Senator Heidemann's question to Senator Sullivan about uniqueness. I would again point out the universal signage initiative that's now been developed by the World Health Organization for universal signage in hospitals so people can find their way around anywhere in the world, AHECs played a role in that. The language translation services that go out to critical access hospitals through central Nebraska which has been unique enough so that the Robert Wood Johnson Foundation decided to incorporate it and encourage its use and fund for its additional use across the United States through their programs of funding. Once again, I've got to emphasize that planning for anything is important. One of my frustrations as I've come down here is that I'm used to coming from an environment with an institution where we laid a course, we charted what we wanted to do as an organization, and it helped us prioritize and make decisions. And I don't get a sense of that when it comes to healthcare. We talk about the importance of various programs. We vote for various programs we think are great. We don't think about how this all ties together. We've got to educate a work force. We can't be throwing programs together without thinking about what it means for us long term if we don't have an educational piece to plug into the programs that we're developing. And we have ideas towards long-term program development in this state, but somebody is going to have to run those programs. Somebody is going to have to provide those services. AHEC is a part of that. We have other components that are out there also, but I'd tell you the AHEC play a key role. I'm a little disappointed, frankly, that Senator Sullivan reduced the funding for this program. I'm not here to encourage that it be reinstated. I trust her judgment and I trust her discussions with the folks responsible for AHEC. But candidly, we're throwing a lot of money at a lot of programs. This is the first time we've really talked seriously about making sure we have an educated work force to plug into the programs we're putting together. That's what you try and think about when you plan and prioritize. It's got to be a priority to have an educated work force in healthcare, behavioral health, substance abuse. It's got to be a priority. And that's why I support AHECs. It's why I supported AHECs in my previous life. It was part of an overall plan for my institution for what we saw important to central Nebraska and to Nebraska, and we can now play a role in that as legislators. Thank you, Mr. President. [LB489]

SENATOR STUTHMAN: Thank you, Senator Gloor. Senator Price, you are recognized.

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[LB489]

SENATOR PRICE: Thank you, Mr. President, members of the body. Earlier we heard Senator Heidemann ask for some numbers so I know it's getting close to lunch and people have a lot of things going on, but I want to rattle off some numbers that were provided to me. I'll give you a brief statement, probably yield some time. They asked some numbers. So in 2009 over 800 students participated in AHEC sponsored 8th grade science meets. All right, that's a number for you. Let's see, in the last five years AHEC exposed 115,000 students to over 300 healthcare careers. Let's go over some more numbers here. AHECs have increased rotation opportunity to 143 communities like Bassett, Burwell, Tilden, Pender, Wymore, Friend, Wahoo, Beatrice, and Pawnee City. And I think that's important for people to know about this. In 2008, AHECs assisted 2,264 health professionals in receiving 7,485 hours of continuing education credits. Those are some good numbers. In 2008, 330 high school students each did a minimum of 20 hours of in-depth healthcare career activities. There's some numbers for you. Ladies and gentlemen, let me also...I just was mindful of a show that was on television. I'm not a big television watcher, but there was a great show that was on that Cuba Gooding, Jr., was the star in called Gifted Hands. I don't know if any of you got a chance to see that, but he is a tremendous pediatric neurosurgeon. No one knows where the next tremendous pediatric neurosurgeon is going to come from. But I offer that you want to find them, particularly if it's your child. Now also for that final parting glance for you, picture in your mind, if you would, you're driving down a rural road and you're in an accident. And heaven forbid that anybody gets hurt, but the next person who comes along can be someone who maybe had an interest and went through an AHEC program and can help you or you could have someone like me. Who do you want? I tell you what. I'd take the person who had some medical training any given day that's been recent. So I want you to keep that in mind as we travel the highways and byways of Nebraska. And with that, Mr. President, I'd like to yield the balance of my time to Senator Sullivan. [LB489]

SENATOR STUTHMAN: Thank you, Senator Price. Senator Sullivan, you have 2 minutes and 16 seconds. [LB489]

SENATOR SULLIVAN: Thank you very much, Mr. President and members of the body. And thank you, Senator Price, for yielding some time. I want you to remember the four words that I keep hammering away as the reason for AHECs to be and that's healthcare work force development. I think that is so, so important and so key in terms of the fact that we are facing a shortage here in our healthcare work force and AHECs address that. But I think it's also important for me to clarify a little bit of the funding. That may be, well, it probably is the main stumbling block in this whole process of getting AHECs some funding. I have worked hard with the AHECs and our asking is going to be more than half of what we originally started out with. Basically, we're asking for less than \$500,000 to be devoted to AHECs out of the General Fund over two years. And what

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we're trying to do is keep in place two AHECs so that ultimately then we can have all AHECs, as they lose their core funding, remain in place. I've also said that it's entirely possible, because AHECs are a healthcare work force development network, that it's possible that some stimulus monies can be used. [LB489]

SENATOR STUTHMAN: One minute. [LB489]

SENATOR SULLIVAN: So I'm asking to...even though I know we need to prioritize our funding, that look beyond that for right now. Focus on the priority of being our healthcare needs in this state and making sure that healthcare professionals are out there to meet the needs and AHECs helping to address that concern. You know, we're talking in one of the bills about making sure that we've got mental health providers and training for them. Well, how do we get kids and students to be interested in going into mental health? We've got to create a need, an interest out there among students and AHECs can help fill that need. So again, if we can look at the priority of providing the healthcare work force development network that AHECs can facilitate, then we'll worry about... [LB489]

SENATOR STUTHMAN: Time. [LB489]

SENATOR SULLIVAN: ...the funding in the A bill. [LB489]

SENATOR STUTHMAN: Thank you, Senator Sullivan. Those wishing to speak are Senators Coash, Sullivan, and Wallman. Senator Coash, you are recognized. [LB489]

SENATOR COASH: Thank you, Mr. President, members of the body. I am here to just ask a few questions. I've talked to Senator Gloor off the mike. I'm going to get him on the mike in a second to answer some of these questions that I have, some that we've briefly touched on already. I would like to say I understand healthcare work force shortage in our state. It's a problem now. It's not going to go away. It's going to be a problem as we move forward with the aging population of our state. To that end, I would like to ask Senator Gloor a question, if he would yield. [LB489]

SENATOR STUTHMAN: Senator Gloor, would you be willing to answer questions from Senator Coash? [LB489]

SENATOR GLOOR: Yes, I would, Mr. President. [LB489]

SENATOR COASH: Okay. Thank you, Senator Gloor. Senator Gloor, can you explain a little bit about what the Rural Health Education Network does? [LB489]

SENATOR GLOOR: I will try and simplify it by way of pointing out that there are, as I mentioned in some of my previous testimony or comments, there are other initiatives

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underway to try and educate a work force. And the RHEN, if you look at healthcare education on a continuum, the RHEN would be closer to the top end of the continuum. The RHEN program, which also revolves around the University of Nebraska Med Center, as lead agency, takes students who are already enrolled in training programs at the college/university level, in fact, in med schools, in pharmacy schools. Those students who have begun to train as family practitioners, as physical therapists, as dentists, as pharmacists, and a number of other professional healthcare careers are given opportunities to train in rural communities or in outstate communities. And sometimes those communities are even in communities like Lincoln. It's an attempt to have those students experiencing a real world training site. And they don't just do this for a week or two. They do it for months. In cases of family practice of three years in family practice, two of those years may be spent being trained and educated by the practitioners in that outreach community by way of retaining those people in the state of Nebraska after they finish their education and hopefully encouraging some of them to go out in rural communities. So the RHEN program would be at the top end of students who already have committed to courses of medical study and that would be the RHEN program. The program with the AHEC would address obviously below that level. [LB489]

SENATOR COASH: Okay. So...and that helps a little bit. We've got two programs, you know, AHEC which is trying to get folks into the work force, and the Rural Health Initiative which is trying to keep folks into it. I guess my question for the body and the one that I'm struggling with a little bit here is where do we get the most bang for our buck? We've got rural health, we've got the AHECs, a loan forgiveness program for healthcare workers. I believe that's been showing some outcomes as to attracting and retaining some healthcare work force issues. And so I'm just...I'm struggling a little bit knowing where our money is best spent, whether it's in the loan forgiveness, whether it's in the rural health, which I think has shown some great outcomes for our state; and AHECs certainly can be part of that solution as well. So with that, I'll close. Thank you. [LB489]

SENATOR STUTHMAN: Thank you, Senator Coash and Senator Gloor. Senator Sullivan, you are recognized. [LB489]

SENATOR SULLIVAN: Thank you very much, Mr. President, and thank you, members of the body. Senator Coash, I'll perhaps try to make a few comments that will encourage you to think that we are spending money wisely and it will be a good return on your investment. Because quite frankly, the AHEC programming cuts across the whole state. It isn't just a rural issue; it's not just an urban issue. We are serving all of Nebraska's 93 counties in the kinds of programming that we do. And I wanted to also follow up with Senator Heidemann's concern about what the AHECs have spent \$8 million on over their inception. And I'd have to say that at the core it's been developing an infrastructure of networking and collaboration with a whole variety of groups that put in an outreach

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and an education and a training infrastructure that meets the healthcare work force needs of the state. Healthcare work force development--I keep hammering away with that because that is the thing that cuts across all areas. Loan forgiveness focuses on just a portion of the needs. AHECs address across the board all of these healthcare needs, particularly in work force development. But getting back to how AHECs have spent over time the \$8 million, they've built that infrastructure, that network, if you will. They put limited staff in place. They've leveraged the local dollars and they've spent them wisely so they are...it's not a bureaucracy by any means. There are limited administrative staff. If anything, they bring in staff on a contractual basis to focus on needed programs that maybe don't last over time but address critical needs as well. I think I mentioned in my opening remarks that sometimes there's been an investment of equipment, videoconferencing and video bridge to use the Nebraska Telehealth Network. And sometimes there have been purchases made for training, whether it be for science modules that are used in high schools or training mechanisms that have trained healthcare workers that are out in the field. And I can't emphasize that enough, that particularly you can get the healthcare workers in the field, but you've got to have a mechanism for keeping them up to date on current knowledge. And sometimes that's not just a given with the places that they work. AHECs assess that need and try to provide that training at the local level. Again, I go back to the fact that we are asking for less than \$500,000 over two years. We have worked very, very hard to cut the asking down. We will continue to work on cutting the asking down because there may potentially be some stimulus monies available. You might ask, well, you know, if you've got these funds available through local and private sources, you've got some federal funds that are promised, but again, we have to keep all the AHECs in place for the remainder of the time that the core funding is provided. And that will not go off completely for all the AHECs until 2012. So we need to keep this infrastructure in place. We need to keep this network in place so that they can continue doing the work that they've intended to do and that it will make sure the pipeline is filled for healthcare workers in this state. [LB489]

SENATOR STUTHMAN: Thank you, Senator Sullivan. Senator Wallman, you are recognized. [LB489]

SENATOR WALLMAN: Question. [LB489]

SENATOR STUTHMAN: The question has been called. Do I see five hands? I do see five hands. The question before the body is, shall we cease debate? All those in favor vote aye; all those against vote nay. Have you all voted who care to? Have you all voted who care? Record, Mr. Clerk. [LB489]

CLERK: 21 ayes, 9 nays to cease debate, Mr. President. [LB489]

SENATOR STUTHMAN: Cease debate does not pass. We will continue with the

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discussion. Senator Haar, you are recognized, followed by Senator Gay and Sullivan. [LB489]

SENATOR HAAR: Mr. President and members of the body, two issues I'd like to address. The first, as a new senator, is the whole thing of A bills. And since I don't know all the bills with A bills that are coming before us, I think I'm just going to have to vote for the ones that make sense now, knowing that later we're going to have to do some pruning. And in that light, I will be voting for this bill even though I don't know what all the other A bills are that are to follow. At times here we've talked about a legacy and I'm one of the elders in the Chamber meaning older, hopefully with wisdom. There are some other elders if you look around the Chamber. There's Senator Wallman, Senator Harms, Hadley, Loudon, and others. And I think for those of us our main focus has to be the future, the future of our children and of our grandchildren. And I didn't know anything about AHEC before this morning. But as I've listened, it seems to make sense for the future because we want our children and grandchildren to have the kind of healthcare that they deserve. I'm going to need some, too, as well. So I want to say to Senator Sullivan, I want to thank her for this bill and I will vote for it. Thank you. [LB489]

SENATOR STUTHMAN: Thank you, Senator Haar. Senator Gay, you are recognized. [LB489]

SENATOR GAY: Thank you, Mr. President. I wanted to speak a little bit about the amendment again on the requirement of the evaluation component, just to get back to that, that they conduct an annual evaluation of the performance and duties of the AHECs: the number of participants in the programs developed and then implemented or facilitated by area health education centers who enter into health-related professions and which professions they enter; number of participants in any of the programs developed, implemented, or facilitated...; and number and types of continuing education programs offered. And I do think that's an important piece of, well, I don't think, I know it was when this got out of committee that this be evaluated just because of the discussions we're having. We didn't...we knew that if we were going to assume duties of General Funds that we should account for what we're getting for our money. And Senator Sullivan agreed to that and that is in this amendment. I think it's an important piece, and we've talked about the benefits of the AHECs for the last hour or two and I think that's great. Senator Sullivan also talked about a little bit, and I'm going to wait until we talk on the A bill, on the appropriation part of this because I know there is an amendment coming about the funding, basic funding, and I think it's called advanced funding and how that works. But I will wait a little bit on that because I know colleagues are concerned about the funding and how we get to this point. And I think she's done a good job explaining that. But at this time I'd like to ask Senator Sullivan a question, if I could. [LB489]

SENATOR STUTHMAN: Senator Sullivan, would you be willing to respond to Senator

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Gay? [LB489]

SENATOR SULLIVAN: Yes, I would. [LB489]

SENATOR GAY: Senator Sullivan, you know as well as I and you've been very good as far as discussing this bill with myself and others on the committee, but how do you...as far as working with the AHECs, you're working with them and they know they have to evaluate themselves, have you had any discussions with them how that exactly would be done or how they're going to get together and evaluate the performance? We do have it in the amendment. But have you had any further discussions with them? [LB489]

SENATOR SULLIVAN: Well, as I said in my opening remarks that not only are we holding AHECs accountable for evaluation, but we're also holding UNMC. And they will be bound to work with AHECs. They've got a statewide...they've got a faculty person at UNMC who works with AHECs. She will collaborate with them. They'll provide some of their technical expertise so that they can help the AHECs in each of their five respective regions come up with the framework on how they will collect the data and evaluate it. So I'm very confident that...they've been put on notice, quite frankly, that it's not acceptable just to go out and do your job, granted you've been doing a good job, but you need to show us. You need to document what you've been doing. And so I'm very confident that they will follow through on that and have the mechanism to do that. [LB489]

SENATOR GAY: Thank you, Senator Sullivan. And we've discussed, you and I personally, about some of the different opportunities that I think could exist, and I think it's worth discussing again on the record. But when I looked at this in your handout you had a nursing program that helps people get into the nursing field, and I talked about Senator Harms's bill where...how do you see that...and I just want to talk specifically on Senator Harms's bill where we're trying to get people off of welfare. How...would each region be looking at that and how would they go and say, well, here's what we could specifically do? Do they get together as a group and say and share ideas or how is that done? Because I assume out in the Panhandle region would be different than a metropolitan region in Omaha. How do they get together and share ideas? [LB489]

SENATOR SULLIVAN: Well, they've got a network, all the five... [LB489]

SENATOR STUTHMAN: One minute. [LB489]

SENATOR SULLIVAN: ...all the five AHECs network on a regular basis, and as I mentioned that there is a faculty person at UNMC that oversees the AHEC network, and so they get together on a regular basis. And I also should tell you I didn't realize coming into this that I was going to be prioritizing and even representing this bill. But I have been on the statewide advisory board for AHECs for a number of years. I will continue to literally hold their feet to the fire, having really delved into this very deeply with them.

