

**Appropriations Committee March 4, 2019**

**STINNER:** Representing the 48th District. I serve as Chair of this committee, and I'd like to start off by having members do self-introductions starting with Senator Erdman.

**ERDMAN:** Steve Erdman, District 47, ten counties in the Panhandle in Nebraska.

**CLEMENTS:** I'm Rob Clements with District 2, Cass County, parts of Sarpy and Otoe.

**McDONNELL:** Senator McDonnell, LD5, South Omaha.

**HILKEMANN:** Robert Hilkemann, LD4, which is West Omaha.

**STINNER:** John Stinner, Legislative District 48, all of Scotts Bluff County.

**BOLZ:** Senator Kate Bolz, District 29.

**DORN:** Senator Myron Dorn, District 30, Gage County, southeast Lancaster.

**McDONNELL:** Senator Stinner, thank you, members of the Appropriations Committee.

**STINNER:** Just a second, Mike, you've got to introduce yourself, don't you?

**McDONNELL:** I'm sorry.

**STINNER:** And I--

**McDONNELL:** I was, I was gonna get, get to that.

**STINNER:** I will do the rest of the speech, but I wanted you to introduce yourself to the crowd.

**McDONNELL:** OK. Senator Mike McDonnell, spelled M-c-D-o-n-n-e-l-l.

**STINNER:** OK, just a second. Assisting the committee today is Brittany Bohlmeier, our committee clerk. Our page today is Cadet Fowler, he is studying film studies at the University of Nebraska in Lincoln. Also to my left is Kathy Tenopir, she's our

legislative analyst. At each entrance you will find a cream-- cream testifier sheets. If you are planning to testify today, please fill out a sign-- a sign-in sheet and hand it to the committee clerk when you come up to testify. If you will not be testifying at the microphone but want to go on record as having a position on a bill being heard today, there are white sign-in sheets at each entrance where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record. At the end of today's hearing to better facilitate today's proceedings, I ask that you abide by the following procedures: please silence or turn off your cell phone; move to the reserved seats when you are ready to testify. Order of testimony is introducer, proponents, opponents, neutral, and closing. When we hear testimony regarding agencies, we will first hear from the representative of the agency and we will then hear testimony from anyone who wishes to speak on that agency budget request. We request that you spell-- say and spell your first and last name for the record. Be concise. It is my request to limit your testimony to five minutes. Written materials we-- will be distributed to committee members as exhibits only when testimony is being offered. Hand them to the page for distribution to the committee and staff when you come up to testify. We need 12 copies. If you have written testimony, but do not have 12 copies, please raise your hand now so the page can make copies for you. Today we are using the time- to- light system. When the light switches to yellow, you will have one more minute. When it's red-- light turns on, please finish your paragraph. We will be giving each testifier five minutes to speak. My plan today is to have testimony and three, three bills to be heard. First, we will take a break around 2:30. The University of Nebraska then will come in. We'll have the University of Nebraska's testimony for the agency. We'll probably go to 4:30. We'll have five-minute limitations on the testimony at that time. After 4:30, we'll take a little bit of a break. Then, we'll have three-minute testimonies. I will reintroduce that concept when the University of Nebraska's testimony starts. So for today, we will start the hearing by hearing LB552. Senator McDonnell.

**McDONNELL:** Chairperson Stinner, thank you. Members of the Appropriations Committee, thank you. Again, my name is Mike McDonnell, spelled M-c-D-o-n-n-e-l-l. I represent, LD5, South Omaha. I will be waiving my closing today. I have given you a copy of my testimony. I have two other bills that I will be testifying on in other committees today. I'm here today to present LB552, which adds as needed appropriations for the Nebraska Tree Recovery Act. I want to thank Senator Pansing

Brooks, who has led this charge for the last four years and passed the baton on to me on this important issue. My specific goal in bringing this bill to the Appropriations Committee is to be product-- proactive and about the Emerald Ash Borer crisis that is just getting to Nebraska. Since introducing LB552, I have had more people talk to me about trees in the last few weeks than I've had in my entire legislative career. This bill is per-- personal to me and it's-- and my constituents for two primary reasons: one, the Ash Borer was first discovered in Nebraska at Pul-- Pulaski Park in my legislative district. I believe the last two times this bill was introduced the bug had not been discovered in Nebraska. It has now been detected in Omaha, Lincoln, and locations in between these urban areas. The second reason I felt compelled to act is, because of the public safety risk that these dying trees will have on our communities. There are countless examples from other states of falling trees impacting the safety of citizens and our communities. LB552 seeks to appropriate \$3 million annually to the Nebraska Forest Service for the Nebraska Tree Recovery Program. This is a grant program that has been in place since 1994, but has not been funded for over 25 years. The program was put in place to provide a 50/50 match to communities for tree planting after an unusually harsh winter. Today, communities are not asking for assistance due to harsh weather but rather due to the devastating insect, the Emerald Ash Borer. The Emerald Ash Borer is an exotic beetle that was discovered in South Eastern Michigan near Detroit in the summer of 2002. It was likely brought to the North America from Asia in packing materials in the mid-1990s. It is a deadly insect that is killing millions of ash trees across the northeast. The Nebraska Forest Service estimates the cost of removal and disposal of the tree will be around \$600 per tree. And further estimates that there are approximately a quarter of a million ash trees on public property in our communities statewide. This does not count any of the ash trees on private lands. The cost to removing the public - the public trees and not replacing amounts to about \$150 million statewide. This appropriation of \$3 million would allow communities to get ahead of this devastating problem and prevent a severe budget impact down the road as property values could be decimated over the next two decades. As a member of, of this committee, I understand the state of our budget based on the most recent fiscal forecast. Having said, having said that, I would entertain any dollar amount to assist in aiding this program that has not been funded in 25 years. This legislation provides for a 50/50 cost-share grant program that would help municipalities spread the cost over several years and be able to gradually replace the trees. Trees are so important both

aesthetically and environmentally. Dave Olson, who is an arborist and with the Nebraska State Forest Service, is here today testifying in a neutral capacity. He will be able to answer any of the detailed questions about the trees and/or the Ash Borer. There will be additional representatives from the cities here to testify on the importance of this legislation. As I mentioned earlier, I have two other bills. I will be waiving closing, but I will be also available right now to answer any of your questions.

