

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee February 20, 2024

CLEMENTS: We're ready to get started here. Good afternoon. Welcome to the Appropriations Committee. My name is Rob Clements. I'm from Elmwood. I represent Legislative District 2. I serve as Chair of this committee. We'll start off by having the members do self-introductions, starting with my far right, Senator Dorn.

DORN: Oh, Myron Dorn, District 30.

DOVER: Robert Dover, District 19.

McDONNELL: Mike McDonnell, LD 5, south Omaha.

LIPPINCOTT: Loren Lippincott, District 34.

ERDMAN: Steve Erdman, District 47.

CLEMENTS: There are some senators missing, and senators may come and go as they have bills in other committees to present. Assisting the committee today is Cori Bierbaum, our committee clerk on my far left, and we will be having fiscal analysts with some of our bills. Our pages today are Cameron Lewis, and Ella Schmidt may be coming. If you're planning on testifying today, please fill out a green testifier sheet located in the back of the room, and hand it to the page when you come up to testify. If you will not be testifying but want to go on record as having a position on a bill being heard today, there are yellow 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 after today's hearing. To better facilitate today's hearing, I ask that you abide by the following procedures. Please silence your cell phones. Please move to the front to testify when your bill is up. When hearing bills, the order of testimony will be introducer, proponents, opponents, neutral, and closing. When you come to testify, please spell your first and last name for the record before you testify. Be concise. We request you limit your testimony to 5 minutes or less. Written material may be distributed to the committee members as exhibits only while testimony is being offered. Hand them to the page for distribution when you come up to testify. If you have written testimony but do not have 12 copies, please raise your hand now so the page can make copies for you. With that, we'll begin today's hearing with our first bill, LB1266, Senator Conrad. Welcome.

CONRAD: Thank you. Hi. Good afternoon, Chairman Clements, members of the committee. My name is Danielle Conrad, it's D-a-n-i-e-l-l-e Conrad, C-o-n-r-a-d. I'm here proudly representing north Lincoln's

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"fightin' 46th" Legislative District. And I'm here to introduce LB1266. LB1266. Would seek to appropriate \$1 million in unused ARPA funds to the University of Nebraska Board of Regents. The Regents would then distribute the full amount to the University of Nebraska College of Law for the Tenant Assistance Program in the Housing Justice Clinic. The purpose of this one-time appropriation would be used for necessary expenses, including contracting with the Nebraska State Bar Association's Volunteer Lawyers Project. Currently, this program has funding to continue its operation through May 2024. So in regards to the likelihood that we would have to make some adjustments in regards to ARPA funds with fast approaching deadlines for allocation and appropriation, I wanted to try and, and get at least one idea in the hopper, for how we might utilize some of those funds. And I know you've heard a lot of good ideas for how we might utilize or, or repurpose some of the asks in related to our ARPA funds. But I think that this project really is well aligned with the intent and purpose of those dollars. This request would be one time. It would not be ongoing. It is meant to help those of our neighbors hit the hardest by the pandemic, and who are still suffering adverse impacts in regards to health or housing or other basic needs. And it would provide direct legal services to Nebraskans who stand the risk of becoming homeless, due to a variety of different reasons. So these TAP programs, these Tenant Assistance Programs, have sprung up, primarily in Lincoln and Omaha, since the pandemic. They've been in operation since then. Omaha has done a great job of coming together to figure out how to use local governmental funds, private philanthropic funds, and otherwise, to continue their program. We aren't that far along in our conversations in Lincoln and Lancaster County, so this would provide kind of a, a band aid to help us continue those conversations locally and keep the program going. But I, I will tell you this: that I have had the chance to observe the tenant assistance program on the front lines at the courthouse. There are a really diverse set of volunteers that step forward from the private bar, to volunteer their time in this regard. And the Volunteer Lawyers Project and the law school do a great job administering the program. But they, they do need a little breathing room to figure out how to keep this going in Lincoln and Lancaster County. And I think this would be a, a great utilization of those one-time funds for a specific purpose aligned with the original intent of those funds. The last thing that I will let you know is that the tenant assistance programs have received high regards, high marks, from all stakeholders, including landlords, commercial--or not commercial property owners because they're not involved in this. Sorry, Senator Dover. Didn't mean to blur the lines there. But those who work in the front lines of these landlord-tenant

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issues, including the landlords, including the judges, including court personnel, when more people who are facing eviction have representation, it makes the system work better for everyone. The most frequent outcomes for that representation would be negotiating a timeline for an individual or a family to perhaps work through the eviction process, connecting them with local resources like rent assistance to prevent an eviction. Those are some of the typical kinds of cases that TAP attorneys help when they are working on the housing dockets week after week after week. So there's people from the front lines who do this all the time, that can share additional expertise with you, but I think it would be a, a good ask for those reasons. And I'm happy to answer questions.