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And so you can be sure that I will make sure that they are networking among themselves, not only that, but that they will look at legislation that we will be passing in this body as it relates to healthcare work force development. And they will have the responsibility to see how they can apply their network and their mission to meeting some of those needs that are identified... [LB489]

SENATOR STUTHMAN: Time. [LB489]

SENATOR SULLIVAN: ...in some of this other legislation. Thank you. [LB489]

SENATOR STUTHMAN: Thank you, Senator Sullivan and Senator Gay. Senator Gay, you are recognized. You are the last one in the queue. You can either utilize this time or you can use it for your closing. [LB489]

SENATOR GAY: Actually, I want to utilize the time and ask Senator Sullivan one more question and I'll just turn the rest of my time to this. [LB489]

SENATOR STUTHMAN: Okay. Senator Gay, you are recognized. Senator Sullivan, would you answer a question from Senator Gay? [LB489]

SENATOR SULLIVAN: Yes, I would. [LB489]

SENATOR GAY: Senator Sullivan, because this is working to the closing anyway, but again on the fostering networking and collaboration amongst communities and community-based healthcare providers, I discussed it later. In LB603, there's a collaboration and networking opportunities in that so we can go use the Telehealth Network, fully utilize the Telehealth Network. How could AHECs help in that model? [LB489 LB603]

SENATOR SULLIVAN: Well, that's the beauty to me of AHECs because you, in that bill, are essentially highlighting part of the mission of AHECs. And that's why, as I said, I will insist that there is collaboration and recognition of how their mission plays out in legislation that's going to potentially be passed in this body. So I see the AHEC model playing right in to what you're wanting to accomplish in LB603. There is no need to reinvent the wheel or duplicate some efforts. If we leverage the mission and the work that AHECs are already doing, I think we can do even more than is expected and desired in my legislation and in yours. [LB489 LB603]

SENATOR GAY: Thank you, Senator Sullivan. Thank you, Mr. President. [LB489]

SENATOR STUTHMAN: Thank you, Senator Gay and Senator Sullivan. There are no other members wishing to speak. Senator Gay, you are recognized to close on the committee amendments. [LB489]

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SENATOR GAY: Thank you, Mr. President. I brought those questions up before we close. I knew we were wrapping it up. There was specifically evaluation components in here and collaboration agreements in the amendment, and we've had a great discussion. I'm not going to belabor that point, but I do think the amendment makes sure that there's accountability to this program, and Senator Sullivan and others have discussed that and will continue to discuss it I know on the bill. But anyway, the amendment accounts for that accountability, and I'd encourage your support. Thank you, Mr. President. [LB489]

SENATOR STUTHMAN: Thank you, Senator Gay. You have heard the closing on the committee amendments. The question is, shall committee amendments to LB489 be adopted? All those in favor vote aye; all those opposed vote nay. All those who want to vote please vote. Mr. Clerk, please record. [LB489]

CLERK: 31 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB489]

SENATOR STUTHMAN: The amendment is adopted. [LB489]

CLERK: I have nothing further on the bill, Mr. President. [LB489]

SENATOR STUTHMAN: Discussion will continue on the advancement of LB489. Senator Howard, you are recognized. [LB489]

SENATOR HOWARD: Thank you, Mr. President and members of the body. I stand in support of this bill and appreciate Senator Sullivan bringing this in to us. I voted this bill out of committee, and I also signed onto it. If you take the sheet that Senator Sullivan has provided for us, you can look at this and clearly see that across the state this program is offering the opportunity, especially for our young people, to look at going into the medical profession and to providing that support that people need. Time and time again I've heard individuals and groups come into Health Committee expressing their concern over the lack of medical resources, especially in our western Nebraska areas. And here this sheet shows us that there are opportunities across the state to engage young people in looking at this as a lifelong profession. I'd also like to add that I do have every faith that Senator Sullivan will hold this organization responsible and accountable. In the short time that I've known her and have worked side by side with her in the Education Committee, she is a person that definitely can do that (laugh). It troubles me that we're looking at this very worthwhile program and only asking for scraps of money, scraps of money from our budget. And yet we have to belabor this. Why is it so often that we tend to be penny wise and pound foolish, in my opinion? I thank Senator Sullivan again. I will be voting in support of this. I offer the remainder of my time to Senator Gloor. [LB489]

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SENATOR STUTHMAN: Senator Gloor, you have 3 minutes and 17 seconds. Thank you, Senator Howard. [LB489]

SENATOR GLOOR: Thank you, Mr. President. Thank you, Senator Howard. I think this body is going to be involved in discussing funding for other programs that educate our youth. But we've seen an awful lot of students involved in FFA around here for a reason. And I know that that's been well received, other programs like it. Senator Stuthman mentioned HOSA, which is also an educational program which comes very much through the benefits of having AHECs around. Think about the programs that you're comfortable voting for like FFAs and think about the fact that some day you or your family member are going to need healthcare services, long-term care services, and you want somebody to be there. Just as we want the ag economy to be strong, we want there to be healthcare professionals to take care of us and our family members when that need ultimately, and it will be there ultimately for all of us. AHECs play an important role in making sure that happens. It's again a matter of priorities. We've got to have trained work force. And again, there are other ways that AHECs touch our lives when we seek healthcare services across this state and beyond, innovative ways, day-to-day ways. Voting for LB489 is the right thing to do from a strategic planning prioritization standpoint. Thank you, Mr. President. [LB489]

SENATOR STUTHMAN: Thank you, Senator Gloor. Anyone else wishing to speak? Seeing no other lights, Senator Sullivan, you are asked to close on LB489. [LB489]

SENATOR SULLIVAN: Thank you, Mr. President, and thank you, members of the body. And thanks to all the senators who have risen in support of LB489 and given clear evidence of the importance and the need for AHECs and the jobs that they have currently been doing. I realize that we have challenges with our economy, and I realize that we are going to have to make some hard choices when it comes to priorities of what we're going to fund. But also we have to think about priorities for programming and the needs in this state. And there is no doubt about it that we have needs with respect to healthcare because we are experiencing and will continue to experience a healthcare work force shortage in this state. And as I have said time and time again, AHECs are the machine for healthcare work force development in this state, not just for the cream of the crop, not for just the brightest and the best, but for all medically underserved areas in high-need, high-poverty areas. They are reaching out to assess the needs in those areas and developing programs and providing the pipeline so that we will have healthcare workers in those areas. The important feature of this bill makes AHECs accountable, makes them document what they are doing and, more importantly, results of what they were doing as far as meeting the needs of this state and what we have said are the needs that will be addressed by AHECs. And I know the funding is a problem, and I'm prepared, as I said, to decrease the amount that we're asking for, make sure that you are getting a good bang for your bucks in all of this investment. So

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again, I come back to where I started. We have healthcare needs in this state. AHECs help address those needs. They are part of the web, the infrastructure, the network. They provide facilitation. They provide training. They provide networking. They aren't there out in front, but they are nevertheless part of that web. And not to fund them, not to provide support for AHECs just makes a little hole in that web where certain people, certain groups can fall through the cracks and not be served. And I don't think as a state and as a body we want to be responsible for that. So I encourage you to give attention to AHECs, and I ask for your support in giving the green light for it. [LB489]

SENATOR STUTHMAN: Thank you, Senator Sullivan. You have heard the closing on the advancement of LB489 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB489]

CLERK: 27 ayes, 0 nays, Mr. President, on the advancement of LB489. [LB489]

SENATOR STUTHMAN: The bill does advance. Mr. Clerk for announcements. [LB489]

CLERK: Mr. President, Committee on Judiciary, chaired by Senator Ashford, reports LB39, LB97, and LB285 to General File with amendments. New resolution, LR83 by the Natural Resources Committee and signed by its members. It's an interim study resolution that will be referred to the Executive Board. LR84 by Senator Coash, that will be laid over. Enrollment and Review reports LB54, LB111, LB121, LB121A, LB158, LB202, LB202A, LB300, LB361 as correctly engrossed. Name adds: Senator Gloor would like to add his name to LB675. (Legislative Journal pages 973-983.) [LB39 LB97 LB285 LR83 LR84 LB54 LB111 LB121 LB121A LB158 LB202 LB202A LB300 LB361 LB675]

And a priority motion: Senator Nantkes would move to recess until 1:30 p.m. []

SENATOR STUTHMAN: You have heard the priority motion to recess until 1:30 p.m. All those in favor say aye. All opposed vote nay. We are recessed. Thank you. []

RECESS []

PRESIDENT SHEEHY PRESIDING []

PRESIDENT SHEEHY: Good afternoon, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber. The afternoon session is about to reconvene. Senators, please record your presence. Please record, Mr. Clerk. []

ASSISTANT CLERK: There is a quorum present, Mr. President. []

PRESIDENT SHEEHY: Any messages, reports, or announcements? []

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ASSISTANT CLERK: Mr. President, one item: Your Committee on Government reports LB626 to General File with committee amendments. (Legislative Journal pages 984-989.) [LB626]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. We will proceed to LB489A. [LB489A]

ASSISTANT CLERK: Mr. President, LB489A was introduced by Senator Sullivan. (Read title.) [LB489A]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Sullivan, you're recognized to open on LB489A. And you're also going to be opening on your amendment? (AM1001, Legislative Journal page 989.) [LB489A]

SENATOR SULLIVAN: Yes, I am. Thank you, Lieutenant Governor and members of the body. I am, as you indicated, not even going to discuss the original LB489A because I have the amendment, AM1001, which changes the funding dramatically. AM1001 reduces the General Fund request for LB489 to \$198,000 for fiscal year '09-10, and \$297,000 for fiscal year '10-11. Let me explain that a little further. For fiscal year '09-10, the funding, as I said, is a total of \$198,000; \$90,000 of that each will go to two different AHECs--Central Nebraska AHEC in Grand Island, and Northern Nebraska AHEC in Norfolk. Each will receive \$90,000. Those are the two AHECs that have currently lost their core funding from the federal government; \$18,000 would also go to UNMC for program administration. Then the following year, fiscal year '10-11, I'm asking for \$297,000, which would continue the \$90,000 each to Central Nebraska AHEC and Northern Nebraska AHEC in Norfolk and then also another \$90,000 to the Panhandle AHEC, which also would that year will lose its federal funding. In addition, \$27,000 would go to UNMC for program administration. Beyond that, in fiscal year '11-12, would be asking for \$495,000 per year for all five AHECs. The reason we came up with the \$90,000 per AHEC is that's the amount of estimated federal continuation funding that all the AHECs will be eligible for in 2013 if the federal government appropriates these funds and, I underscore, all five AHECs remain open until then. Which is precisely what we are attempting to do in this asking on this LB489 A bill. And I would like to also remind you that this is a long way that we've come from that original asking of whatever it was. We've taken a \$500,000 reduction--\$202,000 reduction the first year, and \$203,000 reduction for the second year. And I want to assure you that I will continue to work with the Appropriations Committee and investigate and explore all types of possibilities for funding of the AHECs because I do, as I continue to reiterate how important I feel this program is. Yes, I realize this is tough times. Yes, I realize that we are going to have to set priorities and make some hard decisions. But I remain committed to the fact that funding our healthcare work force development is a priority in this state. It is an important part of the healthcare infrastructure. And I say the infrastructure because AHECs have helped create this. And I really believe, as was

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mentioned in some of my response to some of the questions, that it will help in addressing some of the needs identified in bills that are being presented by Senator Gloor or Senator Gay with LB603. AHECs are an infrastructure that is already in place. We do not need to duplicate, we do not need to reinvent the wheel. I am just asking you for a small appropriation over two years. And reminding you also that AHECs will be accountable and they will provide us with actual proof of the job that they are doing. So I ask for your consideration and approval of LB489 A bill. [LB489A LB489 LB603]

PRESIDENT SHEEHY: Thank you, Senator Sullivan. You've heard the opening of LB489A and the Sullivan amendment, AM1001. Are there members requesting to speak? Seeing none, Senator Sullivan, you're recognized to close on AM1001. [LB489A]

SENATOR SULLIVAN: Thank you very much. And I won't belabor the report or the...my comments. I just want to thank all the senators who spoke in favor of LB489 and explaining some of the things that AHECs have done. I thank the people who gave me support in voting for the main bill. And I ask for your support on the A bill. [LB489A LB489]

PRESIDENT SHEEHY: Thank you, Senator Sullivan. You have heard the closing. The question before the body is on the Sullivan amendment, AM1001. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB489A]

ASSISTANT CLERK: 27 ayes, 0 nays on the adoption of the amendment, Mr. President. [LB489A]

PRESIDENT SHEEHY: AM1001 is adopted. We'll now return to discussion on LB489A. Members requesting to speak, Senator Fulton, you're recognized. [LB489A]

SENATOR FULTON: Thank you, Mr. President, members of the body. I hadn't planned on saying anything else on LB489, but this has to be said. Just talked with Senator Heidemann. And we've done some research. Senator Heidemann provided this actually to me. Nebraska Revised Statute 77-2715.01, it's under income and sales tax. And I think that we may have led the Legislature maybe to a different understanding than what the statute actually expresses. I'm just going to read this. "The Legislature shall set the rates of the sales tax and income tax so that the estimated funds available, plus estimated receipts from the sales, use, income, and franchise taxes will be not less than 3 percent nor more than 7 percent in excess of the appropriations and express obligations for the biennium for which the appropriations are made." So it wasn't entirely accurate what we were talk...what we said on the microphone between Senator Heidemann and myself. We don't necessarily get to...when we line up all of the A bills at the end, on Select File, and we pass the budget, we don't necessarily get to say no to the A bills such that we don't have a tax increase. Actually works a little differently than

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that. Statutorily, if we pass an A bill and those A bills in their totality necessitate a tax increase then that tax increase has to be enacted. I would assume it's going to have to come through the Revenue Committee. So this is like...this is new to me. We'll probably get the opportunity to talk about this a little bit more, but it is Nebraska Revised Statute 77-2715.01. And so we need to bear that in mind as we're making a decision on this bill, LB489A, now we're on the A bill, but also on other bills. We have to be very careful. If we pass A bills that necessitate more money than what we're bringing in, according to statute, that change is made in the income and sales tax collected in the state of Nebraska. I'm not interested in raising taxes. I would guess that the executive branch is not interested raising taxes. And my suspicion is that most people in here are not interested in raising taxes. So we need to bear this in mind as we're making decisions about expenditures. Because as the expenditure goes, so goes the tax. And that's actually expressed statutorily here. Thank you, Mr. President. [LB489A LB489]

PRESIDENT SHEEHY: Thank you, Senator Fulton. Senator Sullivan, you're recognized. [LB489A]

SENATOR SULLIVAN: Thank you very much, Mr. President, members of the body. And I appreciate Senator Fulton's remarks. But by the same token, I think we need to move forward and advance this bill to Select File and consider all the bills that are following it. Thank you. [LB489A]

PRESIDENT SHEEHY: Thank you, Senator Sullivan. Seeing no additional requests to speak, Senator Sullivan, you're recognized to close on LB489A. Senator Sullivan waives closing. The question before the body is on the advancement of LB489A. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB489A]

ASSISTANT CLERK: 26 ayes, 0 nays on the motion to advance the A bill, Mr. President. [LB489A]

PRESIDENT SHEEHY: LB489A advances. We will now move to the...under General File, 2009 Speaker priority bills, LB246. [LB489A LB246]

ASSISTANT CLERK: Mr. President, prior to consideration of LB246, I do have an announcement that the Education Committee will meet at 2:00 in Room 2022. With respect to LB246, it was a bill introduced by Senator Dubas. (Read title.) The bill was read for the first time on January 14, referred to the Committee on Natural Resources. That committee placed the bill on General File with committee amendments. (AM749, Legislative Journal page 780.) [LB246]

PRESIDENT SHEEHY: Senator Dubas, you're recognized to open on LB246. [LB246]