**STINNER:** Questions? Seeing none, thank you.

**McDONNELL:** Thank you.

**STINNER:** We'll now hear from additional proponents. Good afternoon.

**DAVID OLSON:** Good afternoon, Senator Stinner and members of the Appropriations Committee. My name is David Olson, D-a-v-i-d O-l-s-o-n. I'm a forest health specialist with the Nebraska Forest Service. The opinion shared and testimony represent my personal views as someone with more than eight years of experience in the fields of forestry and environmental science. In this testimony, I do not represent the University of Nebraska. I will also be submitting a letter from Dr. Eric North which will further explain details regarding the biology of Emerald Ash Borer and Emerald Ash Borer killed trees. I thank you for the opportunity provide information regarding act LB552 which are to appropriate funds to the existing Tree Recovery Act. I am testifying in a neutral capacity, and my purpose today is to provide information regarding my experience with communities where I worked in the eastern U.S., which did not deal with Emerald Ash Borer and its impacts in a timely manner. Emerald Ash Borer has killed millions of trees throughout the Eastern United States in the last two decades, and has recently begun its invasion of Nebraska, found in Lincoln officially this last year, and in Omaha nearly three years ago. When ash trees die they quickly become a safety hazard typically losing limbs, large branches, or falling down completely in less than two years. In my time working in both New York State and Kentucky, I was able to witness how state and local governments were dealing with the impending massive amount of tree removals and I wish to share this knowledge with you today. In Kentucky, I witnessed many areas including in city parks where standing dead ash trees were left for several years after EAB populations had peaked. In many cases these trees showed substantial signs of decay and exhibited other symptoms which indicated they could fail at any

given moment. There were also many other instances where I witnessed partially fallen trees which would produce snags creating even more safety risks, not only for citizens but for workers attempting to remove them. In some areas large numbers of trees would decline quickly resulting in a very high number of trees needing removal at the same time. In New York, EAB arrived around 2008, and public awareness was high. However, not all areas responded to the issue. In 2015, I personally observed a large number of dead ash trees still standing in the Buffalo and Niagara regions and along public transportation corridors and secondary highways. Recently, in the news many of the towns in the area that had not been removing dead and dying ash trees found themselves reacting to the situation. Attempting to move quickly to try and get the dead trees down before weather events caused the ash trees to fail. Not reacting would have caused trees to fall across powerlines into roadways, and into homes and businesses. Proactively removing the trees over a short period was focused on trying to avoid property damage and potential loss of life. A key point I wish to make today is in areas where healthy living ash trees currently exist and EAB is present, the ash trees can quickly decline to create dangerous situations in just a few short years creating a direct risk to public health and safety. From personal observations watching this change over the last decade, I would like to sum up my testimony as follows: trees will begin to die quickly once the EAB populations are established and we are beginning to move towards this in Omaha. Dead ash trees from EAB quickly become extremely brittle and soon become a hazard and liability if not removed. In communities which have responded proactively to EAB have fared better than those which responded reactively. Communities which have demonstrated removal and a replacement plan have been much better positioned to save tax dollars, mitigate tree and public safety issues, and maintain critical-tree canopy for the general public. Thank you for your time, and I would be happy to take any questions you may have.

**STINNER:** Questions? Senator Hilkemann.

**HILKEMANN:** Yeah, so-- what you're saying is, is that if we can take these trees down as they become infected we can save other ash trees. Is that what you're saying?

**DAVID OLSON:** I don't know if I would go that far, and I think the idea is to get the trees down before they even become infected if we know Emerald Ash Borer is on its way. It's to limit the amount of impact that the beetle killing the trees is going to have on just the townships and municipalities trying to

get these down. And there is a chance that by taking some of the material down it may slow the beetle down, but it probably would be more of just being able to keep up with the tree removal.

**HILKEMANN:** So what you're saying is if you're an emerald ash tree you're going down whether you were infected or not?

**DAVID OLSON:** An, an ash tree will eventually become infected by EAB. Any species of North American ash is susceptible to it.

**HILKEMANN:** And the only way to stop it is to take--is just to take the tree down?

**DAVID OLSON:** There are treatments that are available, but they are extremely cost prohibitive, so.

**HILKEMANN:** So in, in all practical intense, the only way to treat this is to take down the tree?

**DAVID OLSON:** Yes, I would say so.

**HILKEMANN:** Is that partly because this is the-- that it has to do with the lifespan of the ash tree?

**DAVID OLSON:** What-- could you repeat the question or, I guess--

**HILKEMANN:** Well, it-- for example in, in Colorado, I'm very familiar with the pine beetles that they have there.

**DAVID OLSON:** Um-hum.

**HILKEMANN:** And part of that spread is that those-- the pine's that are, that are affected by the pine beetle are kind of at the end of their lifespan. Is that the case also with the ash tree?

**DAVID OLSON:** No, Emerald Ash Borer is an invasive species so it is attacking ash trees anything from about an inch around in diameter and up, so it will go after any live American ash tree.

**HILKEMANN:** So it's not a matter of the-- of a weakness or an aging in the ash tree, it is--

**DAVID OLSON:** The only-- they would probably attack the weakened trees first before they would attract-- attack the strong ones,

but they would go after every single ash tree in the area, and weaker trees may succumb to the beetle more quickly.

**HILKEMANN:** OK.

**STINNER:** Senator Dorn.

**DORN:** Thank you, Senator Stinner. And thank you for coming to the hearing. What-- is there a use for the wood or how do they dispose of it.

**DAVID OLSON:** There can be uses for the wood, yes. And that's-- we're trying to do-- we have been trying to do some of that even at the Forest Service just encouraging people to do things with the wood. It can be used if it's taken down early enough. Obviously, if it rots and things like that it's not as useful, but there may be some people here that could speak on that better than I can. But, there can be uses for it.

**DORN:** Any, any idea what percentage, I think we have some numbers in here, but what percentage of-- I mean, like an area in the state, Lincoln or Omaha. What is the number that will be affected in certain areas-- are we half of the trees or--

**DAVID OLSON:** I believe John Erickson, who is the director of the Forest Service can speak on this a little bit better when he's talking later, but I believe it's kind of an estimate based on what we know are in certain towns the percentage of ash. I know the percentage of ash planted even on city properties in those cases is very high.

**STINNER:** OK. Any additional questions? Senator Erdman.

**ERDMAN:** Thank you, Senator Stinner. Thank you for coming. On the green copy on line 14 that says this appropriation will continue '19 and '20, and for each year and thereafter until the Legislature finds that the ash trees are no longer a safety issue for city or villages. So would a correct statement be until all ash trees are removed? Would that be a better statement?

**DAVID OLSON:** There might be someone who could speak on that better than me. I would say that any ash tree still standing will eventually succumb to EAB unless it is treated. So it depends a lot on when a town would be infected with Emerald Ash Borer-- when Emerald Ash Borer would show up there, too.