CLEMENTS: Questions? Senator Dorn.

DORN: Thank you, Senator Clements. Thank you for being here. Do you have any idea what the project-- for assistance project administered by the Housing Justice Clinic, what kind of, I call it aid they're putting out every year. I mean, because this is \$1 million, it has to be used by a certain time.

CONRAD: Yeah. That's a, that's a great question, Senator Dorn. And I think that we can talk with them a little bit about that, too. I think that the-- my original intent in bringing this forward, that it would be able to be utilized in that short time frame for the, the, the deadlines that are on those ARPA dollars, if, if allocated. I think this would essentially help them get through kind of the, the next stage beyond where they currently have funding, to keep the doors open through May 2024. And this might buy them just a-- about another year or so of continued operations and then they'd-- it would also provide them a runway to get some asks out on grants and otherwise, to keep it going once the state funds are removed.

DORN: Thank you.

CONRAD: Thanks.

CLEMENTS: Other questions? Senator Erdman.

ERDMAN: Thank you, Senator Clements. Thank you for coming.

CONRAD: Hello. Yes.

ERDMAN: So I noticed, I noticed the bill, this is only applicable to Lancaster County?

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CONRAD: That's right.

ERDMAN: So the rest of us that live out-state, what do we do?

CONRAD: Well, Senator Erdman, I'd be happy to work with the committee to make any adjustments to this. But my understanding for why it's kind of directed in this regard are as follows. One, there's a similar program up and in operation in the Omaha area, in Douglas County in Omaha. And they've been able to come together and utilize a host of different funding sources, including, at one time, ARPA or COVID funds, then local resources from the county board and the city, and private philanthropy, and working with the bar to figure out how to keep that going. So they're kind of taken care of, up in Omaha and Douglas County. Because, again, all stakeholders have seen the benefits of having a program like this, where people are represented and know their rights and making the system work better for everybody. We're not that far along down here in Lincoln and Lancaster County. So we have the second highest docket when it comes to evictions and landlord-tenant issues, due to our demographics, due to our population base. So it would be important to keep it going here to achieve those same benefits for the other stakeholders. My understanding is that the Volunteer Lawyers Program, which is a statewide organization, does work to provide tenant assistance in greater Nebraska in other instances, as do civil legal services providers like Legal Aid. But if we want to talk to make sure that we're getting-- that we're making an appropriate investment to help people outside of, of Omaha and Douglas County, which is set, I'd, I'd love to work with the committee on that.

CLEMENTS: Other questions? Senator Lippincott.

LIPPINCOTT: When, when, when attorneys, when they do offer help for free--

CONRAD: Yeah.

LIPPINCOTT: --is that a tax write off?

CONRAD: Well--

LIPPINCOTT: For, for, for, for instance, you know, you got--

CONRAD: It could.

LIPPINCOTT: --doctors, they go down to Central and South America. They give their services. And I've, I've often wondered-- I-- if, if that's considered a tax write off for those folks.

CONRAD: That's a great question, Senator Lippincott. And like, I'll give you a good attorney answer. It depends. Right. So let 2, 2 things bubble up in regards to that. One, under our ethical code as attorneys, even though it's perhaps more aspirational than enforceable, we do have an obligation to provide pro bono hours, which is free legal services to the poor. So that's kind of spelled out along with our oath of-- that oath that we take and the license that we hold and maintain. Additionally, like any donor who is going to donate goods and services to a charitable endeavor, there's a process in place through the IRS where they can make an estimate for what the value of those goods and services are, and then seek appropriate tax benefits. My general understanding, and I will correct the record if I'm wrong, I do not believe that attorneys typically seek a tax advantage for providing pro bono service.

LIPPINCOTT: OK. Thanks.

CONRAD: OK. I'll be here.

CLEMENTS: Seeing no other question, you'll be here to close? All right. Would the first proponent come forward? Proponents? Good afternoon.