SENATOR DUBAS: Thank you very much, Mr. President. Members of the body, good

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afternoon. This legislation is a compilation of several years of work that I have invested dealing with renewable energy issues. This particular bill that I introduced last year dealt with cellulosic and second generation technology that could be used for the promotion of renewable energy development. The bill that I introduced last year, LB922, created the Cellulosic Biomass Renewable Energy Initiative, and it was designed to create incentives for advanced cellulosic and biomass technology. That bill was turned into a legislative resolution, LR350, which was under the auspice of the Ag Committee. And we had a great interim study hearing. Under Secretary of Ag, Thomas Dorr, attended that hearing. He testified about the availability of USDA grants and how Nebraska had received many of those grants. But most of the grants that we had received from the USDA, while very valuable, were for relatively small-scale projects. And he really encouraged us to work at getting some larger grants that could be used for bigger projects in the promotion and development of these types of technologies and incentives. So from that interim hearing I began to have meetings bringing all of the vested parties together. Those meetings involved the Department of Economic Development, Department of Ag, the Nebraska Energy Office, the Ethanol Board, the university, Bio Nebraska, pharmaceutical companies, and others where we began to discuss Nebraska's bioeconomy. Bioeconomy is kind of a new buzzword but it really is the next wave of job creation and technology. A guest speaker at one of our meetings was Mr. Michael Ott, who is the executive director of BioWa, which is an Iowa organization dedicated to growing the bioeconomy in Iowa. And it became very apparent from what he talked to us about the importance of a baseline study. That baseline study helps you define what your comparative advantages are and it gives you a starting point. Once a baseline is determined then you can begin to develop policies to direct the public and private funds to create the research and development and the ensuing jobs, and that is what this legislation does. With this legislation we can put a study in place that will help us collect the data and then, in turn, we can use that data to plan and evaluate our work. Biotechnology is one of the key drivers of economic growth in the United States and around the world. This industry didn't even exist 30 years ago. But now it's one of the fastest growing sectors of our U.S. economy. The bioeconomy sector employs about 1.3 million people, with total revenues...annual revenues of more than \$50 billion. Employment growth in biotech is outpacing growth in the rest of the private sector. Biotechnology creates new jobs. And those jobs average 65 percent higher pay than that of average jobs in the private sector. Many states have developed strategic plans for the biotech economy. And I think you should have received an e-mail with a Web site to check out Iowa's Web site, the BioWa Web site with their plan on it. And you can see from that plan what they did and how that plan gave them a vision and a direction about where they wanted to go. Nebraska's economy has always had its foundation or its routes in the life sciences. We're an ag-based economy. Ag and related industries remain the key to the future of our state. This is just taking that to the next level and bringing the technology into the mix. Nebraska is home to operations of some of the leading pharmaceutical and biotechnology firms which contributes to our ranking among the top ten states in the nation in bioscience employment. It's imperative that we

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develop renewable fuels from biomass and other sources. There are obvious implications for Nebraska and it will be clearly important for economic development in our state. We have an opportunity to add value to our ag economy and to attract firms to the state that are part of the global bioenergy economy. The University of Nebraska is developing important activities, capitalizing on this expertise. We have a Center for Energy Sciences and Research at UNL. I've had the opportunity to work with this organization, especially Dr. Ken Cassman. We have a wealth, truly a wealth of information. And Dr. Ken Cassman really does have an understanding. And he's quite fascinating to visit with. We're talking about the new Innovation Campus and what that Innovation Campus is going to provide as far as economic development down the road for the state of Nebraska. Senator White introduced a bill that we talked about earlier, LB555, which outlines the importance of research and development for enhancing our state's economic development and most importantly broadening our tax base. Based on the discussions that we've had the last several days, that is truly something that we need to spend a lot of time focusing on, is how do we broaden that tax base, how do we bring more revenues into our state. This is assessment will allow us to see where our strengths and weaknesses lie and we need to know what our comparative advantages are. One of the things that the speaker from Iowa talked about was when they got that assessment back they had strengths that they didn't even realize were there. And so that knowledge allowed them to really capitalize and move those strengths forward. An example of the types of jobs that could be brought to our state through an assessment into the bioeconomy is the plant that has...that is being built in Blair or that already is in existence in Blair, Novazymes. It selected Blair, Nebraska, as the location for its new production facility, bringing approximately 100 new jobs to our state, initially. And there's vast potential for growth there. The facility will produce enzymes for existing corn-based ethanol and later those enzymes can be used for cellulosic ethanol production. Blair will be designed for later expansions to ensure Novazymes can meet demands for enzymes for cellulosic ethanol and there is an unprecedented effort to make these enzymes available by 2010. The new location will allow them to sustain their close cooperation with the bio-ethanol customers across the Midwest and provide us access to a well-educated work force and good infrastructure. This is an incredible business opportunity that has vast potential for growth. It's in Nebraska. We need to make sure that we continue to support these types of businesses and build that work force so that we can continue to recruit these types of businesses to the state. I've been working very closely with the university because the opportunities are there for students, professors, and economic development in the state. My original interest in this bill came from my strong interest in renewable energy production. That was what my original bill was focused on, specifically renewable energy production in the cellulosic arena. When I began to visit with the university, they were quick to point out to me how we can broaden this and look at the whole biotech economy. And so I was very much intrigued and very much willing to work with them on a broader scope as far as what this study can bring to Nebraska. The amendment will become the bill. The amendment is somewhat different than the original bill based on my work with the university and what

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they would like to do. Bio Nebraska is...I've also sent in that e-mail that you've received linked to their Web site and what Bio Nebraska is doing and who they are. Bio Nebraska is a group of business people,... [LB246 LB555]

PRESIDENT SHEEHY: One minute. [LB246]

SENATOR DUBAS: ...academics, thank you, Mr. President, researchers who promote and support how science can provide better healthcare, enhance agriculture, a cleaner and safer environment, thus creating greater opportunities for economic development. I think if you go to that Web site, you'll be able to see who are the people that are involved with Bio Nebraska, what they've already brought to the state, what they hope to continue to bring to the state. As you read through the amendment you'll see what the focus of this assessment is, what it hopes to bring. We've already been able to generate \$100,000 of private donations to help kick-start this assessment. And it's my hope to continue working with them to see what additional dollars we can generate outside of General Fund dollars. And I have introduced an amendment on Select File so that I'm able to continue working with the university and other vested parties, looking at specifically the economics of this bill. [LB246]

PRESIDENT SHEEHY: Time, Senator. [LB246]

SENATOR DUBAS: Thank you. [LB246]

PRESIDENT SHEEHY: Thank you, Senator Dubas. (Visitors introduced.) As was stated, we do have a Natural Resources Committee amendment. Senator Langemeier, you're recognized to open on AM749. [LB246]

SENATOR LANGEMEIER: Mr. President, members of the body, AM749 does become the bill. So as you are looking at the fiscal note on this, the original fiscal note was on the green copy. So with the committee amendment, it cuts it to \$100,000. So we're waiting for that new fiscal note, if you choose to advance the Natural Resource Committee as well as Senator Dubas' LB246. Again, the committee amendment becomes the bill. The Natural Resource...it requires the Natural Resources Committee to develop a statewide strategic biotechnology plan. It requires the committee, the Natural Resources Committee, to commission a nonprofit organization in Nebraska that has an interest in biotechnology to work for the committee on the strategic plan. And it appropriates the request for \$100,000 for this research and this plan. It requires the nonprofit to present their work to the committee by June 30, 2010. Then the committee can present legislation to further aid in the discussion or the results of that plan. It creates the Biotechnology Development Cash Fund. It states the intent of appropriation, \$100,000 to this process. Bottom line, provides a partnership opportunity between...for the development and the strategic planning of biotechnology in Nebraska for the future. And with that, I'd ask you to support AM749, the committee amendment to LB246.

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Thank you, Mr. President. [LB246]

PRESIDENT SHEEHY: Thank you, Senator Langemeier. You've heard the opening of the Natural Resources Committee amendment, AM749. Members requesting to speak are Senator Price, followed by Senator Gay. Senator Price, you're recognized. [LB246]

SENATOR PRICE: Thank you, Mr. President, members of the body. Senator Dubas, I wonder if you would yield to a question? [LB246]

PRESIDENT SHEEHY: Senator Dubas, would you yield to questions? [LB246]

SENATOR DUBAS: Certainly. [LB246]

SENATOR PRICE: Senator Dubas, did I hear correctly that it was your expectation that by following through on this we could possibly expand our tax base? [LB246]

SENATOR DUBAS: That certainly would be the objective by the creation and addition of new jobs for the state, yes. [LB246]

SENATOR PRICE: Okay, so it's about new jobs, but are we talking about maybe making sure that there are no tax breaks for the industries? [LB246]

SENATOR DUBAS: Well, I would say that jobs...or companies coming into the state, if they were able to take advantage of existing tax incentives, you know, the Nebraska Advantage Act that we already have in place, they certainly would be able to take advantage of those incentives. But I don't have anything built into this particular bill that would create any additional ones, no. [LB246]

SENATOR PRICE: So if we have a second generation cellulosic energy development would they be excluded from these same type of breaks? [LB246]

SENATOR DUBAS: You know, I'm not able to bring up right in my mind exactly all the requirements to qualify for Nebraska Advantage incentives. But if they were able to qualify, met the requirements for Nebraska Advantage, I would see them taking advantage of that. [LB246]

SENATOR PRICE: Okay. So how about the sale of the product itself? I mean,... [LB246]

SENATOR DUBAS: Again, anything that's already in existence for them to take advantage of, but there's nothing in this bill that would create anything new. [LB246]

SENATOR PRICE: So it would be taxing the people that we'd get our actual tax base increased by, the individuals working in the industry. [LB246]

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SENATOR DUBAS: By bringing jobs, bringing additional monies into the state we're able to generate off of...from that...from those taxes, yes. [LB246]

SENATOR PRICE: Okay, great. And then the next question I have is I was looking at the funding profile and I notice again, as Senator Langemeier said, that there's an amendment and it changes the dollar amount. And I printed it but I didn't have a chance to go back there and catch it. But I did have a question. I notice that the funding profile that I had available to me talked about a one-year funding, I guess some of it was supposed to go into the...there are two purposes for the money, but that we're asking for the commission to go to 2012. So what about funding for the other years? And also on the note, if...this way we can cut it short, the fiscal note says we don't know what agency is responsible for this so we don't know how to build this. So could you take a moment to elaborate on how we're going to pay for the out years, how much it's going to cost, and who's going to be responsible, what agency? [LB246]

SENATOR DUBAS: The amendment addresses those concerns that you've just raised, Senator Price. It creates the Biotechnology Development Cash Fund and that those monies would be used to fund the commission, whoever they hire, this nonprofit corporation, whomever they hire, so they would put out, I imagine, an RFP for someone to step up in there. And it would provide access to the necessary resources for the development of the plan. We're looking at \$200,000 right now. We have raised \$100,000 in private sector donations so far. As I said, I'm continuing to look. If there's additional dollars that we can generate outside of General Fund dollars this commission would be...then have the authority to spend up to \$200,000. [LB246]

SENATOR PRICE: Okay. So that means that we won't be having...we won't be revisited in 2011 asking for more money? They'll have to cash...it will be like a cash fund, they'll have to do it all on their own? [LB246]

SENATOR DUBAS: Right. This is my intention, this is a one-time...we are wanting to do this assessment and see what comes out of that assessment then. [LB246]

SENATOR PRICE: Okay, great. I just want to make sure because I saw that and I looked. I just didn't see where we would continue to fund it for three years. Thank you very much, Senator Dubas. Thank you, Mr. President. [LB246]

PRESIDENT SHEEHY: Thank you, Senator Price. Senator Gay, followed by Senator Wightman, and Senator Rogert. Senator Gay, you're recognized. [LB246]

SENATOR GAY: Thank you, Mr. President. I rise in support of the bill and the amendment. I was glad to see the amendment in the following amendment where you can receive other donations and other amounts of funding. It looks like there's another

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amendment coming. But I do think this is a worthwhile project. But I wanted to...I'm going to hit my light a couple of times here just because I think it's an important issue that we're following. And Senator Dubas is very interested in this, I know, and she should be. I think we all should be because there's a great opportunity probably for our state in some of these...in new research and new opportunities on renewable resources, biotech, all these kind of things. But I was wondering if Senator Dubas would yield to a few questions. [LB246]

PRESIDENT SHEEHY: Senator Dubas, would you yield to questions? [LB246]

SENATOR DUBAS: Certainly. [LB246]

SENATOR GAY: Thank you, Senator Dubas. I was at a conference this summer, and I've been there a couple of times. The University of Nebraska has like an innovation, this is called the Nebraska Research and Innovation Conference. And they had different people there. And they've been pushing this several times. What I wanted to get to at some point you're going to do a study to pull people together. But on all the different things that go on, you had mentioned, and part of the people at this research was it's EPSCoR, I think, and then Bio Nebraska and some of those people were in this. But how...and then you had mentioned the place in Blair, the new...is it a Dutch company? How are all these things being pulled together or how do you see down the road here that you do this study, how do all these people pull their ideas together and start working together? Instead of having this person doing something, this person doing something, is your goal to bring everyone together? What do you envision five years from now, ten years from now where we're at as a state? [LB246]

SENATOR DUBAS: I envision...this is a plan. What this is putting together is a plan, a plan gives you that direction. A plan, as I said, looks at what our strengths are in the state, what our weaknesses are, what can we do to capitalize on those strengths. I would encourage you to go to that Web site, BioWa's Web site. It shows what their plan is and then where they've taken that plan, what they've used, how they put the information gathered in that plan to use. And so this is that opportunity to get all of the vested people together looking at this in a broad-based...with a broad-based perspective. And then map out that, okay, where do we go, where do we go next, what are the strengths that we have that we can develop businesses such as Novazymes, that I mentioned. [LB246]

SENATOR GAY: Would there, at some point, be a over...one agency looking at this for the state, I mean we're not a large, large state but instead of so many diverse interest? Senator White had a bill which I also supported and many of us did on the research credit. I think that's a great idea. But, I guess, down the road would this...if we did a study, a comprehensive study, what you're asking for, would it...do you think it would have one agency, maybe...I think of the University of Nebraska is a research university

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that would, I think, be our leader in this. But would there be one agency possibly do you envision or is it...is that why we're doing the study? [LB246]

SENATOR DUBAS: Well, the university is definitely interested in this because of the research opportunities that it provides. And with their plans for the Innovation Campus, this fits in very well for this. But I would see the Department of Economic Development probably being the main agency if we're looking at creating jobs, bringing jobs, bringing businesses to the state. I mean, I would see them being able to take this information and really run with it as far as getting out there and recruiting. North Carolina, they're one of the leaders in this type of work. And they've been able to show really documented information about what this plan... [LB246]

PRESIDENT SHEEHY: One minute. [LB246]

SENATOR DUBAS: ...can provide for growing their economy. So I think the Department of Economic Development would be an integral agency. [LB246]

SENATOR GAY: What is the Department of Economic Development doing now in this field? If they're going to be the leader, are they doing something now? [LB246]

SENATOR DUBAS: Well, again, there's...this is an arena that is relatively new. And so by doing this assessment to see what do we already have in our state, what's working, they're going to be able to use this as a recruitment tool. I think they are already trying to recruit, but again putting things in a really solid, understandable fashion, knowing what we have, what's out there, they'll be able to use it, I think, to give them another leg up as far as recruiting businesses. [LB246]

SENATOR GAY: Okay. And I'll wait until my next time to talk. But I wanted to talk about what we do after we get this report and how it's...I know you don't know what's going to be, what the report is going to say, that's why we're doing it. But kind of if we could guide them, I'm sure you'll be involved in the guidance of what happens, you and Natural Resources. Thank you, Mr. President. [LB246]

PRESIDENT SHEEHY: Thank you, Senator Gay. (Visitors introduced.) Continuing floor discussion on Natural Resources Committee amendment, AM749, we have Senator Wightman, followed by Senator Rogert, Senator Wallman, and Senator Gay. Senator Wightman, you're recognized. [LB246]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the body. I have some questions of Senator Dubas, if she would yield. [LB246]

PRESIDENT SHEEHY: Senator Dubas, would you yield to questions? [LB246]

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SENATOR DUBAS: Yes. [LB246]

SENATOR WIGHTMAN: Thank you. I see in here, and one of the reasons I arose was that you provide that the Executive Board of the Legislature will be involved in the selection of the nonprofit corporation. And that's probably their only purpose, is that right, is to perhaps sign the contract? [LB246]

SENATOR DUBAS: Yes, that would be my understanding, yes. [LB246]

SENATOR WIGHTMAN: Now originally, Senator Dubas, it looked like you started out to amend a prior statute, Section 66-1701, which apparently deals with the Biopower Steering Committee. And then you decided it would be a standalone statute. Is that correct? [LB246]

SENATOR DUBAS: Yes. [LB246]

SENATOR WIGHTMAN: And at this point do you expect the University of Nebraska to take the lead, probably, in...not in this legislation necessarily, but in determining exactly what they want in this study? And I know you've specified a lot of that within the statute, but a lot of the guidance would come from them. Is that correct? [LB246]

SENATOR DUBAS: Yes, I've worked very closely with the university. They're very much interested in this legislation. [LB246]

SENATOR WIGHTMAN: And it started out as a \$200,000 fiscal note and has been reduced to \$100,000, with \$100,000 of private funds that would be added to that to make up the same total amount. Is that correct? [LB246]

SENATOR DUBAS: That's correct. [LB246]

SENATOR WIGHTMAN: And I'm also a little interested in the question that Senator Price raised during the questions that he asked you. And one of those, do you see any likelihood that this would continue beyond the one-year period? Do you expect that the study would be completed with this one-time injection of cash from the Legislature? [LB246]

SENATOR DUBAS: That would be my intention that this is a one-time. We get this assessment done and then we're able to take that assessment and move forward with any other kind of planning. That's been the experience in other states so I would see why we'd be no different. [LB246]

SENATOR WIGHTMAN: I think maybe the committee amendment broadens the scope of the statute a little bit. And maybe the original intent was to include all biotechnology.