**ERDMAN:** Thank you.

**STINNER:** Any additional questions?

**STINNER:** Seeing none, thank you.

**DAVID OLSON:** Thank you.

**STINNER:** Additional proponents? Good afternoon.

**GARY ALDRIDGE:** Chair Stinner, members of Appropriations. For the record, Gary Aldridge, G-a-r-y A-l-d-r-i-d-g-e, 7112 South 45, Lincoln, Lancaster County, Nebraska 68516, United States of America, Planet Earth. I am one of the owners. The tree planter's state-- that was the official nickname of Nebraska, 1895 to 1945. Trees, ash trees are a natural resource, Emerald Ash Borer not so much. I speak here in support of LB552. LB552 is called a Tree Recovery Program. I provide information from the Nebraska Forest Service, quote, Annual Report 2018. Also information on programs, practices, and policies of the Lower Platte South Natural Resources District. I am an elected director of the Lower Platte South NRD. I am here on my time and my dime. I am what democracy should look like. I speak only for myself. Lower Platte South is most of Cass and Lancaster County, plus bits and pieces of Butler, Otoe, Saunders, and Seward. We sit now in Lower Platte South. Trees make neighborhoods and lives complete, but Nebraska trees are disappearing. Nebraska communities lost an average 18 percent of tree canopy in the last two decades. Weather is one factor or cause of tree death, 2011 Missouri River flood, remove, dispose, replant park trees in Omaha, Bellevue, and South Sioux City cost \$5.1 million; 2012 drought, thousands of community trees dead statewide; 2013 winter storm, handling tree debris cost Chadron \$170K; 2014 wind damage, trees destroyed in Pilger, Beaver Crossing, Burwell and Stuart cost \$4.4 million. Trees are expensive. Trees cost money. One target of LB552 is Emerald Ash Borer, an exotic pest. EAB occurs in Douglas, Cass, Lancaster, and now Dodge County. It will continue moving. Some political subdivisions are reacting aggressively. Trees on public property will be removed for environmental and perhaps public safety reasons. Lower Platte South supports LB552. LB552 will assist cities and villages. See page 2, line 4, 5, 8, 9, 15, and 16. My understanding no LB552 money will go to, flow to, or come to any NRD in the state. The brick wall for LB552 is the fiscal note, money appropriated per annum would increase from \$250K to \$3 million. This money is leveraged. Any applicant must contribute half of the tree recovery cost. The \$3 million then becomes \$6 million. And, yes,

all the money starts private. LB552 partly addresses the question what value are trees. The Lower Platte South NRD offers assistance with tree planting through a, quote, Community Forestry Program. The stated purpose of this program is cost sharing of tree plantings to enhance the public good. About LB552, I have talked to all Appropriations members, save one, not for lack of trying, and all Natural Resource members, save one, not for lack of trying, all members of the Douglas-Sarpy delegation, save five, and all members of Lancaster County delegation, save one. I talked to one today, so the number's one. Seems some respond to the owners better than others. But back to my opening, trees are a natural resource. Tree pests, not so much. Thank you.

**STINNER:** Thank you. Questions? Senator Bolz.

**BOLZ:** I just briefly wanted to thank you for your commitment to, to this issue. I've seen you in the Rotunda on many days. And that's laudable and admirable. Thank you.

**GARY ALDRIDGE:** I'm, I'm glad to be here. Thank you.

**STINNER:** Thank you. Additional proponents?

**JOHN WYNN:** John Wynn, City of Omaha, city forester, J-o-h-n, Wynn, W-y-n-n. I'm here to voice my concerns about the importance of LB522 [SIC]. The City of Omaha has been preparing for EAB for over nine years. Although the EAB is not what you consider a natural disaster, it is nonetheless a disaster that will strike Omaha and other communities around the state. In 2010, the City of Omaha began to inventory all their trees on public property and in the city and on GPS. During the course of this inventory process, we discovered that the city had a total of 13,579 ash trees on city property or roughly 14 percent of our tree canopy. As of today the city forestry crew has removed 3,150 ash trees, and an estimated 10,429 more left to remove. While there are many negative factors with the EAB brings to a city, the two greatest concerns are funding and public safety. As we continue to shift our resources to quickly remove ash trees, we are forced to prioritize among hundreds of other public trees that need mitigation. It becomes a zero sum game. Worse yet, the beetle population will continue to kill ash trees at a higher rate each year until we reach critical mass. Trees will die faster than they can be removed. This situation has played out across the country and it has led to injuries and loss of life. In 2016 to 2018 alone, 11 deaths in the United States have been due to falling ash trees that were infected

with EAB. In 2016, Rory McDonald, 27; Gary Cox, 26, of Michigan died of failing ash trees. In 2017, Devon Cook, 28, of Ohio; James Marcelynas, 40, of Connecticut; and Scott Miller, 36. In 2018, Nicholas Hewitt, 16, in Michigan; Howard Thumser, age 90, of Michigan; Frederick Green, 68, of Michigan; Robert Musch, 60, of Ohio; Michelle Martin, 52, of Wisconsin; and Paul Agbo, 50, of Washington, D.C. Each of these deaths could have been prevented and-- had there been proper funding for EAB. Evidence across the country show that EAB is 100 percent manageable and LB52-- or LB522 [SIC] provides critical funding now to ensure all Nebraska communities have the ability to protect their infrastructure, property, and lives of their residents. Thank you for your time, and I can answer any questions.

**STINNER:** Thank you. Senator Dorn.

**DORN:** Thank you, Senator Stinner. Help me understand a little bit-- I, I understand city parks are Omaha's responsibility or public. In residential area, who is responsible for what or where and is a-- well, how are you dealing with homeowners and the removal of trees?

**JOHN WYNN:** We haven't really had a plan for private property trees. The only thing that we would be responsible for is if that tree would fail and land on a sidewalk or a street. In that case, we would send the property owner a letter letting them know that they have a tree that's diseased that could fail. And if they do not mitigate it, the city would have to go in and trim the tree away from the sidewalk just so it doesn't fall on a pedestrian.

**STINNER:** Additional questions? Seeing none, thank you. Good afternoon.

**LYNN JOHNSON:** Good afternoon. Good afternoon, Senator Stinner. My name is Lynn Johnson, L-y-n-n J-o-h-n-s-o-n, and I served-- serve as the Parks and Recreation director here in Lincoln, and Lincoln Parks and Recreation is responsible for managing public trees along our streets, in our parks, and on our golf courses. I'm speaking this afternoon on behalf of the City of Lincoln in support of LB552, providing annual appropriations of \$3 million in grants to Nebraska communities. I want to thank, Senator McDonnell, for introducing the bill and also, Senator Pansing Brooks, for cosponsoring. They have both been leaders on this topic. For more than a decade, we've been monitoring the advance of Emerald Ash Borer or EAB and are planning our approach to addressing the impacts of EAB on public and private trees in