RACHEL TOMLINSON DICK: Good afternoon. My name is Rachel Tomlinson Dick, R-a-c-h-e-l T-o-m-l-i-n-s-o-n D-i-c-k. I am a licensed attorney and serve as the director of the Housing Justice Clinic at the University of Nebraska College of Law. I am testifying today in support of LB1266, in my personal capacity, at the request of Senator Conrad. The Housing Justice Clinic is one of 8 clinics offering practical, hands-on legal experiences for third-year law students at the University of Nebraska College of Law. Participating students are senior-certified, meaning they are able to practice law under my direct supervision. The Housing Justice Clinic began in August 2022, growing out of the Civil Clinic's involvement assisting vulnerable tenants. The Civil Clinic's work led to the creation of the Tenant Assistance Project, known as TAP, in April 2020, TAP has established a de facto right to counsel for low to moderate income tenants facing judicial eviction in Lancaster County, and has also been expanded to Douglas County. In Lancaster County, TAP functions as a partnership between the Housing Justice Clinic and the Nebraska Bar Association's Volunteers Lawyers Project, with assistance from other community

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organizations such as Legal Aid of Nebraska and the Lincoln Department of Housing and Urban Development, who are onsite to provide rental assistance. However, Housing Justice Clinic students are the backbone of TAP, assisting tenants at the courthouse most mornings that eviction hearings occur under my supervision and with support from a resource navigator, who is a licensed social worker who is employed at the Housing Justice Clinic. The resource navigator also provides information, referrals, and short term case management to all interested Lancaster County TAP clients. TAP and the Housing Justice Clinic have truly transformed the eviction court dynamic. In 99% of cases, the families that TAP assists are not subject to immediate judicial eviction. And this provides vulnerable families additional time to get caught up on rent, get connected to available resources, or to be able to safely transition to replacement housing, which, in turn, lessens the burden on a lot of existing social services. During 2023, TAP assisted 965 households in Lancaster County, with over 1,300 children served indirectly. Of those households, nearly 650 were represented by the Housing Justice Clinic students and faculty. Additionally, the resource navigator provided social services support to over 700 TAP clients. There are no other existing organizations that would be able to provide this level of assistance to some of the most vulnerable families in our community. And if not for the clinic's continued work, many individuals would not receive essential legal and social services during a time of profound need. The funds allocated by LB1266 would fully fund the Housing Justice Clinic and Lancaster County TAP efforts through December 2026. They would also allow the clinic to increase the number of students enrolled from 6 to 8 each semester. And approximately 70% of these law students would eventually practice law throughout Nebraska. This, in turn, would also increase the number of clients the Housing Justice Clinic is able to serve through the TAP program and in-house. I want to offer my sincere thanks to Senator Conrad for introducing this bill and inviting me to share about the clinic's important work. And thank you to esteemed committee members for your time and attention. I'm happy to answer any questions you may have.

CLEMENTS: Are there questions? Senator Erdman.

ERDMAN: Thank you, Senator Clements. Thank you for coming. You know, a lot of this, we're talking about protecting the rights of those tenants who have been evicted, but we don't speak about the landlords. The landlords are in a precarious position. They haven't been paid for who knows how long. And then we're sending free law enforce-- free law advisement to these people. We don't take into consideration these landlords had a purpose for doing what they did. They bought these

properties to make a return on their investment. And so, is this forcing the landlord to continue with, with not being compensated for their-- for the rent?

RACHEL TOMLINSON DICK: No. There are a couple things there that I would like to touch on. First and foremost, the services are available to income-eligible tenants. So those are tenants who are classified as like low, extremely low or moderate income. So that's less than 80% of the area median income. And so, there's a big disparity in tenants' access to resources versus the access to resources that landlords have. The vast majority of landlords are represented by legal counsel and are able to, to afford legal counsel. And the fact of the matter is that judicial evictions, like all legal matters, are adversarial in nature, which means that they are designed to function properly when there are parties that are represented on each side. When you don't have represented party-- a represented party on one side or the other, you oftentimes see an imbalance and the legal system doesn't function as it should. In most cases, we try to seek a reasonable settlement for all involved. We work with rental assistance directly. I know that in the cases that I handle and how I train the students that I supervise, the number one goal is to try to find some sort of win-win resolution for the parties. Ideally, allowing the tenants to be able to get caught up so that the landlord is made whole and receives that payment that they're due. And in situations where terminating the, the landlord-tenant relationship is inevitable, we try to work to find a reasonable amount of time for the tenants to move on, with the understanding that, you know, the landlord is still entitled to, to seek money for the amounts of-- the amount of time that the tenants were residing in the property at a later date. So in no way are we, we trying to ensure that landlords are not paid. We're just trying to ensure that everyone has a seat at the table and has fair treatment under the law, and that these, these hearings proceed as, as adversarial judicial matters are intended.