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But it looked like it was somewhat concentrated on biotechnical power or biopower. And I gather that we're probably broadening the scope a little bit with the entire biotechnology field. Is that correct? [LB246]

SENATOR DUBAS: That's correct. My focus initially was on the energy portion of it. And then, as we continued to have these meetings and these different people around the table, I began to learn more about the whole biotechnology economy and what all it involves, whether it's the pharmaceuticals, we're talking plastics, we're talking a broad spectrum of areas. And so I just thought, you know, it would make sense to broaden this study. [LB246]

SENATOR WIGHTMAN: Okay. I think that answers my questions. I would yield the remainder of my time, Mr. President, to Senator Dubas, if she wishes to use the time. Thank you. [LB246]

PRESIDENT SHEEHY: Senator Dubas, 1 minute, 40 seconds. [LB246]

SENATOR DUBAS: Thank you very much, Senator Wightman. Thank you for the questions so far. Again, I'd just like to reemphasize who I've worked with on this--University of Nebraska, the Ethanol Board, the Energy Office, Bio Nebraska, pharmaceutical companies, Department of Economic Development, Department of Ag. We continue to really take this discussion to the next level, past just the supporting and advancement of renewable energy. It's been very fascinating for me to learn about what types of businesses... [LB246]

PRESIDENT SHEEHY: One minute. [LB246]

SENATOR DUBAS: ...could exist under the biotechnology economy. And again, this is a plan. This is looking to fund a plan that helps us understand where we've been, where we are, and hopefully where we want to go. I don't know what's going to come out of this plan, and that was one of the things that the gentleman from Iowa stressed to us. He said, we went in with some preconceived notions of where we were at and found out that we were in a completely different place. This plan really does give you an opportunity to visually see what's going on in your state, where your strengths are, where your weaknesses are. And then be able...you know, our dollars are precious, we all know that. And so it would behoove us to put our dollars where we're going to get the most bang for our buck. And I think that's what this type of plan would offer to us, to see where's the best place to invest future resources, what are the types of businesses that we can recruit to our state that will help us expand on what we already have going for us. And... [LB246]

PRESIDENT SHEEHY: Time, Senator. [LB246]

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SENATOR DUBAS: Thank you. [LB246]

PRESIDENT SHEEHY: Thank you, Senator Dubas. Thank you, Senator Wightman. Speaker Flood, you're recognized for an announcement. [LB246]

SPEAKER FLOOD: Thank you, Mr. President. Good afternoon, members. Just a quick note. We will be adjourning at or around 4:00 p.m. this afternoon. Reminder that tomorrow, prior to the holiday break, we will be leaving prior to or at noon on our Thursday morning. Also a note of interest that, due to some absences, tomorrow you will not see, if it is...would be in the agenda tomorrow, LB440 from Senator Council or LB307 tomorrow. They will reappear on next Tuesday's agenda. Also, you will not see LB162 from Senator Cornett on Thursday's agenda. It will also reappear on Tuesday due to absences. Thank you, Mr. President.

PRESIDENT SHEEHY: Thank you, Speaker Flood. Resuming the floor discussion on the Natural Resources Committee amendment, AM749, Senator Rogert, you're recognized. [LB246]

SENATOR ROBERT: Thank you, Mr. President. Good afternoon, members of the body. As Senator Friend would say, I'm going to help continue the lovefest on this bill. I rise in support of LB246 and AM749. I'm going to ask Senator Dubas a couple of questions in a minute. But I...in the committee amendment they added some intent language in Section 1. I think what we often think of when we think of bioenergy, we often go right to ethanol and possibly to biodiesel. But there are a lot of other things that fall under that category and they included those in that intent language. If you read in there it says, the research and testing of agricultural feedstock and chemicals, drugs and other pharmaceuticals, medical materials, medical laboratories, and advanced biofuels. And I think that those are the things that we're going to be looking to in the future to help bring ourselves into the arena of bioenergy. Ethanol has always been a part of Nebraska's agricultural and bio sector. Biodiesel is slowly making its way into that. We need to do more and more to push ourselves into that and give probably a few more incentives and maybe create a few more statutes that get us into that type of an arena. Another thing that this plan is going to do is it's going to outline the strengths and weaknesses of our situation in Nebraska and tell us what we can do to improve on those weaknesses and expand on those strengths. And it's also going to give us the potential of biotech here in Nebraska. Hopefully, this study will show, I know it will show, that the number of jobs and the amount of wealth created through biotechnology in Nebraska is limitless. And we need to definitely get in the game and look further into doing more of these types of projects. And another thing it does is it pairs private and public money. And we all know what happens when you do things with completely public money. We'll tend to screw it up. And if you tend to do it with private money it might just be for-profit and the wrong people will make the right amount of money. And we got to...when you put those things together it always helps that situation out. Mr. President, I would like to ask Senator

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Dubas a couple questions. [LB246]

PRESIDENT SHEEHY: Senator Dubas, would you yield to questions? [LB246]

SENATOR DUBAS: Certainly. [LB246]

SENATOR ROBERT: Senator Dubas, you and I discussed some things a little earlier. I was in the process of creating an resolution for an interim study to look into the effects of biofuel mandates in other states. Do you think that this bill as amended will give us the propensity to go and discuss mandates of...possible mandates of ethanol and biodiesel in the state? [LB246]

SENATOR DUBAS: I certainly think that could be brought into the discussion. And while this is looking at other things other than energy, that definitely will be a key component of the discussion. [LB246]

SENATOR ROBERT: Have you done any research or just kind of looked at any of the other states that have mandates and what it's done for them? [LB246]

SENATOR DUBAS: I have, just for some of my own personal information, have looked at what other states have had. Can't bring them to memory right now, but I have looked at them, yes. [LB246]

SENATOR ROBERT: I know Minnesota...I think we have a state...I think we have one small mandate. It says if you sell gas in more than one pump in a facility, one of them has to have ethanol in it. But I know Minnesota says every gallon, with a few exceptions, has to have ethanol in it. And there are other states that have set goals that say by a certain period we're going to have 5 or 10 percent biodiesel fuel in their pumps. And I don't know what's your thoughts on that and I'll give you the rest of my time when I'm done here, but I think those are things we should explore and see what the effects would be on the expansion of our biofuel industry in the state of Nebraska using those types of issues. And I'll give the rest of my time to Senator Dubas. [LB246]

PRESIDENT SHEEHY: Senator Dubas, 1 minute, 15 seconds. [LB246]

SENATOR DUBAS: Thank you very much, Senator Rogert, for the good questions. And we do, from the interim study resolution, do have a legal brief that I think might address some of the questions that you raised in regards to other states and mandates that are in place. So I'd be happy to share that with you. I also appreciate the point that you raised about... [LB246]

PRESIDENT SHEEHY: One minute. [LB246]

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SENATOR DUBAS: ...public-private partnerships. This really is something that we're probably, as a state, going to look at a lot more just because of how previous our dollars are and the ability...or where we want to put those specific state dollars. And if private entities are going to reap the benefits of the things that we do, then you know it makes sense that they would step up and become an invested partner in the research or in whatever it is that we're trying to do. So I think this...I've really appreciated and enjoyed working with the university and these other groups on looking at what we can do they're excited, I'm excited. I think we have an opportunity to really make some good things happen out of this assessment and it will be a model for future types of cooperation and work that we can do. [LB246]

PRESIDENT SHEEHY: Time, Senator. [LB246]

SENATOR DUBAS: Thank you. [LB246]

PRESIDENT SHEEHY: Thank you, Senator Rogert. Thank you, Senator Dubas. (Visitors introduced.) Senator Wallman, you're recognized. [LB246]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. I, too, want to thank Senator Dubas. I think we've watched our major auto companies try to skimp on research and the Japanese auto companies kind of took over. So is this a pay me now or pay me later? It's hard to tie this stuff down but we got to. And if we have an Innovation Park here at the university or UNMC, whether it be healthcare, whether it be GMOs, or whether it be biofuels, we cannot let all this money leave the United States. I watched NETV, and how much stuff is leaving our country. We have a tremendous trade imbalance with several...three countries and all mainly because of engineering. We've lost a lot of engineers in this country to Australia, different parts of the Earth because they get more money. So if we can promote these jobs here and have good research and return the monies to Nebraska we will have a better life I feel. And I know it costs money, everything costs money. Death and taxes, that's all we can count on. So thank you, Mr. President. And I would yield the rest of my time to Senator Nelson. [LB246]

PRESIDENT SHEEHY: Senator Nelson, 3 minutes, 25 seconds. [LB246]

SENATOR NELSON: Thank you, Senator Wallman. I appreciate just a moment of time. Thank you, Mr. President, members of the body. I have a couple of questions for Senator Dubas, if she will yield. [LB246]

PRESIDENT SHEEHY: Senator Dubas, would you yield to questions? [LB246]

SENATOR DUBAS: Yes, I will. [LB246]

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SENATOR NELSON: Senator, this is kind of a technical question here because we get used to these in the Appropriations Committee. Looking at page 2 of the amendment you'll see, starting with line 18, 19, there is language there, "shall" and in fact all statements prior to that time are "shall." And then you'll see on line 21: It is the intent of the Legislature to appropriate \$100,000 during fiscal year 2009-10. Now did I understand you to say that there is going to be an A bill following this? [LB246]

SENATOR DUBAS: Yes, there will be an A bill. [LB246]

SENATOR NELSON: Okay. You know it may be the intent of the Legislature, but if the money is not there, I'm not sure that that should be in the amendment. And perhaps you may already have spoken with the Fiscal Office about that. But I just, for the record, I wanted to point that out and make sure that the \$100,000 will be part of an A bill. Is that correct? [LB246]

SENATOR DUBAS: Yes. And I do have an amendment that I have filed on Select File that will address those concerns. [LB246]

SENATOR NELSON: All right, thank you very much. [LB246]

PRESIDENT SHEEHY: Thank you, Senator Nelson. Senator Gay, you're recognized. [LB246]

SENATOR GAY: Thank you, Mr. President. I was looking at the makeup of the committee. And I noticed one was pharmacy industry is going to be on there. But anyway, I was going to ask Senator Dubas a few questions, if she'd yield. [LB246]

PRESIDENT SHEEHY: Senator Dubas, would you yield? [LB246]

SENATOR DUBAS: Yes. [LB246]

SENATOR GAY: Thank you, Senator Dubas. On the pharmacy, is that...can you explain what they're looking at in this? [LB246]

SENATOR DUBAS: Well, I believe you're looking at the green copy and the amendment... [LB246]

SENATOR GAY: So there would be no (inaudible). [LB246]

SENATOR DUBAS: No, the amendment puts this with the Natural Resources Committee. [LB246]

SENATOR GAY: Okay. Well, on to another thing. You had mentioned on the Iowa thing,

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I haven't had time to check out their Web site, so Iowa has done this. And then you said don't go in with any preconceived notions and I understand that because then you get...no sense doing this. So when they came with their results, what are they doing with their plan, or did they prioritize? Because I can imagine that although we're both agricultural states, is there things we could probably do better? Are we going to prioritize those, do you think, down the road of the findings of the report? Let's say, hey, these top 10 things, let's say they give you 50 different outcomes of what possibilities are, will there be some kind of prioritization of we're probably really good in these things and we're set to do that? Would that be in this? [LB246]

SENATOR DUBAS: I would see us determining how we want to use that information. Do we want to set those priorities? Do we want to focus in on just one particular area? I mean, we would have the ability to use that information however we saw fit with it. Iowa has used a lot of the information that they gleaned from their study to build and promote their biorefineries. I think that's probably one of...been one of their main focuses. So again, it would be, I think, up to us as the Legislature what we wanted to do with that information. [LB246]

SENATOR GAY: Okay. And, of course, I know your interest is in this and others, too, so you'd follow up on that. But so there is no committee that's going to be formed to look into this? [LB246]

SENATOR DUBAS: No. [LB246]

SENATOR GAY: Because I was under the understanding there was. [LB246]

SENATOR DUBAS: No... [LB246]

SENATOR GAY: I'll ask Senator Langemeier a question then in a minute, because I thought there was. But anyway, well, so I just wanted to know, you know, the different groups we have that are funded already with state dollars. I am a little concerned again that we don't have six different agencies doing probably what one should do. And if the Department of Economic Development is going to be the lead agency, some day I'd like to see us get to a point where we have one source to go to, they're accountable and they'd just be much more...I think they could deliver these services better with legislation that would develop out of this instead of trying to say, well, you do this, you do this. And I've always thought the university, from what I've seen, has done a good job of doing that. So I just wanted to visit on that. I commend you for bringing this. I think it's something that we need to continue to look into. And I know you've always had interest in these. And I know it now is expanded more than...and as I read through this a little more it's quite expansive opportunities, I guess, too, as we look into that. So like I say, I like the idea, I'm going to vote for it. But I would see if Senator Langemeier would yield to a question? [LB246]

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PRESIDENT SHEEHY: Senator Langemeier, would you yield to questions? [LB246]

SENATOR LANGEMEIER: Yes. [LB246]

SENATOR GAY: Thank you, Senator Langemeier. So there...on the steering committee, is that not in this then? [LB246]

SENATOR LANGEMEIER: The original green bill had this process of creating a steering committee and giving this whole thing to them to go develop. The committee amendment puts it to our committee as the Natural Resources. [LB246]

SENATOR GAY: All right. [LB246]

SENATOR LANGEMEIER: So as the committee Chair, then I have to decide what we're going to do. And so my goal is to use those people and those classifications that were in that green bill to come advise us and be part of that discussion. But the committee is still going to be the Natural Resources Committee to make the decisions. So we're going to utilize those people. We are...the goal with this copy is not just give it to them and then wait for some handout that we all get 14 copies of every year. [LB246]

PRESIDENT SHEEHY: One minute. [LB246]

SENATOR LANGEMEIER: The goal is, is as a committee, to keep control of this and make the decisions but utilize those people, as in the green copy, as advisory; still going to be part of the discussion, the committee. [LB246]

SENATOR GAY: Yeah. And they would be interested. They would be following your actions then. And I know Senator Dubas is on your committee as well. And so, okay, I'm comfortable with that. [LB246]

SENATOR LANGEMEIER: Right. And...and... [LB246]

SENATOR GAY: I just wondered who was going to do it. And then you'd go out and hire a consultant then that you see guys see fit to...the committee would see fit to say, hey, go do this. [LB246]