Lincoln. EAB was identified in Lincoln in August of 2018. We have completed an inventory of public trees along streets, in parks, and on golf courses in 2017. That inventory identified 1,000-- or pardon me, 14,145 public ash trees in Lincoln which is about 12 percent of our public tree population. The Nebraska Forest Service estimates that there are three to four ash trees on private property for every one ash tree on public property. So it's estimated that there could be another 40,000 to 50,000 ash trees on private property in Lincoln. In December of 2018, the Lincoln City Council adopted the Emerald Ash Borer Response and Recovery Plan for Lincoln. We are implementing a phased planned removal of 1,000 public ash trees per year during a 15-year period. Followed by, excuse me, a planting of a diverse mix of replacement trees. We anticipate that it is likely that a portion of our public ash trees may need to be treated on an interim basis to keep them alive during the removal period to avoid having standing dead ash trees along our streets and in our parks, and you've heard earlier today about how quickly dead ash trees become a safety concern. The city of Lincoln has an ordinance requiring private property owners to remove hazardous trees from their property. We think that it's likely that there may be some property owners who may not be able to afford the cost of having large dead ash trees removed from their property, and we are discussing options for providing financial assistance to those in need. The city budgeted \$1.9 million during the prior biennium that was used to purchase equipment and hire staff for the phased removal of public ash trees. At this point we're essentially staffed up, we're equipped up, and we're now prepared to remove 1,000 public ash trees annually and the current biennium budget includes about \$1.8 million to fund this expense. We recognize that the costs will increase as EAB advances impacting more and more public and private ash trees in Lincoln. We encourage and support funding for the Nebraska Tree Recovery Act providing opportunities to leverage local funds with state grant funds to address the challenges of managing and maintaining beneficial public trees in our communities. Responding to EAB is a daunt-- is daunting and will require partnering of resources. I want to thank you for the opportunity to speak this afternoon, and I'd certainly be happy to answer any questions that you may have.

**STINNER:** Any questions? Senator Hilkemann.

**HILKEMANN:** Follow-up on Senator Dorn's question, if we don't do anything about-- you, you mentioned here we have 1,400 in public and you have 40 to 50. If we don't do anything about what's

happening in the private sector, is that gonna make the-- is that gonna make the more acute for the public sector?

**LYNN JOHNSON:** Yeah, I think it's a-- it really would depend on the, the speed at which Emerald Ash Borer moves throughout the community. My understanding is that an adult insect can move about three miles on its own, but it typically gets transported around the community. That's part of the way that, that it's moved. We are engaged in a public education effort in Lincoln so that private property owners essentially making the same decisions that the city did about do they want to remove that tree now, probably right now it's going to be cheaper to remove that tree. As the demand for tree removal services increases, we anticipate the cost will go up. Or if they want to treat that tree during the remainder of, of its life, and that's certainly an option that private property owners would have. So we're trying to, we're trying to make sure that we've got a plan in place to make sure that we don't have lots of standing dead ash trees on public property in Lincoln, and we're trying to encourage private property owners to essentially make those same decisions. And right now is the best time to make a decision about what you want to do with your ash tree.

**HILKEMANN:** Thank you.

**STINNER:** I believe that the Governor has ash trees all around the mansion, so you'd need to send him a notice.

**LYNN JOHNSON:** There are ash trees-- yeah. There are a lot of purple ash trees that, that line Goodhue Boulevard, absolutely.

**STINNER:** Thank you.

**DORN:** I've got one more quick question--

**STINNER:** Senator Dorn.

**DORN:** -- and maybe I don't know, maybe somebody else might-- we really don't have a problem-- what you'd call a problem yet, trying to get ahead of it. How many years are we looking at here?

**LYNN JOHNSON:** My understanding-- and I, and I really should let the experts speak to this, but the experience of other communities is that within about a seven- or eight-year period, from the time that Emerald Ash Borer moves into our community, my understanding is, is between 50 and 70 percent of the

untreated ash trees in the community will be dead. And within a 15-year period of [INAUDIBLE], essentially 100 percent of the untreated ash trees will be dead. So this moves fairly quickly once it gets started.

**DORN:** Well, un-- unfortunately City of Omaha and City of Lincoln-- they have a lot of beautiful, beautiful trees and that will take out a significant share of those.

**LYNN JOHNSON:** It, it certainly will.

**DORN:** Change of scenery, yeah.

**LYNN JOHNSON:** One of the things that we're concerned about is the tree canopy as part of our storm water management system here in Lincoln, those big trees are essentially sponges that are, are capturing that water as it falls. And so that's why we're so intent on replanting, and so we want to reestablish that tree canopy that obviously is beneficial for a variety of reasons, but there are communities that as they've lost their ash tree canopy-- or canopy they've experience significant local flooding and that's something you don't think about as being a result of, of this kind of challenge.

**STINNER:** Thank you. Any additional questions? Seeing none, thank you.

**LYNN JOHNSON:** Thank you for the opportunity.

**STINNER:** Good afternoon.

**LYNN REX:** Good afternoon, Senator Stinner, members of the committee. My name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're here today in strong support of this measure. As you've already learned, this is an issue that's going to be crossing the state of Nebraska heading from east to west. We have cities all across the state that are doing their best to try to respond to them. And as you would probably guess, years ago what cities did was to create this canopy effect, is that on both sides of the street they would plant the same tree. So if a city is planning ash trees and has planted those, those are the cities that will be most heavily impacted. I think we've only found just a handful of cities that frankly didn't have any ash trees on the public, public property. However, overwhelmingly across the state this will be an issue, and it is a safety issue because, as already noted, if they become so incredibly brittle-- and they just break off, and

that becomes an issue when you're dealing with public parks, property, and other sorts of things. I would just tell you on my-- from a personal note, I have three ash trees on my property in Lincoln, Nebraska. The professional arborist that I hired to come out and give me advice told me I, I could spend, which I did, under \$50 dollars a tree to treat it, and basically note that that would have to be done every year. And eventually it doesn't matter, that tree's gonna die anyway, so I probably won't be doing that again anytime soon. But instead, I'll probably try to get it removed-- all three of them removed sooner, just because it's cheaper to remove them now than it is to wait until they become brittle, and then everybody needs to do it. But we've had experiences from other states, and we know from that that it has a serious impact on the canopy all across their state. And as noted, anywhere from seven to ten years, seven to eight years depending on how aggressive it is, you lose those trees. And it will have a profound impact across the state of Nebraska. I can also tell you that because of this we have municipalities like South Sioux City that developed what they think is some pretty innovative ways to try to deal with this. So they're trying to take these trees down before they're infected so they can mulch them and use them because, well obviously, once they're infected you have a different issue at hand. In addition, we have-- they're also burning for energy up in South Sioux City, Nebraska. In addition we have other municipalities, that in terms of their planning processes they're making sure that they don't plant the same kind of tree on both sides of the street or just making sure that the next disease that comes along doesn't wipe out everything, but just part of the canopy. So again, we think this is a serious problem. I know with all the other plethor-- plethora of issues that you're dealing with, it may seem like Emerald Ash Borer may not be that high on the priority list, but we think it really is when you look at what can happen and what has happened in other states. With that, I'm happy to respond to any questions that you might have.