SENATOR LANGEMEIER: Sure. [LB246]

SENATOR GAY: It's being monitored. [LB246]

SENATOR LANGEMEIER: And we're also asking that group for \$100,000 bucks. So you ought to... [LB246]

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SENATOR GAY: The other interested parties, which I think is commendable... [LB246]

SENATOR LANGEMEIER: ...the other interested parties. [LB246]

SENATOR GAY: ...and good... [LB246]

SENATOR LANGEMEIER: They have to put their \$100,000 up first before Senator Dubas wants us to put this \$100,000 up for...and so... [LB246]

SENATOR GAY: And that's...yeah, and I'm glad to see that. That's a great idea, I think. It's a good partnership there between public-private partnership. So I commend you on that. Thank you, Mr. President. Thank you, Senator Langemeier, Senator Dubas. [LB246]

PRESIDENT SHEEHY: Thank you, Senator Gay. Senator Stuthman, you're recognized. [LB246]

SENATOR STUTHMAN: Thank you, Mr. Lieutenant Governor and members of the body. I have a little bit of a concern about this. And I would like to ask a question of Senator Dubas. [LB246]

PRESIDENT SHEEHY: Senator Dubas, would you yield to questions? [LB246]

SENATOR DUBAS: Yes. [LB246]

SENATOR STUTHMAN: Senator Dubas, I'm supportive of the biotechnology and everything like that. The concern that I have is if we have this committee, this group, to set the direction of biotechnology, are we going to be establishing something that a private industry can take that information and develop their own so we're giving them a leg up on a direction that should be set and a private industry is going to take off with biotechnology and profit from it at the expense of this committee? [LB246]

SENATOR DUBAS: Well, that already exists for private industry. I mean they have the ability to take whatever they have at their disposal and move their particular issue forward. What this does is create that plan, that assessment for what we have available. This isn't looking at then what do we do next. This is just an evaluation of what's already going on in our state, the types of businesses that exist, where are strengths and weaknesses are. And then once we get that information, once that information comes to the Natural Resources Committee, then we have the ability to, whatever we need to look at policywise, to put things together. I don't see this as giving any particular industry or person an additional leg up in any way. [LB246]

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SENATOR STUTHMAN: Senator Dubas, do you feel that when we get this assessment and get the information and it goes to the Natural Resources Committee, do you feel that there will be the demand for additional funding in years to come to help support in certain directions? Or what I'm trying to get at is it...are we establishing something that's going to cost us \$100,000 now that could cost us \$2 million in two, three years from state tax dollars? [LB246]

SENATOR DUBAS: I wouldn't see this particular piece of legislation doing that. It's pretty difficult for us to commit future legislators to anything. Again, this is just doing an assessment, trying to see what kind of direction the state wants to take, helping us understand as policymakers maybe some of the things that we want to do. Is there legislation that we need to introduce? I mean none of us really know what's going to come out of this plan until we actually do it. And so, you know, maybe everything is moving the direction it's supposed to and we won't need to do anything. But I think this just helps us have a visual perspective of what's going on in the state and then how do we build on that. [LB246]

SENATOR STUTHMAN: And that information is probably very valuable. You know, the issue that I had was the fact that, you know, once you start something then you see what is a need and if there's a real demand or there's a real need for it and we can't afford to say no, so we're going to have to pump some more tax dollars into trying to establish the direction that was set by this initial committee. And that is one of the issues that I'm trying to deal with, you know, once you start something, once you get the foot in the door. But if it would just be the \$100,000 and set the direction and that would be it, you know, I could support it. But down the road, if it creates something that we can't afford not to do it and it's going to take taxpayer dollars, then I have a concern with it. So thank you, Mr. Lieutenant Governor. [LB246]

PRESIDENT SHEEHY: Thank you, Senator Stuthman. Are there additional members requesting to speak on the Natural Resources Committee amendment, AM749? Seeing none, Senator Langemeier, you're recognized to close. [LB246]

SENATOR LANGEMEIER: Mr. President, members of the body, I thank everyone for the great discussion. Again, AM749 does become the bill. We'd ask that you adopt AM749 to LB246. Thank you. [LB246]

PRESIDENT SHEEHY: Thank you, Senator Langemeier. You've heard the closing. The question before the body is on the adoption of the Natural Resources Committee amendment, AM749, to LB246. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB246]

CLERK: 30 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB246]

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PRESIDENT SHEEHY: AM749 is adopted. We'll now return to floor discussion on LB246. Senator Pirsch, you're recognized. Senator Pirsch waives. Seeing no additional requests to speak, Senator Dubas, you're recognized to close. [LB246]

SENATOR DUBAS: Thank you, Mr. President. I would like to thank the members of the body for their good questions and good discussion. As I said, I have a Select File amendment. We'll continue to work on the funding mechanism for this bill and would appreciate a green light to advance this to Select File. Thank you. [LB246]

PRESIDENT SHEEHY: Thank you, Senator Dubas. You have heard the closing. The question before the body is on the advancement of LB246. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB246]

CLERK: 31 ayes, 0 nays, Mr. President, on the advancement of LB246. [LB246]

PRESIDENT SHEEHY: LB246 advances. We will now proceed to LB440. [LB246 LB440]

CLERK: LB440 is a bill by Senator Council. (Read title.) The bill was introduced on January 20 of this year, at that time referred to the Education Committee. The bill was advanced to General File. There are Education Committee amendments pending, Mr. President. (AM660, Legislative Journal page 746.) [LB440]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Council, you're recognized to open on LB440. [LB440]

SENATOR COUNCIL: Thank you, Mr. President. LB440 is intended to amend the Student Diversity Scholarship Program Act. The Student Diversity Scholarship Program Act is commonly known as the Davis-Chambers Scholarship, which was created by the Legislature in 1989. The Legislature appropriated funds which have been held, managed and invested as an endowed scholarship fund and which has been supplemented by private dollars from private donors as well as foundations. The purpose of LB440 is to clarify and harmonize the bill in view of the passage of Initiative 424 amending the Nebraska Constitution to bar any preferences on the basis of race, sex or ethnicity. The intent of LB440 is to amend the Student Diversity Scholarship Act to make it absolutely clear that the scholarship program existing under this act will be administered in accordance with the Nebraska Constitution. I must emphasize the fact that the intent of LB440 is to remove any doubt that this scholarship program will be administered in accordance with the Nebraska Constitution. I emphasize that fact because without this amendment the university system, the State College Board of Trustees and our community college boards would nevertheless be bound to administer this scholarship program in a manner that does not contravene the constitutional

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amendment. This is so because the current language of the statute requires that any scholarship awarded under this act shall be awarded in a manner consistent with the constitution and the laws of the United States and the Constitution of the State of Nebraska. LB440 requires that the criteria for the award of scholarships also be determined in accordance with state and federal law. I must note that this is not the first time that the act has been amended to ensure compliance with the law of the land. The U.S. Supreme Court ruled that there cannot be the use of race as a determining factor for the award of scholarships. Consequently, this body amended the act in 2000 to ensure that scholarships were awarded in compliance with the Supreme Court decision. In anticipation of questions as to what types of diversity would be considered under the act as amended, I would first submit that it encompasses the same things that this body expects from the learning community's development of a diversity plan. I would also direct your attention to the discussion that occurred this morning regarding Senator Sullivan's AHEC bill and its objectives. Senator Sullivan and others addressed the need to recruit individuals from high poverty and high need groups into the healthcare professions; thus, economic diversity would be an allowable criteria under LB440. There was also discussion this morning of the need for culturally competent healthcare professionals. Thus, an applicant's knowledge of and experience with other cultures would be an allowable diversity criteria under LB440. The fact that the applicant may be the first person in their family to attend college would be an allowable criteria under LB440. Geographic diversity is also a possibility. Thus, the Student Diversity Scholarship Program Act can exist in harmony with the Nebraska Constitution as recently amended. And quite frankly, the result of LB440 would be broadening the opportunities for young people throughout the state of Nebraska to access these scholarship funds. Indeed, that is exactly what occurred after the Legislature amended the act in 2000. There was testimony presented during the hearing on this bill that, after the amendment of the act in 2000, the number of applications for the scholarship increased dramatically. And it increased dramatically with the elimination of race as a criteria for awarding the scholarship. The committee's vote in favor of advancing this bill without dissent is evidence of the fact and acknowledgement of the fact that LB440's intent is solely to harmonize this scholarship program with the constitutional amendment. I also appreciate the fact that the committee reviewed LB440 to ensure that it was structurally sound and will be introducing an amendment to carry out that intent. Finally, I appreciate the fact that the Speaker granted my request to designate LB440 as a priority. And the need to prioritize this bill is to provide guidance to the university system, to the community colleges and the state colleges who have relied upon this scholarship program since 1989 to provide opportunities to diversify the student bodies on their campuses. With that, I urge this body to advance LB440 to Select File. [LB440]

PRESIDENT SHEEHY: Thank you, Senator Council. You have heard the opening to LB440. As was stated, we do have an Education Committee amendment, AM660. Senator Adams, you're recognized to open. [LB440]

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SENATOR ADAMS: Thank you, Mr. President, members of the body. The amendment that the Education Committee brings forward is about as simple as it gets. On line 2, or excuse me, on page 2, line 17, after the word "diversity" we insert the word "scholarship" and that way the intent language at the opening of the bill coincides with the rest of the bill. Thank you, Mr. President. [LB440]

PRESIDENT SHEEHY: Thank you, Senator Adams. You've heard the opening to the Education Committee amendment, AM660. Members requesting to speak: Senator Nelson, followed by Senator Hadley, Senator Gloor, Senator Dierks, and Senator Wightman. Senator Nelson, you're recognized. [LB440]

SENATOR NELSON: Thank you, Mr. President, members of the body. Would Senator Council entertain a question or two, please? [LB440]

PRESIDENT SHEEHY: Senator Council, would you yield to questions? [LB440]

SENATOR COUNCIL: Yes, Senator Nelson. [LB440]

SENATOR NELSON: Senator, I really appreciate the fact that you brought this bill to harmonize this in accordance with the constitutional prohibition that we passed. I'm...in taking out...in the amendment, taking out the words that you have there, and I am...oh, yes, racial, ethnic, and cultural makeup, then we're left attaining greater diversity in the makeup of the student bodies at the University of Nebraska. My question is this, and you went into this just a little bit. Do we need perhaps to include in this amendment what is left or what other kind of diversities there are that the university should consider in this scholarship program or are we just going to leave it up to them? And if you look at it, they could establish almost anything they wanted and claim it was diversity as long as it wasn't, you know, in controversion of what you have here. Do you have any comments about that? Should we elaborate a little bit through an amendment do you think? [LB440]

SENATOR COUNCIL: Yeah, Senator Nelson, that issue was raised during the committee hearing. And clearly, it is my preference, and I think I speak on behalf of the university system and the community colleges and the state colleges, based upon my conversations with them, that if you look at the criteria, the committee that is created under the bill to establish the criteria must be guided by the constitution and the definition and how diversity would be interpreted under our constitution. I...it is my opinion that we would no more want to limit or prescribe what is diversity in this act as we would in the Learning Community Act. In the Learning Community Act we leave it up to the learning community to determine what meets their standard of diversity. And in this situation it was clearly established, when the act...when the program was originally created, that it was the university that was identifying the diversity needs of their

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respective campuses. And I believe that providing them with the constitutional guidance and then allowing the individual representatives on the screening committee, the selection committee to utilize as a guide the constitutional amendment, that they will develop an award criteria that speaks to the diversity needs of their campuses. [LB440]

SENATOR NELSON: Thank you. I think you've answered my second question. Is the learning community also going to develop a criteria? Is there any language in the law that we passed there, I haven't been able to go back to it, that... [LB440]

SENATOR COUNCIL: No. [LB440]

SENATOR NELSON: ...gives them any guidelines or anything? [LB440]

SENATOR COUNCIL: There are no guidelines. [LB440]

SENATOR NELSON: All right. [LB440]

SENATOR COUNCIL: There are some references in the learning community law to underrepresentation, poverty, and those are the types of criteria and factors that you would expect to be taken into consideration under this act as well. [LB440]

SENATOR NELSON: All right, thank you very much, Senator. And thank you, Mr. President. [LB440]

PRESIDENT SHEEHY: Thank you, Senator Nelson. (Visitors introduced.) Resuming floor discussion on the Education Committee amendment, AM660, Senator Hadley, followed by Senator Gloor, Senator Dierks, and Senator Wightman. Senator Hadley, you're recognized. [LB440]

SENATOR HADLEY: Mr. President and members of the body, I rise in support of LB440 and the amendment, AM660. I think it's important that we take these steps as we need a diverse student body. Many times, especially in our outstate campuses, we don't have the type of diversity that we should have. We don't have the type of diversity that we need our students to be exposed to in their educational process. I think any kind of scholarship program that helps that type of diversity is well recognized. Another point that I'd like to talk about is the last part of a...on lines 7 and 8, page 2, that says "who often find that the financial requirements of postsecondary education are a major obstacle." I am concerned in our entire higher education system that this is becoming more and more of a problem. I am concerned that we're becoming more and more of an elitist higher education system as we continue to raise tuition and putting it out of the reach of more and more students. I urge the Board of Regents and the University of Nebraska central administration, the college system, the community college system to take into account the economic conditions when they go about setting their tuition

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increases. I know they will do that, but I'm just asking them to be sure that we don't basically put higher education out of the reach of the normal student in Nebraska. So anything we can do to help any student who has financial needs to go to college or a university, whether it be community college, state college system or the University of Nebraska system, I'm entirely in favor of. Thank you, Mr. President. [LB440]

PRESIDENT SHEEHY: Thank you, Senator Hadley. Senator Gloor, you're recognized. [LB440]

SENATOR GLOOR: Thank you, Mr. President. Would Senator Council yield to a question, please? [LB440]

PRESIDENT SHEEHY: Senator Council, would you yield to questions? [LB440]

SENATOR COUNCIL: Yes, Senator Gloor. [LB440]

SENATOR GLOOR: Senator Council, in anyway, shape or form do you feel that this change, which we have to undertake obviously, is going to weaken or water down the intent towards improving diversity on our campuses? [LB440]

SENATOR COUNCIL: That's a very good question, Senator Gloor. And I don't believe so. And I'm relying principally upon the testimony that was provided during the hearing. The representatives of the university, the representative from the community college all indicated that they believe that this amendment would enable them to continue to provide the educational opportunities and achieve the diversity objectives of those respective campuses. [LB440]

SENATOR GLOOR: Am I correct in assuming that this is your priority bill? [LB440]

SENATOR COUNCIL: I requested the Speaker to designate it as a priority. It is a Speaker priority bill. [LB440]

SENATOR GLOOR: Okay, thank you. And do you think, given your experience here and previously, had this bill been vetted a little better during its initial introduction last year, I believe, that we could have avoided this problem? [LB440]

SENATOR COUNCIL: Well, I can't speak to last year, Senator Gloor. I don't know what bill you're specifically referencing. To my recollection, this issue was not the subject of a bill last year. The reason that I'm introducing the bill this year is to remove all doubt, to remove all question that this bill contravenes the constitutional amendment resulting from Initiative 424. That's why this bill specifically eliminates references to race, ethnicity and culture. [LB440]

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SENATOR GLOOR: I appreciate the clarification and I am in support of LB440 and the attached amendment, AM660. Thank you, Mr. President. [LB440]

PRESIDENT SHEEHY: Thank you, Senator Gloor. (Visitors introduced.) Continuing with floor discussion on the Education Committee amendment, AM660, to LB440 we have Senator Dierks, followed by Senator Wightman, and Senator Harms. Senator Dierks, you're recognized. [LB440]

SENATOR DIERKS: Thank you, Mr. President, members of the Legislature. I stand in support of both the committee amendment and the committee bill itself. Senator Hadley took a great deal of my thunder in his talk because I wanted to discuss the same thing about tuition rates and how it affects our students in this particular difficult economic time. We've all been subject to surcharges for everything that we've purchased the last year, year and a half. And our income hasn't increased that much. And so it looks to me like if we can do anything possibly to help reduce those tuition costs, it's to our advantage and to the advantage of all of our citizens. I also wanted to just take the opportunity to mention that I saw that Senator Chambers had been over here to testify on the bill. And I think that's great. I'm...Senator Chambers was a long-time friend and I appreciate his input on anything. With that, I would just ask your support for the committee amendment and for the bill itself. Thank you. [LB440]

PRESIDENT SHEEHY: Thank you, Senator Dierks. Senator Wightman, you're recognized. [LB440]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the body. I, too, rise in support of both LB440 and the amendment, AM660. We are...had some involvement with this in my home community of Lexington, Nebraska. UNK and UNL have both adopted programs for college-bound students in which they come out and they've pinpointed a few high schools at this point in which they look to families who have normally not had any member of that family go to college and start them out in their freshman. I think it's in their freshman year, at least in their sophomore year. And then they are given some sort of promise that they will not have to pay any tuition if they continue in that program throughout their high school career. There are a lot of those students but that's certainly not a requirement that they be of a minority, but many of them are because they happen to provide an awful lot of the percentage of students where no family member has ever attended college. And I think that this will enforce that those programs continue. I had talked to university officials and I think they felt that particular program was okay, even under the law as it stands today. But I think it's programs like that, that will be furthered so that these students who come from families who traditionally do not have any of their members attend college have an opportunity to see the advantage of college throughout their...of going to college throughout their high school career. And many of them will attend college, maybe most of them. So I think I really applaud Senator Council for bringing this particular bill to the Legislature. I

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think that we need to see probably...I realize that we can't base scholarships anymore and a lot of state aid, even contracts on the basis of minority status anymore. But I think that a lot of community foundations can make scholarships available. And certainly they're not eliminated from considering race and ethnicity as a qualifying...one of the qualifiers that would allow people to go to college, even though that might be violation of state law. I don't believe...I might ask Senator Council a question in that regard, if she would yield. [LB440]

PRESIDENT SHEEHY: Senator Council, would you yield to questions? [LB440]

SENATOR COUNCIL: Certainly, Senator Wightman. [LB440]

SENATOR WIGHTMAN: Senator Council, you may not know the answer to this, but there is nothing at the present time, to the best of your knowledge, that would keep a private foundation from awarding scholarships on the basis of race or ethnicity? [LB440]

SENATOR COUNCIL: That's correct, Senator Wightman. As the Constitution of the State of Nebraska currently reads, it provides...it applies to state funds. So any private institution or private foundation is certainly free to establish whatever criteria they deem appropriate for the award of their funds. [LB440]

SENATOR WIGHTMAN: And even though donors or contributors to those foundations or whatever kind of fund there might be do get a tax break, that would not eliminate that foundation from establishing that criteria. Is that correct? [LB440]

SENATOR COUNCIL: That is correct. And if I might add, Senator Wightman, if you looked at the constitutional amendment resulting from Initiative 424, it says, except as otherwise allowed or provided by federal law. So if those... [LB440]

PRESIDENT SHEEHY: One minute. [LB440]

SENATOR COUNCIL: ...so if those private foundations also receive federal dollars, it would not be in contravention of the Nebraska Constitution. [LB440]

SENATOR WIGHTMAN: Thank you, Senator Council. Thank you, Mr. President. [LB440]

PRESIDENT SHEEHY: Thank you, Senator Wightman. Senator Harms, you're recognized. [LB440]

SENATOR HARMS: Thank you, Mr. President, colleagues. Senator Council, I support AM660 and the underlying bill, LB440. It has always been a concern for me, my previous life, about this particular bill and whether or not it met the criteria that we

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should be having and should be using in this great state. So I know that there were colleges, when we first created this, that had a lot of concerns. I even had our attorney at that time do an opinion. And he thought to a certain degree that might be questionable. What I wanted to ask you in regard to this particular piece of legislation, does this...originally the colleges were asked to match this funding that was set aside. So the way they matched it was through their foundations. And then those monies were eventually blended together. And it was very hard for us to, I think, keep a clear track of really what we were doing. And so this clarifies it. And I want to thank you for that because I think it's the right way to go. I think it's appropriate. So I support this and thank you very much. Thank you, Mr. President. [LB440]

SENATOR COUNCIL: Thank you, Senator Harms. [LB440]

PRESIDENT SHEEHY: Thank you, Senator Harms. Seeing no additional requests to speak, Senator Adams, you're recognized to close on the Education Committee amendment, AM660, to LB440. [LB440]

SENATOR ADAMS: Very simply, we insert the word "scholarship." It's just that simple. Thank you, Mr. President. [LB440]

PRESIDENT SHEEHY: Thank you, Senator Adams. You have heard the closing. The question before the body is on the adoption of Education Committee amendment, AM660, to LB440. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB440]

ASSISTANT CLERK: 34 ayes, 0 nays on the adoption of committee amendments, Mr. President. [LB440]

PRESIDENT SHEEHY: AM660 is adopted. We'll now return to floor discussion on LB440. Seeing no requests to speak, Senator Council, you're recognized to close. [LB440]

SENATOR COUNCIL: Thank you, Mr. President. Just briefly, I appreciate the support for the committee's amendment and would ask the same support for the underlying bill, LB440. [LB440]

PRESIDENT SHEEHY: Thank you, Senator Council. You have heard the closing. The question before the body is on the advancement of LB440. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB440]

ASSISTANT CLERK: 35 ayes, 0 nays on the motion to advance the bill, Mr. President. [LB440]

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PRESIDENT SHEEHY: LB440 advances. We will now move under item General File, 2009 committee priority bills, Pankonin division. LB286. [LB440 LB286]

ASSISTANT CLERK: Mr. President, LB286 was introduced by the General Affairs Committee. (Read title.) The bill was read for the first time on January 14 of this year, referred to the Committee on General Affairs. That committee reports the bill to General File with no committee amendments. [LB286]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Karpisek, you're recognized to open on LB286. [LB286]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. LB286 is a General Affairs priority bill. And I will quickly go through what it does. It simply allows the Lottery Division to continue doing what it has been doing since 2003. The only substantive change in this bill is the removal of a sunset clause. In 2003, the Lottery Division began the current arrangement with...in which the lottery beneficiaries were guaranteed the amount they would receive in the 2002-2003 fiscal year, which is \$20.2 million. This provision is commonly referred to as the hold harmless provision. Because this arrangement was new at the time, a sunset clause was included. The reason for using this arrangement is so that the Lottery Division may use some of the revenues to grow the beneficiaries' pie by offering greater prizes and higher payouts and creating new games. LB286 states that lottery beneficiaries will receive between 22 and 25 percent of annual sales or the hold harmless guarantee of \$20.2 million, whichever is greater. If revenues permit, the Tax Commissioner and the lottery director may authorize more than 25 percent to be distributed among the beneficiaries. This is not new but merely codifies what the Lottery Division and Department of Revenue already have the authority to do under existing law. Again, the only substantive change in LB286 is the removing of the sunset clause. While the sunset clause made sense in '03, it is no longer necessary. The Lottery Division has established that this arrangement is working. Revenues have consistently increased since 2003. A number of beneficiaries tested (sic) at the hearing in support of this bill or offered a supporting letter. There were no opponents. Keep in mind that if nothing is done and the sunset clause goes into effect July 1, 2009, then while beneficiaries would be guaranteed to receive 25 percent, the Lottery Division would likely have to take steps to ensure that 25 percent is available. This would likely mean shrinking the pie through decreasing promotions and advertisements, lowering prize payouts, and decreasing retailer commissions. The net effect will be lower sales, which would not be in the best interest of the beneficiaries. This bill is important and, due to the looming sunset clause, we need to take action this session. Therefore, I ask you to support in advancing LB286. Thank you, Mr. President. [LB286]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. You've heard the opening to LB286. Members requesting to speak are Senator Pahls, followed by Senator

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Lautenbaugh. Senator Pahls, you're recognized. [LB286]

SENATOR PAHLS: Thank you, Mr. President, members of the body. Senator, I think I heard the word "sunset" at least five or six times in your discussion, and you don't know how much I appreciate that. Now I'm assuming, because this is a very complicated bill by taking a look at this, so I'm assuming this bill is going to pass. And I'm not going to ask you any questions, I'll just...I'm assuming this bill is going to pass. And that goes to show you, we're talking about sunsets. So if we pass this bill today, that means that when there is a sunset, it can happen. The world did not or will not stop. And my intent at all is not to do any harm to your bill. It's just to, again, bring up the importance of allowing us to make decisions that can be taken...that we can take a look at in the future, another group of senators can take a look at. But here's a curiosity probably many of you or I should say a fact that many of you do not know, nor did I before I started investigating it, but in 2008 this lottery fund, they received the benefit of a sales tax exemption--\$6 million. Now I'm thinking, if we'd ever think about reviewing that, that would be something that we could all grab a hold of and think a little bit about. And in 2006 it was around \$5.5 million. So apparently the lottery between 2006 and 2008 did move forward. But I'm just saying, here's another example of a sales tax exemption that goes to this fund. Very seldom have I heard, when people have been arguing against my proposals in the newspaper, have I heard them talk about a fund like this. They usually talk about food or something that makes everybody a little bit squeamish. But I think if we would analyze some of those exemptions, we might be surprised the potential of removing them. Now, I'm not saying that for this particular exemption, but at least it would give us the ability to talk about that. Thank you. [LB286]

PRESIDENT SHEEHY: Thank you, Senator Pahls. Senator Lautenbaugh, followed by Senator Karpisek. Senator Lautenbaugh, you're recognized. [LB286]

SENATOR LAUTENBAUGH: Thank you, Mr. President and members of the body. I wonder if Senator Karpisek would yield to a few questions. [LB286]

PRESIDENT SHEEHY: Senator Karpisek, would you yield? [LB286]

SENATOR KARPISEK: Yes, I will. [LB286]

SENATOR LAUTENBAUGH: Thank you, Senator. Do lotteries include keno? [LB286]

SENATOR KARPISEK: No. [LB286]

SENATOR LAUTENBAUGH: Under this bill, that isn't covered. [LB286]

SENATOR KARPISEK: No. Keno is not covered in this. [LB286]

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SENATOR LAUTENBAUGH: Okay. Fair enough. That shortens the questioning a little, I'll tell you up front. Where do the proceeds go for this lottery fund? Who benefits? [LB286]

SENATOR KARPISEK: The Education Innovation Fund, Nebraska Scholarship Fund, Nebraska Environmental Trust Fund, the Nebraska State Fair Board, and the Compulsive Gamblers Assistance Fund. [LB286]

SENATOR LAUTENBAUGH: They sound like all worthy causes. [LB286]

SENATOR KARPISEK: Oh, very worthy. [LB286]

SENATOR LAUTENBAUGH: Have you checked to see if this bill is constitutional? [LB286]

SENATOR KARPISEK: No, I haven't checked with anyone particularly on that. [LB286]

SENATOR LAUTENBAUGH: Are you going to run it by a retired Chief Justice or are you just going to hope for the best? [LB286]

SENATOR KARPISEK: Probably just hope for the best. (Laughter) [LB286]

SENATOR LAUTENBAUGH: Okay. I recommend that, too. Thank you very much. [LB286]

SENATOR KARPISEK: Thank you. [LB286]

PRESIDENT SHEEHY: Thank you, Senator Lautenbaugh. Senator Karpisek, you're the last one in the queue. Do you want to use your time or close? [LB286]

SENATOR KARPISEK: I will close, Mr. President. Thank you. I do want to...I'll have to figure out what that meant first, and then...oh, okay. I got it. Thank you, Senator Nantkes, again. This is so good to sit by Senator Nantkes. She helps me out. This bill doesn't do anything to talk about the exemption on sales tax. I know exactly what Senator Pahls was talking about, and I agree that we need to look into that. And I think he's on the trail of something. This bill just takes the sunset out on where the money goes to the beneficiaries and how it goes...I'm sorry, it doesn't decided where it goes, how much it goes to. Again, in '03 there were members in the body that were concerned to make sure that this was the right thing to do, to make sure that the money was going to be there. The fund has risen every year, so we're doing fine on that. There has been questions, what if we can't fund this? Would it come out of General Funds? I don't...that's not the intent. It would have to come from the lottery, within the lottery. And truthfully, if it really went that bad, it would probably...the lottery would probably

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collapse. Again, funds have been coming up every year and I think that it's in great shape. I often hear we were sold on the lottery that it would go to education. Well, it never went there. I will tell you it does. The Education Innovation Fund and the Scholarship Fund are places where this money goes. I've heard that a lot. It doesn't go back to the schools in the state aid formula, but it does go to education. I would appreciate that the Tax Commissioner did bring this bill to General Affairs, bring it to me. Again, it's fairly simple to say that it's just taking out the sunset clause, and we've been doing this. This will just take that away. Thank you, Mr. President. [LB286]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. You have heard the closing. The question before the body is on the advancement of LB286. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB286]

ASSISTANT CLERK: 33 ayes, 0 nays on the motion to advance the bill, Mr. President. [LB286]

PRESIDENT SHEEHY: LB286 advances. We will now proceed to LB436. [LB286 LB436]

ASSISTANT CLERK: LB436 was introduced by Senator Haar. (Read title.) The bill was read for the first time on January 20 of this year, referred to the Committee on Natural Resources. That committee reports the bill to General File with committee amendments attached. (AM708, Legislative Journal page 776.) [LB436]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Haar, you're recognized to open on LB436. [LB436]

SENATOR HAAR: Mr. President, members of the body, before my opening remarks I'd just like to again welcome my brother to the floor. He taught at Burke High School for many, many years and he inspired many young people to be interested in politics, and for that I thank him. Okay, net metering. I want to start by thanking quite a number of people: Senator Preister, who's no longer here, Senator Dierks, Senator Dubas, and other senators who worked on net metering over the years. I just got to come here at an opportune time to be able to introduce this and hopefully to get it through. I'd also like to thank all the public power districts I've worked with: NPPD, OPPD, the REAs, LES. We've gotten to know each other and there's been a lot of work from them. And then you're all getting a little...one of these neat little Nebraska pins with a windmill, and that's thanks to NPPD. I'd also like to thank Senator Janssen for introducing another net metering bill and for the understanding that he's brought to this process; finally, the Natural Resources Committee and Chair Senator Langemeier, for your patience with me. And, Senator Langemeier, you've been one of my mentors to teach me that a lot of times less is more. So this is going to be less than what I started with. In the next few minutes, instead of a media blitz I had planned, I will briefly define net metering, provide

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you with several handouts, and then tell you about the consensus we've developed on this bill. And then hopefully you'll have some good questions for me when we're done. Real briefly, net metering, for those of you who are watching on television and so on, is a situation, for example, if you have solar cells on your house. At night you turn on the lights and pull electricity from the grid and your meter runs forward. During the day you aren't home, the cells produce electricity that flows back to the grid and your meter runs backward. That's basically net metering as the billing arrangement. Forty-two other states and the District of Columbia have net metering laws, and now hopefully Nebraska will follow. There are three sizes of renewable energy generation: big, medium, and small. Net metering involves small energy, the kind of rooftop solar cells or small turbine that someone would put up at their home or on their farm. The limit of LB436 is 25 kW. That's the maximum size of a machine, solar cells, or a turbine that you could hook up to the grid under this law. And to give you an idea of what this is like, if you have an all-electric home with everything running--your stove, your washer, your dryer, your hot water heater--you could use about this amount, 25 kW of electricity, at any one time. So, again, we're talking about basically net metering for residential. LB436 refers to customer generation. No one will do...refers to customer generator, but no one will do this to make money. But it will encourage greater renewable energy use in Nebraska, it will facilitate energy self-reliance, and it will promote economic development in Nebraska for those who buy and sell small energy kinds of things. Now, I've passed out two handouts. One is from the REAs from Kristen Gottschalk, and the other is the one I handed out. Again, both of them explain net metering simply. The one I handed out also has the spreadsheet that shows all the details. I won't go into those. Hopefully if you have any questions you can ask those. Now, who's on board with LB436? The proponents at this point, after hours and hours of negotiation and give and take, are OPPD, NPPD, LES, the REAs, the Sierra Club, the Farmers Union, the Nebraska Farm Bureau, and others. There are some opponents to this, as you may have heard from some of your constituents, who think that the 1 percent cap is too low and that 25 kW is too low. The concern with these two caps is that they may limit ag use under this bill. But I've been talking, again, to all of the proponents, and they've agreed to work with me this summer to address those caps to make this bill work as well for small ag uses. So in conclusion, with LB436, for the first time we'll have a statewide, uniform, simple, easy-to-understand net metering law for small energy generation. It has the endorsement of just about everyone on this planet at this point with the exception of maybe a dozen constituents. I'd encourage you to ask questions, and then vote for advancement. Thank you very much. [LB436]