**STINNER:** Thank you. Any questions? Seeing none, thank you.

**LYNN REX:** Thank you for your thoughtful consideration.

**STINNER:** Any additional proponents? Seeing none, any opponents? Seeing none, anyone in the neutral capacity?

**JOHN ERIXSON:** Good afternoon, Senator Stinner and members of the Appropriations Committee. My name's John Erixson, J-o-h-n E-r-i-x-s-o-n. I'm the state forester and director of the Nebraska

Forest Service. The opinion shared in the testimony represent my personal views as someone with 30 years' experience in the field of forestry, and in this testimony I do not represent the University of Nebraska. So thank you for the opportunity to provide some information related to LB552. As I am testifying in a neutral capacity, my purpose today is to provide the committee with some information regarding the Tree Recovery Act, and of the threats to our community trees. The Tree Recovery Act first passed in 1994, and as a response to severe weather that killed millions of trees across the state. Due to budget cuts by the early 2000, the act was no longer funded though the act still exists today. Others have testified about Emerald Ash Borer, there are three key messages to remember about EAB: EAB is going to cost our communities an enormous amount of money; two, trees killed by Emerald Ash Borer quickly become brittle; and three, by not replacing over a million ash trees that we will lose in our communities, we'll lose about \$97 million per year in economic services, and property values will decrease. It will cost our communities \$275 million to remove, dispose of, and replant 256,000 public ash trees growing in virtually every city and community across Nebraska. EAB will kill an additional 640,000 ash trees on residential properties and more than 43 million trees in our forests. LB552 only addresses public trees found in our communities. Some facts about Emerald Ash Borer that we've learned from the experiences of other states, we cannot avoid dealing with EAB, ignoring it only increases the costs and concentrates those over a shorter period of time. EAB exponentially increases in population after its first discovered, and most 70, 80 percent of the ash tree mortality occurs within 5 years after EAB is first detected in a community because ash trees that are dead for more than two years are dangerously unstable. As you'll read in Dr. North's letter, they quickly become a serious risk to life and property. In addition to assisting communities with Emerald Ash Borer, the Tree Recovery Act could also help communities respond to severe weather impacts. Since 2011, severe weather has killed tens of thousands of public ash trees in communities from Chadron to Omaha costing these communities more than \$10 million. LB552 will assist communities in dealing with the dual threats through a cost share assistance program for removal, disposal, and utilization, and replanting. It will also support a slow spread strategy to reduce EAB population growth. This strategy provides our communities with more time to spread out the cost and to better cash flow the situation. It permits preemptive removals of declining and hazardous trees and improves rapid detection removal and processing into the infested trees. According to the existing statute, the Nebraska Forest Service would administer

and distribute Tree Recovery Act funds via a competitive grant process. Nebraska is in an unusual sit-- situation where we have learned from other states, and we've learned some lessons on how to best deal with EAB. In fact, EAB is one of the few disasters that we can get ahead of. LB552 will help to slow the spread of this insect, reduce the cost to our communities across the state, and reduce risks to life and property. I'd be happy to answer any questions.

**STINNER:** Any questions? Senator Hilkemann.

**HILKEMANN:** Just a quick question, I certainly remember when we had the Dutch elm disease and we lost all those-- do we-- did we have more Dutch elm or we have more ash?

**JOHN ERIXSON:** I think we have more ash in the, in the state.

**HILKEMANN:** Thank you.

**STINNER:** Any additional questions? Senator Clements.

**CLEMENTS:** I remember the Dutch elm disease. I lived in a house that was surrounded by elms and I had a lot of experience with a chainsaw back then. But in, in the meantime they've developed a disease-resistant elm. Is there anything going on with ash trees to have a resistant ash?

**JOHN ERIXSON:** Yes, Penn State's actually leading the effort to try to go out and sample the survivor trees. There are a few ash trees that appear to have some resistance to Emerald Ash Borer. So they're going out and looking at the genetics of those individuals that are surviving in areas with high populations of Emerald Ash Borer and trying to see if they can isolate what-- what's going on in those trees to essentially develop a strain of trees that would be EAB resistant.

**CLEMENTS:** And Senator Dorn asked another person, is there use for the wood. In other states have they come up with uses for the wood from trees that have failed?

**JOHN ERIXSON:** Yeah, ash is a relatively hard wood. It's used for baseball bats for that reason, and it's, it's kind of a niche market that, that that species falls into. So there are people that are using ash wood for flooring for instance or furniture making. I know our staff has worked with some of the Lincoln Public Schools to take ash trees from Lincoln and cut them into boards, provide, provide them to the schools so they could use

them in their woodworking shops. So students that can't afford to buy the wood associated with their project could use this ash wood that is essentially free to them. The Department of Corrections has looked at ash wood to create a line of furniture that's used and available to state agencies, so there, there are some uses for, for ash wood.

**CLEMENTS:** That's good to hear. Thank you.

**STINNER:** Any additional questions? Seeing none, thank you.

**JOHN ERIXSON:** OK, thank you.

**STINNER:** Any additional testifiers in the neutral capacity? Seeing none, that concludes our hearing on LB 552. We will now open the hearing on LB425, Senator Hilkemann. Good afternoon.

**HILKEMANN:** Good afternoon, Chairman Stinner and members of the committee. I'm Robert Hilkemann, R-o-b-e-r-t H-i-l-k-e-m-a-n-n, and I represent District 4. I'm here to introduce LB425 which would develop a unique training program in forensic laboratory sciences at the University of Nebraska. In 2016, I led LR601 special committee that studied the need for an independent accredited and full-service forensic crime lab in a single location. This committee studied our current state of forensic crime labs in Nebraska. One of the challenges that was identified at the Nebraska State Patrol Crime Lab was and remains a lack of qualified work force. The director of Crime Lab testified that staffing is one of their largest challenges and that competition among accredited forensic laboratories across the U.S. for experienced and qualified staff is ongoing. This lack of staff retention was directly linked to the backlog and delay in processing of critical crime scene evidence. From the work done by the LR601 committee, it became an obvious need for expanding the education and training opportunities in Nebraska to meet the current and increasing demand for forensic laboratory scientists. I will briefly summarize key elements of this type of work and how forensic DNA scientists with this bill will help law enforcement and prosecutors meet their needs. Fortunately for you there are others here who will be able to provide much better information, and I urge you to address specific questions to those experts who will follow me. Law enforcement agencies are facing increasing situations where genetic evidence is discovered that may help solve a crime. At the crime scene, this evidence is typically collected by a crime scene investigator. In the case of evidence that gains genetic material or DNA, the material is submitted to a laboratory for

advanced analysis. It is a scientist at the DNA laboratory that is trained to examine the material or recover the DNA from a sample such as a piece of cloth. These specialized DNA laboratory scientists are the subject of the bill before you. The University of Nebraska Medical Center has a unique capability and solid reputation of both providing DNA laboratory services and also creating and offering specialized training programs. Because of that expertise at UNMC, I urge the university to design a training program that serves as the basis of this bill. Prosecutors need solid, reliable DNA analysis that withstand courtroom challenges. Our laboratories need trained and qualified staff to carry out those critical processes. This training program can help ensure that there are trained scientists to meet the needs of the labs and other prosecutors who are working to bring justice to those who commit crimes and closure for the victims. Thank you for your time and consideration.