PRESIDENT SHEEHY: Thank you, Senator Haar. You have heard the opening to LB436. As was stated, we have a Natural Resources Committee amendment, AM708. Senator Langemeier, you're recognized to open. [LB436]

SENATOR LANGEMEIER: Mr. President, members of the body, today is truly a remarkable day for net metering in Nebraska. First, I want to thank Senator Cap Dierks

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who started in the Legislature 22 years ago and bridged us across this discussion over net metering back 22 years. Senator Preister for 16 years worked for net metering. Senator Haar, Senator Dubas, and even this session Senator Janssen brought legislation to deal with net metering. Today we come to you with a bill endorsed and supported by public power and most of the individuals involved. There's a few outliers that you saw protest the other day that are not quite on board. As typical from Natural Resources Committee, the committee amendment becomes the bill. The bill was rewritten to be more easily understood and put in the committee amendment. We also defined a number of terms in that we've learned through this process that the industry uses different terms, whether it's "avoided costs," "gross costs," and issues like that. So we've redefined a number of terminology in this to allow us to more clearly have the industry understand what we're talking about. This is a great one initial step to net metering, up to 25 kilowatts. I know Senator Haar talked about it. There was a some push to go to 100, but we've reached a milestone here with everyone coming together, and we would ask for your support. I'm going to leave it at that because I told Senator Haar less is more. And so I'm going to take my own yielding to that, less is more. And if there are questions, I'm more than happy to answer them. But I'd ask for the adoption of AM708, which becomes the bill representing LB436. Thank you, Mr. President. [LB436]

PRESIDENT SHEEHY: Thank you, Senator Langemeier. You have heard the opening of the Natural Resources Committee amendment, AM708, to LB436. Members requesting to speak are Senator Friend, followed by Senator Price, Senator Dierks, Senator Stuthman, and Senator Fulton. Senator Friend, you're recognized. [LB436]

SENATOR FRIEND: Thank you, Mr. President and members of the Legislature. I was looking through the committee amendment, the committee amendment replaces the bill, and I couldn't help but notice, after reading through the committee amendment, the proponents and the opponents that showed up and the neutral testifiers that showed up at this hearing: 20 proponents, 5 opponents, and 3 neutral testifiers. I was wondering if Senator Haar would yield to a question. [LB436]

PRESIDENT SHEEHY: Senator Haar, would you yield to questions? [LB436]

SENATOR HAAR: Yes. [LB436]

SENATOR FRIEND: Senator Haar, some of the...this is an important bill to you, I mean, you like this bill a lot, right? [LB436]

SENATOR HAAR: I do. [LB436]

SENATOR FRIEND: Okay. I have had bills that I've managed. I've had bills that were killed. I've had bills that I liked a lot that were killed. I've had a lot things, a lot of problems with bills. I have never had 28 people show up to either like my bill or hate my

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bill. How long did that hearing take? (Laughter) [LB436]

SENATOR HAAR: That was one of the long hearings. I think we went until probably 6:00 or 7:00. [LB436]

SENATOR FRIEND: Okay. Senator Langemeier, will you...thank you, Senator Haar, Senator Langemeier, will you yield to a question, please? [LB436]

PRESIDENT SHEEHY: Senator Langemeier, would you yield? [LB436]

SENATOR LANGEMEIER: Yes, I would. [LB436]

SENATOR FRIEND: Thank you, Mr. President, and thank you, Senator Langemeier. Senator Langemeier, are you or are you not the Chair of the Natural Resources Committee? [LB436]

SENATOR LANGEMEIER: I am at the present moment. (Laughter) [LB436]

SENATOR FRIEND: I'm glad you qualified that because I've got some concerns. Senator Langemeier, how long did that hearing take, do you know? [LB436]

SENATOR LANGEMEIER: 7:46 p.m. [LB436]

SENATOR FRIEND: You were done by 7:46 that evening. Do you know what time the particular hearing on LB436 began? [LB436]

SENATOR LANGEMEIER: No, but I can get you that if you'd like it. Can I talk a little on your time? [LB436]

SENATOR FRIEND: Absolutely. [LB436]

SENATOR LANGEMEIER: I told my committee, when we started out in the Natural Resources, I said, we're going to keep you here late at the start of the session, and then I'm going to have free afternoons for you to enjoy later in the year. And they all looked at me, and for the first two weeks we kept them there until 6:30, 7:00, 7:46 p.m. And when it was all over, they did appreciate the days off later in the year. [LB436]

SENATOR FRIEND: That's a...you make me feel more comfortable about your chairmanship by the second. Let me ask you one other question, if you don't mind. Do you like this bill? [LB436]

SENATOR LANGEMEIER: I do. [LB436]

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SENATOR FRIEND: You do. Did you like it before your committee amended it? [LB436]

SENATOR LANGEMEIER: I liked the idea in the green copy. I like the amendment as a bill. I think...the thing that a few of the...Robert Byrnes and some that are on here that were in support that don't like the fact we didn't go to 100 kilowatts, what we don't understand is we've never even gotten to the discussion table before. Today we got to the table to discuss this with public power and the entities, and they came together, they can live with 25 kilowatts. It's going to start a program that we're going to show that this isn't going create harm, it's not going to affect the long-term reliability of power in Nebraska, and it doesn't harm public power. And so, yes, I do like the amendment. [LB436]

SENATOR FRIEND: Okay. Thank you, Senator Langemeier. Members of the Legislature, I'm not just playing here, although I'm kind of playing. This shocked me. I know that...I don't think that Senator Langemeier uses the light system, but I can tell you if I'd have seen a hearing room like this I would have...I have seen a hearing room like this... [LB436]

PRESIDENT SHEEHY: One minute. [LB436]

SENATOR FRIEND: ...and I would have freaked out. The interesting part...you did... [LB436]

PRESIDENT SHEEHY: One minute. [LB436]

SENATOR FRIEND: I've been...thank you, Mr. President. I have been told that they did use lights. They didn't get done until 7:46. Members of the Legislature, there's a method here to my madness. My first two years here I was on the Natural Resources Committee. I remember hearing this subject. I was on that committee with Senator Preister. I remember hearing this subject matter. I understand it. I know what Senator Haar was trying to accomplish, and I would be very interested, if we actually discuss this for awhile, if the feeling is that we are accomplishing the value add that net metering is intended to provide by those particular opponents, the opponents, and everything else. So in other words, did the opposition and proponent situation shift after... [LB436]

PRESIDENT SHEEHY: Time, Senator. [LB436]

SENATOR FRIEND: ...a committee amendment? Thank you, Mr. President. [LB436]

PRESIDENT SHEEHY: Thank you, Senator Friend. (Visitors introduced.) Continuing with floor discussion on the Natural Resources Committee amendment, AM708, to the LB436. Senator Price, followed by Senator Dierks, Senator Stuthman, Senator Fulton, and others. Senator Price, you're recognized. [LB436]

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SENATOR PRICE: Thank you, Mr. President, members of the body. I was wondering, would Senator Haar yield to a couple of questions, please? [LB436]

PRESIDENT SHEEHY: Senator Haar, would you yield to questions? [LB436]

SENATOR HAAR: Yes. [LB436]

SENATOR PRICE: Senator Haar, thank you very much. A question in looking at the amendment here, and I don't have it printed in front of me, but we talk about qualified entities for this. [LB436]

SENATOR HAAR: Yes. [LB436]

SENATOR PRICE: And you list wind and methane. But I was very interested of your explanation of hydropower resources... [LB436]

SENATOR HAAR: Yes. [LB436]

SENATOR PRICE: ...and, with fully appropriated water, how that balances out and how that will affect our status. [LB436]

SENATOR HAAR: I'm not aware...well, at this point it's a question I really couldn't answer, maybe somebody else on the committee. But to build a new dam would require some pretty amazing things to happen. Now, if that would happen and somebody could build even a small dam on their property, again, if the rating is under 25 kilowatts, then this bill would recognize that. But I'm sure the permitting and stuff would be pretty complicated. [LB436]

SENATOR PRICE: Great, and that's the reason I bring it to light. When you talk about utilizing water for hydroelectric purposes like that, I'm sure between the Army Corps of Engineers and the various entities that would have their hands on that, I don't know if that hydropower being in here won't gum up your bill, so to speak. And I would like to...I'll research more, talk with you more on that. I'm also wondering about geothermal, how you anticipate that a geothermal plant would do net metering back into the systems. [LB436]

SENATOR HAAR: Well, we don't know exactly the technology of that. But surprisingly southwest Nebraska has some geothermal potential where literally you could use the heat from deep inside the earth to probably heat water to steam and drive a generator. As far as I know, that's not economical at this point, but it might be. [LB436]

SENATOR PRICE: So is it probable or plausible to say that you're looking out into the

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future and, instead of having to revisit it at a later date, taking care of it now? [LB436]

SENATOR HAAR: Exactly. We think net metering itself looks into the future, so yeah. We want to include everything. [LB436]

SENATOR PRICE: All right, great. Now I'd like to move on into another quick area and that is, when we talk about wind generation and we talk about putting electricity back into the grid, you have to have a demarcation point. You need to have a point where you're smoothing out the power because you just can't plug that directly into the net. Are you anticipating or have you worked out how you're going to help a customer who wants to all of a sudden jump on this wind energy platform, and then they find out, oh, there's a very expensive complicated process that links between the power grid and this new user? [LB436]

SENATOR HAAR: That's a good question. If you look at Kristen Gottschalk's diagram, it has something called an inverter in there. And the inverter is a piece of electronic equipment that will convert whatever it is, like electricity from a photovoltaic cell, to...and it's going to massage it so that not only can you put it back on the grid, but so that you can use it in your house. [LB436]

SENATOR PRICE: Right. And I actually understand most of that. But what I'm more concerned with is when we have these wind turbines working and they're generating and they...how much energy they're pushing because they're cyclic. There's days there's no...nothing coming on, something on, and you're pushing in and out of the grid. And I'm concerned that someone goes out and puts up a 25 kW wind generator, as you and I have talked about, and they're finding out that this is a little more complex plugging into the grid. [LB436]

PRESIDENT SHEEHY: One minute. [LB436]

SENATOR HAAR: Yeah. I would expect that anybody who does this, first of all, they're going to have to go through some kind of qualified dealer. And it does state in the bill that it's got to match up to the utility. So somebody may make a bad financial decision to begin with, but I guess our bill doesn't address that part. [LB436]

SENATOR PRICE: I'm thinking more of the technology. But I appreciate you taking the time to elaborate that. And, again, I would like to talk to you more off the mike on the hydropower and geothermal. Thank you, Mr. President. [LB436]

PRESIDENT SHEEHY: Thank you, Senator Price. Senator Dierks, you're recognized. [LB436]

SENATOR DIERKS: Thank you, Mr. President, members of the Legislature. I am of

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course pleased and you can't really believe how pleased that this bill is here for us. This is something that we've tried for a number of years and we've finally got some successes with it. I think the bottom line is we can talk about all sorts of ifs and ands and does this work or does that work. I think the bottom line is we've got a piece of legislation that has the 25 number in it that is just so important for us. And I think as far as the net metering is concerned, this isn't exactly a new process. This has been done in other states and it works well and we know that. And so, I mean, we may have a few growing pains with it, but the process is out there, it works well, and we'll get along just fine with it. The other thing about it is that we have stepped up to wind energy for producing electricity, and we know we talk about these other efforts for energy, like the geothermal and the hydropower. Hydropower is not a new thing. Fact is we were doing hydropower before we did the electric lines a lot of places. I remember when I was a youngster, I used to go over to Spalding, Nebraska, and visit with my cousins. And they had a wheat mill over there, they ground wheat, made flour out of it. And they ran their flour mill on a water wheel that they got water from the Cedar River. They put a millrace in there, brought the water over to run the mill, and they also generated electricity for the city of Spalding. And my mother's cousin would go down to the city hall I think once a month to collect electric bills. So this is not exactly new either, and I think that...I just think we are coming to age here with this legislation because we know we've got all sorts of other projects out there, not only water and solar and geothermal and wind, but we're able to use this technology just to expand our use of these other efforts for generating electricity. And I just think it's a wonderful thing for us. And so I have to also thank the Natural Resources Committee for their efforts in having that long hearing and Senator Haar for making this his priority bill. With that, I would urge your support of the committee amendment which actually becomes the bill, and thank you very much. [LB436]

PRESIDENT SHEEHY: Thank you, Senator Dierks. Senator Stuthman, you're recognized. [LB436]

SENATOR STUTHMAN: Thank you, Lieutenant Governor and members of the body. First of all, I am very, very supportive of this bill. I think we have finally accomplished something that was set before us for many, many years. I had an intention to put an amendment on it to raise it up to the 100 kW, but in my research and in the discussion with the utility companies I decided not to put that amendment on, mainly because of the fact that, you know, we have got a start now. We've got 25 kW, you know, which really is for, you know, a household, smaller, smaller establishments, and it's a beginning. But I think we need to take that all into consideration as far as, you know, how can we expand this in years to come? Hopefully this will be successful and I think it will be successful. And, you know, we have a lot of issues with livestock waste, livestock by-products, utilizing those in methane digesters generating electricity for the farm and for many, many other households around. And I think, you know, at that time, you know, when we see that this is very successful, you know, we need to try to expand that

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because we have one livestock operation that has a methane digester. There are very few of them that have that. The initial cost of putting one of those in is fairly expensive. But I think when we start with this and can show the people, you know, that net metering does work and we can generate electricity from wind, from by-products of livestock, I think this is the right direction to go. A livestock operation, you know, needs to be large enough and be able to produce enough electricity so that it is cost-effective, because the amount of dollars it takes to install these methane digesters. And I think one thing about it is, with the livestock waste, especially in the hog operations, it's a social effect on it. The smell, the odor is decreased substantially because of these methane digesters. It's just unbelievable how much it affects that. And I think it's good for the community, the fact that, you know, there isn't the smell around there on that. So we need to keep that in mind, the fact that let's just not stop with the 25 one, let's start with a 25, take a look at it in the next couple of years to see how successful it is, and then let's look to the future, you know, how can we expand that? How can we help other issues that affect, you know, the communities? And it's odor with the livestock establishments. So I think we need to keep that in the back of our mind. I think we're doing a wonderful thing right now with establishing the 25 kW. Let some of these smaller operations that only cost, you know, \$40,000 or \$50,000, maybe \$20,000 to install, maybe only \$10,000. It just requires these solar panels and people that have an interest in trying to generate their own electricity. And I think that is something that people, you know, are very, very interested in. And if these small establishments work, you know, maybe these bigger ones will work for businesses, small businesses. They can generate their own electricity, and the excess they can sell into the line. And I think this is a very good direction so, with that, I do truly support the amendment and the bill. Thank you, Lieutenant Governor. [LB436]

PRESIDENT SHEEHY: Thank you, Senator Stuthman. Senator Fulton, followed by Senator Haar, Senator Schilz, Senator Carlson, and others. Senator Fulton, you're recognized. [LB436]

SENATOR FULTON: Thank you, Mr. President, members of the body. I'll ask some questions of Senator Haar. Now, AM708 I'm going to support, LB436 I am going to support. There is the part that is played in the canonization process of a saint called the devil's advocate, the advocatus diaboli. And here I submit that we have a saintly bill, but nevertheless there has to be somebody to poke it a little bit so that we're better able to appreciate the merits underlying the bill. And so that's the part I'm going to play for a little bit, if Senator Haar would yield to a question. [LB436]