**STINNER:** Thank you. Questions? Seeing none, thank you.

**HILKEMANN:** I may be here for closing. I've got several bills up as well, so.

**STINNER:** I understand. Are there any proponents? Good Afternoon.

**STEVEN HINRICHS:** Senator-- Mr. Chairman and members of our committee. My name is Steven Hinrichs, S-t-e-v-e-n H-i-n-r-i-c-h-s. I'm a physician and chair of the UNMC Department of Pathology and Microbiology. I oversee the UNMC forensic DNA laboratory and Nebraska Public Service laboratory where testing of drugs is performed. My testimony today is presented as a private individual. I do not speak for the university, and my comments do not represent policy of the University of Nebraska. I have been involved in providing education and training of students involved in diagnostic sciences for over 30 years. I'm familiar with the programs that would be impacted by LB425 and personally endorsed both the purpose of the bill and the larger need to provide graduate-level training opportunities in Nebraska related to forensic sciences. To my knowledge, only 18 universities in the United States offer graduate-training programs in forensic sciences and the closest programs to Nebraska are at the University of Illinois, the University of Oklahoma, and Penn State University. Other universities including the University of Nebraska- Lincoln provide undergraduate programs in forensic science and these are important stepping stones for individuals seeking careers within forensic science laboratories, but they do not provide graduate-

level education. That is an important distinction because of the education provided by a graduate-level program provides the necessary foundation to become a laboratory leader or manager as well as provide the next generation of educators for this important public service activity. A master's degree is a requirement for an individual to serve as a technical lead in a laboratory. A position every lab must have to qualify for accreditation. In addition, the methods and testing processes for DNA and genetic material are becoming more complex and involve not only advanced instrumentation but also very sophisticated software and computer analysis. Therefore, a person with a graduate-level degree provides multiple skills to the testing process. The same is true for the analysis of chemicals or drugs where mass spectrometry is a standard and where the laboratory analysts must have an extensive understanding of both chemistry and physics. As the power of DNA technology is becoming more apparent, the workload is growing. Previous cold cases are being solved every day with the application of molecular biology, and new applications are being discovered on a regular basis. The opioid, opioid epidemic has also increased the workload for forensic laboratories, and this raises the need for more trained laboratory scientists and high-level managers and directors. Unfortunately, our state and nation are not only facing the growing challenge of illegal drugs and associated violent crime but also the aging of our laboratory services work force. We need to be planning for the training of the next generation of forensic laboratory scientists now because it takes additional years to establish a program and then graduate the first students. In, in other words we're already four years away from being able to add to the work force in Nebraska with people who've been raised here and want to make Nebraska their continued home. The job market is highly competitive and we also face challenges in filling our positions, a situation that will only get worse unless we address this need. Fortunately with the programs already in place and the outstanding student graduates produced by our colleges, we are well-positioned to create a graduate program and attract students for training. The training facilities with state of art equipment within the state are exceptional, and we have educators with considerable experience to meet the training requirements as well as a robust caseload for educational material. It would be very appropriate to establish training programs in drug testing or toxicology and a program in DNA genetic or molecular biology. These are two of the currently critical needs for which a graduate-level scientist is projected to grow for many years. Current projects are for this field project-- current projections are for this field to grow by over

25 percent in the next five years, and given the lag time in developing new programs, the need is likely to be much higher. Whereas, we have an immediate need in the two areas I mentioned, there are also a number of other important subspecialty fields in forensics including anthropology and microbiology. UNMC work hand-in-hand with the Department of Defense in the selection, development of the new forensic sciences laboratory at Offutt Air Force Base. There's currently very important work being done today by the POW/MIA Accounting Agency laboratory where forensic tools are in use to identify the remains of sailors who died on the USS Oklahoma during the bombing of Pearl Harbor. In addition to the field of forensic anthropology, there is a need for chemists, anatomists, information scientist specialists, and others that work in the forensic field. While the need is great and could become overwhelming if we don't get started, I believe initiating this program at a conservative level with two areas of expertise would be very appropriate and therefore support this bill to develop graduate programs in forensic science at UNMC. Thank you very much. I'd be happy to take any questions.

**STINNER:** Thank you. Questions? Senator Bolz.

**BOLZ:** Could you help me connect the dots between having additional workers in this work force and potentially easing any pressure at all on our jails and, and Department of Correctional Services. Is there a nexus there? I think the committee would be interested in hearing whether or not we could draw those dots together and, and see a connection.

**STEVEN HINRICHS:** Yes, thank you, that's an excellent question. And, in fact, there is a connection meaning the inability to deal with the backlog is directly related to the number of people that laboratories have in the work force. More people-- more cases can be moved through the system.

**BOLZ:** So what that means for us as appropriators, is that more people move in and out of jails more quickly or more people move through the Department of Corrections more quickly?

**STEVEN HINRICHS:** Correct, and the people who, who are not perpetrators are also released so--

**BOLZ:** Very good, thank you.

**STEVEN HINRICHS:** --justice is served.

**STINNER:** Senator Dorn.

**DORN:** If I understand this right, you have an undergraduate program already.

**STEVEN HINRICHS:** The University of Nebraska-Lincoln does.

**DORN:** Lincoln does.

**STEVEN HINRICHS:** Yes.

**DORN:** About how many students? Any idea?

**STEVEN HINRICHS:** I don't, and we might be able to get that answer for you though.

**DORN:** OK. What are you looking at projected numbers here if this program was able to--

**STEVEN HINRICHS:** Right. Again, because we monitor the work force we would start small, probably two in each area and then grow from there depending upon the work force needs in Nebraska with two individuals in each category.

**DORN:** And, and approximately how long of--

**STEVEN HINRICHS:** It, it would be a two-year program.

**DORN:** Two-year program.

**STINNER:** Thank you. Any additional questions? Seeing none, thank you.

**STEVEN HINRICHS:** Thank you.

**STINNER:** Any additional proponents? Seeing none, any opponents? Seeing none, anybody in the neutral capacity? Seeing none, Senator Hilkemann would you like to close? Senator Hilkemann waives, so that will conclude LB425. We will now open LB562.

**BOLZ:** Good afternoon, Senator Stinner.

**STINNER:** Good afternoon, Chairperson Bolz and fellow members of the Appropriations Committee. For the record, my name is John J-o-h-n, Stinner S-t-i-n-n-e-r, and I represent District 48 which is comprised solely of Scotts Bluff County. LB562 will provide intent language to extend until 2050 three existing appropriations to the University of Nebraska to use those funds

to renew, renovate, or repair existing university facilities, and is a sensible approach to address aging facilities at the university. As Chair of Appropriations, I've had the chance to examine hundreds of pages of the university's financial statements. Contained within those statements are nearly 900 facilities with a balance-sheet value exceeding \$2 billion. This is not surprising given the extensive facilities operated under the university, spanning four major campuses and various satellite locations. This includes power plants, housing, research labs, clinics, and other municipality infrastructure systems. As these are significant assets to the state of Nebraska, this committee plays a significant role in supporting the university and those facilities. As you all know, capital assets depreciate. As it stands, the university has about \$750 million of accumulated depreciation on its balance sheet. And past testimony by President Bolz of an engineering firm, estimates that 750 is approximately the same number that they came up with. Currently we allocate 11 million of the state's appropriation, matched by 11 million of the university funds which are pledged against long-term debt. This used-- this is used to renovate several facilities across the university system. The university is here to testify and will be able to provide more details on how we are utilizing those funds. Due to the growing need for building renewal maintenance, that 11 million application is simply too static to meet the need. The committee had a conversation about doubling the commitment a few years ago, but due to budget challenges at that time the committee was unable to provide additional funding. In addition, the Legislature currently appropriates funds for other facilities that are pledged against bonds. Eight hundred twenty thousand dollars per year was used to construct the Educational Center at the College of Technical Agriculture in Curtis with a final payment coming in 2015-- 2025; nearly 1.5 per year that was used to construct the College of Nursing Lincoln Division building with the final payment, payment coming due in 2023; and nearly 2.2 million per year that was used to construct a veterinary and diagnostic clinic, clinic with a final payment coming in 2021. Given that the bonds on these three projects will be going off the books in the next several years, I believe we have an opportunity to revisit our commitment to the university's aging facilities. I'd just like to point out briefly the rationale for selecting the year 2050, interest rates are still historically low on the long end of the yield curve so the cost of capital is still relatively cheap. It simply makes sense to maximize these dollars by leveraging the low interest rates on bonds financed by committee through 2050. LB562 is a sensible approach, one of the-- one that is budget

neutral to adjust a challenge that will take us many years to address. The university is here to testify and could provide more details about the building needs and challenges. I'm pleased to partner with the Board of Regents, President Bounds, and his team on this legislation. Thank you. I will say this, that I have looked at several ratios, debt affordability ratio which is total debt to cash-- the cash funds total debt to operating revenues. I looked at balance sheet strength in, in all cases, the ratios will-- are, are-- will strengthen actually, will increase the strength and scoring of the financial stability for the University of Nebraska. So with that, I will take questions.

**BOLZ:** Any questions for Senator Stinner? Seeing none,--

**STINNER:** Thank you.

**BOLZ:** --we'll take proponents.

**CHRIS KABOUREK:** Good afternoon, Vice Chairwoman Bolz and members of the Appropriations Committee. My name is Chris Kabourek, C-h-r-i-s K-a-b-o-u-r-e-k, and I am the chief financial officer at the university. Thank you for the opportunity to visit with you today and to express the university's support for LB562. We very much appreciate and thank, Senator Stinner, for introducing this bill. Almost every higher education institution across the country is faced with the challenge of aging facilities and the University of Nebraska is no exception. The Board of Regents discusses this issue frequently. Like many institutions, the university constructed buildings quite quickly in the 1960s and 70s to keep up with enrollment spurts. These buildings are simply now reaching the end of their useful life and need to be replaced, renovated, or retrofitted to address twenty-first century teaching and research. At the University of Nebraska, 36 percent of our buildings are at least 50 years old and 55 percent are at least 25 years old. In other words, more than half of our buildings were constructed before, before most of our students today were even born. When you think about the fact that these buildings are-- where much of the important work of the university takes place it should give us pause. These buildings are where our 52,000 students, the future work force of Nebraska are being educated. It's where our faculty are conducting cutting-edge research on water, cancer, and national defense. We think we have an obligation to provide our students and faculty with the best experience possible to learn and work in facilities that are appropriate for the twenty-first century. In addition to the aging issue that I just described, as

teaching, research, and discovery methods have evolved, our buildings have simply become more complex, and the technical complexity of building often has a direct correlation with costs. For example, we score our building complexity on a rating from 1 to 5 with 5 being the most complex. About half of our buildings are rated a 4 or a 5. These are buildings that require pressurized air systems, year-round cooling, even on today, today-- very cold days like today, and other sophisticated environmental controls. Examples would include: the Vet Diagnostic Center, the UNMC Biocontainment Unit, and the UNL Biology Center where specialized HVAC and air filtration systems are the heart of the facility. While it's helpful to know where we-- how we got here, the current question is how best to address this challenge. Many states are making investments, for example, the University of Illinois which has a \$2 billion deferred maintenance issue recently submitted a \$700 million capital request to its Legislature this biennium. Minnesota, which is not much larger than the University of Nebraska requested \$232 million for capital this biennium, and the University of Iowa receives roughly \$90 million each year for buildings funded primarily through gambling revenues. As Senator Stinner just pointed out here at the state of Nebraska, we allocate about \$11 million each year matched by \$11 million of university funds to pay debt service on buildings, renewal, and deferred maintenance projects. Most recently the funding passed in 2016 via LB957 is allowing us to replace Mabel Lee Hall on the UNL Campus with a new state of the art education facility that will benefit teachers across all of Nebraska, construct a new STEM building at UNK which will be a science and technology game changer, not just for UNK but for our entire state, and remodel of the nearly 50 year-old Wittson Hall at UNMC to provide state of the art library and study space adapted for the predominance of digital media. While this partnership has served us well and we very much appreciate this committee, the Legislature, and the Governor's support of it, the \$11 million allocation hasn't changed in over a decade, meaning our purchasing power continues to erode as construction costs continue to rise. In addition, the LB309 Task Force on renewal funding has been a very valuable source of funds, and I thank, Senator Erdman, for his leadership of that committee. These funds have allowed us to address a number of deferred repair, fire and life safety, and ADA projects all across our campuses. I just wish there were more of these funds as the \$440,000 the university has received this year only addresses a fraction of our needs and is significantly less than the \$2.5 million we received four years ago. That is why we believe LB562 is a sensible approach, another potential option to help begin

address this challenge. As Senator Stinner expressed, interest rates are still currently at a good rate, so borrowing costs are low. And so if we decide to utilize bond financing, that's a good opportunity for us. Once again on behalf of the University of Nebraska, we would like to thank Senator Stinner for introducing be LB562. I would be happy to answer any questions that you may have.

**BOLZ:** Thank you very much. Do we have any questions from the committee? Go ahead, Senator Dorn.

**DORN:** I noticed in here that your-- this proposal is through the year 2050. In other words you're asking for these funds to continue that long or through the-- through-- and another question maybe was it-- maybe it's a different question through the bonding process or explain that a little bit?

**CHRIS KABOUREK:** That's absolutely right. So 2050 is a, is a starting point for the conversation. And-- so as Senator Stinner mentioned, if you look at borrowing costs, they're still relatively cheap on the long end of the yield, yield curve meaning although interest rates have gone up the last couple years, 30- year bonds are still relatively cheap. And so once the bond payments on the current three projects are paid off, if we were to utilize bond financing, we would like to extend that financing as long as we could, 20 to 30 years. And so we're asking for the committee to give us the most flexibility, and so 2050 would do that.