PRESIDENT SHEEHY: Senator Haar, would you yield to questions? [LB436]

SENATOR HAAR: I always agree to poking, yes. [LB436]

SENATOR FULTON: (Laugh) Thank you, Senator Haar. Okay. The net meters

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themselves, the concern that could be put forward and probably was put forward when you originally brought the bill is that there will be some cost in implementing meters. What net metering...in order for net metering to be effectuated, there has to be a bidirectional meter, which isn't the normal course of things. So can you explain to me a little bit of the process, how this process was conducted such that the public power districts and rural electrics and others who were involved were able to agree to this without passing on costs to their customers, to other consumers? So I guess the question here is, if we're going to be changing out and providing bidirectional meters, there will be some cost associated with that. How is that cost implemented without affecting consumers within that distribution network? [LB436]

SENATOR HAAR: That's a good question. And the bill leaves it open. Some distribution facilities, like LES, would like to use two meters so that they can tell how much electricity you take from the grid and how much electricity you give back to the grid. Other utilities are willing just to have a meter that runs both directions. And in the case that the second meter is an issue, that will be borne by the utility. So let's say \$40 or something would be borne by the utility. [LB436]

SENATOR FULTON: Okay. So to be clear, when we're talking about utilizing new hardware in order to allow for net metering, the hardware costs are going to be borne by the utility generally. [LB436]

SENATOR HAAR: Now, here's the exception: Let's say that you're a corn farmer and you have to install a new center pivot that requires heavier duty wires be run to your facility. In that case with this net metering bill, if it takes some kind of new infrastructure, like wires or poles or whatever, that's borne by the customer generator. Yeah. [LB436]

SENATOR FULTON: Okay. So in order...and if indeed they're going to be implemented into the grid, then that's going to be...that's not covered by the power district. [LB436]

SENATOR HAAR: Correct. [LB436]

SENATOR FULTON: Okay. Let's see, page 5, and I'm actually look...I am looking at AM708, the committee amendment, page 5, oh, it's (5) so right around line 20 I'll start in line 22 actually about halfway through, "or exceeds 1 percent of the capacity necessary to meet the local distribution utility's average aggregate customer monthly peak demand forecast for that calendar year." Would it be safe to say that this is the stopgap such that if there are a number of individuals that want to utilize the merits of net metering, then there could be a problem if, you know, if there are a high number of people utilizing net metering... [LB436]

PRESIDENT SHEEHY: One minute. [LB436]

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SENATOR FULTON: ...who are putting energy back into the grid, then those who aren't using net metering are going to experience higher costs unless some threshold is provided? Would this be that section of law that creates that threshold? [LB436]

SENATOR HAAR: That's correct, yes. [LB436]

SENATOR FULTON: Okay. [LB436]

SENATOR HAAR: And, for example, if all of a sudden Lincoln Electric System got barraged with people doing net metering, once it reached the capacity...once the net metering capacity got to be 1 percent of LES's electricity production on the hottest day during the year, then they could say no more, we're full. [LB436]

SENATOR FULTON: Okay. Was there any talk about what that number should be? Was 1 percent a negotiated number? [LB436]

SENATOR HAAR: Yes. (Laugh) [LB436]

SENATOR FULTON: Okay. I would assume that there was. Do you envision any movement off of 1 percent at some point in the future? [LB436]

SENATOR HAAR: That's...I think we're going to have to see how much it's used. [LB436]

PRESIDENT SHEEHY: Time, Senator. [LB436]

SENATOR HAAR: Okay. [LB436]

SENATOR FULTON: Thank you. [LB436]

PRESIDENT SHEEHY: Thank you, Senator Fulton. Senator Haar, you're recognized. [LB436]

SENATOR HAAR: Mr. President, members of the body, to continue answering that question, right now, if you look at most places that allow for net metering, it comes out to maybe like .10 of a percent at the most or .01 of a percent, although we really think this is going to be something that grows. And so that cap...some of the people, to be honest with Senator Friend, all those opponents...I'm sorry, all those proponents that showed up would have probably come back and said, I'm opposing this because they wanted 5 percent lids or 2 percent caps, those kinds of things. So the opposition came on the basis of those particular caps. Certain people wanted the limit to be, instead of 25 kilowatts, they wanted 100 kilowatts, for example. Those were the sorts of details that through negotiation with the public power groups I finally decided this is my bill and

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that's where I'm going to set the limits. And that's what we negotiated and that's what I would stick with for now. And then one other thing that Senator Fulton brought up, the thing about build-out. On the spreadsheet I handed out it's called additional build-out requirements. And, again, it says, if there are additional build-out requirements, that responsibility, that financial cost goes to the customer generator. I have, real quickly, one more thing and, again, I have this urge to pass out tons of paper. But I have a magazine here from a group called the Network for New Energy Choices. And this magazine is on Freeing the Grid: Best and Worst Practices. This bill would probably fall somewhere in the middle. If anyone would like a copy of this, we got a whole bunch of copies and you're more than welcome. But I won't pass it out to everyone. Thank you. [LB436]

PRESIDENT SHEEHY: Thank you, Senator Haar. Senator Schilz, you're recognized. [LB436]

SENATOR SCHILZ: Thank you, Mr. President, members of the body. As I stand here today it's amazing what can happen if you just give things time and allow the process to work. I'm very supportive of this bill. I think what it does is it sends a message out there that the state of Nebraska is ready to move forward on alternative energy and development of alternative energy sources. So standing here...and like some of the questions that Senator Fulton had, I mean, you know, everyone, the amazing thing about this bill is that every single one of these points, they basically have been vetted as we've gone through the process. So what you're seeing here is exactly the way I see this legislative body...how this legislative body is supposed to work. So I would just commend everybody that was working on it and urge everybody to vote yes on LB436. Thank you. And the amendment as well. Thanks. [LB436]

PRESIDENT SHEEHY: Thank you, Senator Schilz. Members requesting to speak are Senator Carlson, followed by Senator Wallman, and Senator Langemeier, and others. Senator Carlson, you're recognized. [LB436]

SENATOR CARLSON: Mr. President and members of the Legislature, I'd like to direct a question or two to Senator Haar, if he would yield? [LB436]

PRESIDENT SHEEHY: Senator Haar, would you yield to questions? [LB436]

SENATOR HAAR: Yes. [LB436]

SENATOR CARLSON: Senator Haar, first of all, I compliment you. On this issue, in your brief time here, you are relentless, and that's what you have to be to get things done and I admire that. I wish that Senator Preister could be a part of this body to experience what's happening today, and I know that Senator Dubas and Dierks and I'll leave some others out which I don't mean to do but I know they've been very interested

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and active and they are here to be a part of this, which is good. The question is, is LB436 really net metering or is it kind of a hybrid net metering? [LB436]

SENATOR HAAR: Well, net metering is simply the way you bill electricity. Now, some people would argue that true net metering means that it's a one-for-one cost, that if you generate electricity and I'm the grid, that I pay you the same cost that you pay me. Now, in this particular bill, in LB436, to the extent that we're equal it's one-to-one net metering. Now, after that point, if you use more electricity than you give to the grid, which will almost always be the case, then you will only be paid what's called the avoided cost, which is basically the wholesale cost for electricity. [LB436]

SENATOR CARLSON: Thank you. And it took me quite a while to warm up to this whole concept because I wasn't agreeable with wholesale rates all the way through. And I really couldn't understand why a power company would be interested in paying a customer retail rates. But now that I do understand that beyond the one-to-one it is a wholesale rate, I can understand why they're more supportive of it and I think that's key to making this project go long into the future. But, again, thank you for your work and I am in support of LB436 and AM708. Thank you. [LB436]

PRESIDENT SHEEHY: Thank you, Senator Carlson. We have Senator Wallman, followed by Senator Sullivan and Senator Hansen. Senator Wallman, you're recognized. [LB436]

SENATOR WALLMAN: Thank you, Mr. President. I, too, want to thank Senator Haar. Senator Preister worked on this, Senator Dierks. Net metering is...you know, as you can realize, we struggle with rates, rates, and who pays for the power lines and all these issues. And I heard on the radio early this morning about the danger we have to our grid system. China is figuring out a way, how to shut our electricity off through the transmission systems from the satellites. And other countries I guess have got better protection than we have. So we have to pay attention. And it used to be in my district we had numerous river hydropower plants--DeWitt, Wilber, Beatrice, Wymore. They didn't buy anything off the grid. And then public power come off with massive generation capabilities, and so we literally, you know, consolidated our electric, where it comes from. Is that dangerous? Massive ice storms, I think we can see it is. So whatever we can do, whether it be wind energy, solar energy, geothermal...that's probably not a realistic thing, but I think hydrogen may be coming down the pike. Some Japanese turbines are run by strictly ethanol--more power. A friend of mine is a tractor puller, used to be with the twin turbines and squirted alcohol in there until he blew it up. But, I mean, it has a lot more power, so you get a lot more efficiency with ethanol running a turbine than you do with diesel fuel. So we got a lot of options here we should be looking at. Have a big, big natural gas plant in my area. And I appreciate Senator Haar. This is a step. Maybe we can step out, and pretty soon maybe we can run. And I look forward to this happening. And thank you, Mr. President. [LB436]

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PRESIDENT SHEEHY: Thank you, Senator Wallman. Senator Sullivan, you're recognized. [LB436]

SENATOR SULLIVAN: Thank you, Mr. President and members of the body, and I rise in support of LB436 and the underlying amendment. Compliment Senator Haar for his work. I'm a big supporter of public power. I think that that's a feature that's unique to Nebraska that's served us well. But I've also heard from some constituents in my district who are very interested in this bill, and probably were among the group that Senator Haar alluded to that probably felt that this was not going far enough, but I assured them that baby steps in the right direction are important as well. And they also passed along information from former Senator Preister that's helpful and improving my learning curve in figuring out more about what net metering is all involved with. That being said, I've got a couple of questions for Senator Haar, if he would yield. [LB436]

PRESIDENT SHEEHY: Senator Haar, would you yield to questions? [LB436]

SENATOR HAAR: You bet. [LB436]

SENATOR SULLIVAN: Thank you, Senator. Do you have any idea how much interest there's going to be in customer-generated plants and operations? [LB436]

SENATOR HAAR: I guess all we know is more and more. For example, right now Lincoln Electric System, who put a net metering ordinance into place, I don't know, maybe a year or two ago, they have five customers. So it's not going to be a huge amount, and I think you're going to see a lot more net metering when photovoltaics really come into their own. Wind turbines are still rather complex and very expensive when they're small. But when we are able to put on shingles on our roof that generate electricity, we're going to see more and more of this. [LB436]

SENATOR SULLIVAN: So in reference to Senator Fulton's comment earlier, do you think that you'll reach that threshold that you've set in the near future and, if you do, may be prepared to go beyond it? [LB436]

SENATOR HAAR: I think it's not going to happen in a year or two, but I think eventually when we figure out that net metering works well and, again, when we get in lower-cost photovoltaics I think we're going to...then we'll start to brush up against the 1 percent limit, and then maybe we go to 2, maybe 5 someday. And this bill doesn't limit the utility, by the way. They could do anything they want. But it just says, if they reach the cap then they could refuse new customers. So that's an important thing. [LB436]

SENATOR SULLIVAN: And that brings up another one of my questions that has to do with...in reading the bill, and I have to admit I haven't studied it real carefully, but it talks

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about an interconnection agreement between the local utility and the customer generator. Now, is that going to be a joint effort in putting together that agreement or who puts it together? [LB436]

SENATOR HAAR: Yeah, I would see that. We didn't go into a lot of specifics on that, but the underlying bill sort of dictates minimum requirements. And so I'm sure there will be some kind of agreement, but it's going to have to be a simple one because the requirements of the bill are very simple. [LB436]

SENATOR SULLIVAN: Okay. [LB436]

SENATOR HAAR: That may come back to us in the future as something we need to adjust. [LB436]

SENATOR SULLIVAN: This perhaps is a situation of what goes around comes around. I liked Senator Dierks's comments about the hydroelectric plant in Spalding, which is in my district and, to the best of my knowledge, does still generate electricity. So I think we're looking at some old projects, but also some new ones. And so I applaud this legislation in going that direction. [LB436]

PRESIDENT SHEEHY: Thank you, Senator Sullivan. Senator Hansen, you're recognized. [LB436]

SENATOR HANSEN: Thank you, Mr. President, members of the Legislature. I have some questions on some safety issues, and I think I'll ask Senator Langemeier, since it's the committee amendments that we're talking about. [LB436]

PRESIDENT SHEEHY: Senator Langemeier, would you yield to questions? [LB436]

SENATOR LANGEMEIER: Yes. [LB436]

SENATOR HANSEN: Senator Langemeier, on page 3 it talks about safety and it's all these production facilities below 25 kilowatts, but I'm still worried about the safety aspects of it. And from the green copy to the committee amendment you did add the inspection of electrical...State Electrical Board, which is good. Tell me how, if you can, tell me how these boxes are engineered to keep from putting electricity during a storm...say a half a dozen trees fall down on some rural power lines, how do we know that those lines are not hot? How do we know that in my area Dawson Public Power is going to come out there and not find hot lines, and then they have to trace back to where the power source is? If it's a solar power, those are hard to find in the middle of the night because they don't stand out very well. [LB436]

SENATOR LANGEMEIER: Thank you for the question. If you notice on the committee

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statement, the Nebraska Electrical Board did come in, in opposition of the original copy and their concern was exactly as you stated: How do we do that? And part of a renewable facility added on the grid has to have an underwriter's laboratory approved equipment that allows for no back-feeding. When there's no pressure coming...no electricity coming in, it stops the ability for pressure to go out or electricity to bleed back onto the system. So if the lines drops a mile from the house and it quits feeding the house with power, the renewable then can't get through that stop block and back onto the system to affect our public power employees. [LB436]

SENATOR HANSEN: Do you know if there's any way to keep the...say it's a wind power unit, in the middle of the night the wind is blowing like crazy and why isn't there any electricity in our house, mom? Will the house have electricity but just no electricity going out of the house back onto the grid? [LB436]

SENATOR LANGEMEIER: That's a good question. I know the disconnect block will keep it from going back out of the system. I guess I couldn't tell you if you have lights on. I can tell you I lost power for 14 hours Saturday night when we got that snow storm, so I'm seriously looking at putting one of these on my own house. It's amazing how disrupting of a life you have with 14 hours of no power. [LB436]

SENATOR HANSEN: We utilize solar power watering cattle up in the Sandhills when we have low enough of a...high enough of an aquifer level, and we worry about those getting hit by electricity and going out, and then the water system quitting. But I'm more worried about the liability of a reverse feedback onto a line that is...you know, that people have to drive by, walk by. We were real concerned about awhile back about traps in the road ditch and this is...if we have a live wire in a road ditch and someone walks by there, it's going to be a lot more serious than a trap ever could be. So the feedback part of it is very serious to me. I think that we need to make very sure that those things are installed properly and are checked by the State Electrical Board. And I'm glad you made that change. Thank you, Senator Langemeier. Thank you, Mr. President. [LB436]

PRESIDENT SHEEHY: Thank you, Senator Hansen. Mr. Clerk, do you have items for the record? [LB436]

ASSISTANT CLERK: Mr. President, I do. The Committee on Agriculture will hold an Executive Session in Room 2102 upon adjournment following tomorrow's session. New A bill. (Read LB218A by title for the first time.) Amendments to be printed to LB35 from Senator Pankonin and to LB497 from Senator Council. Committee on Banking reports LB571 to General File with amendments. And Enrollment and Review reports LB98 and LB98A to Select File. (Legislative Journal pages 990-994.) [LB218A LB35 LB497 LB98 LB98A LB571]

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Finally, Mr. President, a priority motion: Senator Lautenbaugh would move to adjourn until Thursday, April 9, 2009, at 9:00 a.m. []

PRESIDENT SHEEHY: You have heard the motion to adjourn until Thursday, April 9, at 9:00 a.m. All those in favor say aye. Opposed, nay. We are adjourned. []