**BOLZ:** Go ahead, Senator Erdman.

**ERDMAN:** Thank you, Senator Bolz. So a 30-year bond is that a-- is that customary 30 years-- a bond 30 years?

**CHRIS KABOUREK:** It depends. So we typically-- 30 years is very common in the higher-education industry. The average life of our bond is actually very much, much shorter than that. The average life of our bonds is about 11 years. So the University of Nebraska, you know, Senator ment-- Senator Stinner mentioned some of the statistics. You know we've taken a very conservative approach to our debt, but some facilities do have 20-, 25-, 30-year bonds, yes.

**ERDMAN:** Thank you.

**BOLZ:** Go ahead, Senator Clements.

**CLEMENTS:** Thank you. Thank you, sir. I am wondering how these numbers were computed. Are they based on an estimate of repairs or, or replacement cost?

**CHRIS KABOUREK:** So-- yeah, so three years ago when we approved LB957, Senator Stinner mentioned we brought in an outside consulting firm to do an evaluation of all of our buildings, the Facility Condition Index is what it's called. And after that you calculate what it would take to bring the buildings up to repair. So-- and it's roughly \$750 million. That also is the deferred appreciation amount currently on our balance sheet. So it's a significant issue, but it's no different than any other university or college faces across the state. I gave you a couple examples of what other institutions are facing. It's, it's a problem we all are trying to solve.

**CLEMENTS:** Were these the top three buildings that were identified then?

**CHRIS KABOUREK:** No, I was just giving you some examples. There's actually about a group of seven to ten buildings that we are utilizing the LB957 financing for.

**CLEMENTS:** OK, I was looking at the fiscal note where it had identified three particular buildings that you, you will be able to use this for any building. Is that what you're saying?

**CHRIS KABOUREK:** So the fiscal note, yeah. So there's currently three facilities that are, are bonded and as Senator Stinner mentioned, those bonds will be paid off here-- [INAUDIBLE] in the next few years. And so the idea here is to use those funds which are currently in your budget when they're paid off to allow us to, to finance other current buildings, any renovation, remodel, retrofitting that might be needed.

**CLEMENTS:** All right, thank you.

**BOLZ:** Thank you.

**DORN:** One more, one more.

**BOLZ:** Go ahead, Senator Dorn.

**DORN:** Thank you, Senator Bolz. Will any of those bonds be used to fund new facilities or will it all be for maintenance and repair?

**CHRIS KABOUREK:** It'll be used for current existing facilities.

**BOLZ:** Maybe to complete Senator Clements' line of questioning, can you list some of the other facilities that might be next in line if we were to grant LB562?

**CHRIS KABOUREK:** Yeah, I think it'd be best if, if the committee interested for us to come back with you with some of the facilities that we've identified. You know, Senator Bolz, we don't-- I don't envy the decisions that this committee has to make. I know the fiscal note is a large number, \$125 million when you add that up over that period of time, but any allocation that you add up over 25, 30 years is gonna be a large number. But, but I'm more concerned about competing, what other institutions were doing. Over that same 25-- next 25, 30 years, Iowa will spend two and a half billion on their facilities; Illinois, while they probably won't get 700 million this year, they're making investments; Minnesota is making investments. So if we talk about growing Nebraska, keeping our best and our brightest, we have to make a decision. We don't have to-- are we going to invest or not, and there's consequences with both of those.

**BOLZ:** I think one of the things that was persuasive to the committee when we, when we first gave the green light to the Vet Diagnostic Center and the nursing building or that those were two work force demands that we could really identify that there was a work force shortage in nursing and a need for work force in veterinary science. I wanted to, to ask two questions just for the sake of making sure we have the dialogue. The first is extending bonding authority like this would not be unprecedented, correct? We've done this in the past?

**CHRIS KABOUREK:** We've been bonding facilities partnering with the state since the 1980s.

**BOLZ:** And the extension of an existing bond is something we've done over time?

**CHRIS KABOUREK:** The actual 11 million started out in 1997-98. So we're almost two decades into that partnership.

**BOLZ:** Right, so this is, this is something that we've done, done quite a few times before. And then my other question was, and you've kind of alluded to it, but in comparison to other university systems of our size and type, I-- my memory is that previous conversations like this we've talked about how our use

of debt is, is pretty conservative comparatively, is that correct? And can you elaborate?

**CHRIS KABOUREK:** That's a correct interpretation, yes.

**BOLZ:** OK. So if we're comparing ourselves to peer institutions, we're more conservative with our debt?

**CHRIS KABOUREK:** Our debt profile would be much more conservative, yes.

**BOLZ:** OK, that's all I needed. OK. Oh, go ahead, Senator Clements.

**CLEMENTS:** I think I'm understanding the language of this a little bit better. It's talking about after the terms of long-term financing agreements have been met. Is that specifically talking about some of the specific financing agreements?

**CHRIS KABOUREK:** It's talking about the three current finances-- agreements that we have out there for the NCTA Education Building, the UNL College of Nursing, and the Vet Diagnostic Center. So once those bonds are paid off, then we would like to use this funding stream for other projects.

**CLEMENTS:** Do you have the dates when those are planned to be paid off?

**CHRIS KABOUREK:** The Vet Diagnostic will be paid off in 2021, UNL Nursing Facility in 2023, and NCTA in 2025.

**CLEMENTS:** Thank you, that helps.

**BOLZ:** OK, thank you for your testimony.

**CHRIS KABOUREK:** Thank you very much.

**BOLZ:** Further proponents? Seeing none, do I have any opponents? Any testifiers in a neutral capacity? Seeing none, Senator Stinner would you like to close?

**STINNER:** Since I've joined the Appropriations Committee four years ago and looked at university numbers and studied, deferred maintenance has been a big question in my mind. How do we do it? And of course the university at one point came to us for additional appropriations saying that we need this money for

additional appropriations. With Medicaid expansion-- with where we're at on the budget, there is no additional appropriations dollars. So this is a way really to take about a \$4.5 million commitment on cash flow, extend the maturities and get additional cash. It works from the financial side of things, it enhances the ratios, and it really gets done some of the things that we've got to take a look at. Now remember this one thing, this debt is not obligations of the state of Nebraska. It stands on its own, and is not an obligation of the state of Nebraska. I want to make sure everybody understands that, that-- that's, that's the case. But these are our buildings, we've got to take care of them. I think it's, it's a financial engineering way of taking care of these without damaging anything in terms of ratios, without putting the university in jeopardy or, or anything else. So I think it's a smart plan, and I, I definitely support it. So thank you.

**BOLZ:** Thank you, Mr. Chairman. Any final questions for Chairman Stinner? OK, I believe Senator Stinner is gonna give us a five-minute breather before we start the agency hearings, so we'll be back in five minutes.