CLEMENTS: Another question?

ERDMAN: Senator Clements, yes. So listening to your very concise answer, I would say that-- would you say that most of the time, the landlord is never held completely whole?

RACHEL TOMLINSON DICK: You know, I really can't speak to that, because in many cases-- so generally, eviction actions function in, in 2 stages, right? So there are generally 2 to 3 causes of action filed in a complaint. So the first would be restitution of the premises or the eviction action. And then, if remaining causes are also filed, a

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second and third cause of action, those go toward, toward back rent owed, toward damages to the unit beyond reasonable wear and tear. Those are tried separately and at a later date from when the eviction is tried, just because of the practical matter of you don't know exactly how much the landlord might be owed until the tenant has moved out, right? Or you don't know if there are damages to the premises beyond reasonable wear and tear until the tenant is moved out and the landlord has a chance to, to assess the property and to repair any damages that might exist. And the Tenant Assistance Project is just focused on that, that first cause of action, so that eviction. So in instances where the tenant is, is able to get rental assistance or come up with the money to pay and stay in the unit, in those instances where we are involved with, with the, the money question, generally, the landlord is made whole in those situations. Because in most instances, they would likely not agree to let the tenant stay if they were not made whole. But as far as those, those remaining causes, those damage actions, I can't speak to how often the landlord does end up recovering the entire amount from the tenant, just because we're not personally involved in those, those actions.

ERDMAN: For the sake of time, no more questions.

CLEMENTS: Others? Seeing none, thank you for your testimony.

RACHEL TOMLINSON DICK: Thank you.

CLEMENTS: Other proponents? Seeing none, anyone in opposition? Seeing none, anyone in the neutral capacity? Seeing none, Senator, you may close.

CONRAD: Thank you so much, Chair. Thank you, committee, for your careful consideration and good questions on this topic. I wanted to leave you with 2 thoughts here. One, I also have a related measure pending before the Judiciary Committee, that seeks to kind of update and reform how we utilize some of the legal services dollars that we take in through court fees and distribute them through different free legal service providers in Nebraska. So there's kind of-- I'm kind of working on 2 tracks here to figure out the best way to go about it, with existing funds or one-time funds, but wanted to flag that for you. And to your points, Senator Erdman, I'm really glad that you raised those. And let me see if I can put a finer point on it. If a landlord brings forward a legitimate action in regards to an eviction, which they have to do, unfortunately, from time to time, because folks aren't paying their bills, right? It makes the process work better for everybody when you have an attorney negotiate on the other side of the

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landlord and the landlord's attorney, just in terms of timing, just in terms of logistics. Because those can be, you know, highly charged kind of situations. And the more that you have well-represented, cooler heads around to figure out, you know, how to manage those housing transitions, if the law demands such, it, it usually works out better for everybody who's, who's at the table. And what I've heard from some local landlord owners and property owners who absolutely have a legitimate business interest at the heart of, of their work in that regard, is that, you know, they're, they're happy when a tenant is able to bring forward resources through rental assistance programs that maybe they didn't know about otherwise. And this point of contact with the courthouse, with the social workers and the lawyers helps to, to get families into those programs so that people can pay rent. And I know that some of the landlords that we've talked to have benefited from this, because it's also expensive for them to re-rent the property, to go through the different advertising, to show the place, to do the cleaning in between, etcetera, etcetera. So if they're, you know, otherwise happy with the tenant, except for the tenant has fallen on hard times and can't, can't meet the rental piece, if we can get the tenant a little bit of help there, it can also ultimately save the landlord some headache and some dollars and cents on it, too. But nothing that these lawyers that are working in the housing justice sphere do can erase a debt that is otherwise owed. But in those, those kinds of, you know, instances in making sure the landlord is, is made whole, the, the law kind of works through that, according, according to the structures, and I think it is usually a, a net win here. When rental assistance isn't going to be available, then they would still be able to pursue evictions or other opportunities under the statute. But they could sometimes just structure maybe, a week or two to, to help effectuate a, a better, smoother move out for the people in that regard, which is better for the landlord and the, the tenants as they seek additional housing options and don't get caught homeless in the meantime. So--

CLEMENTS: Any other questions?

CONRAD: --that was longer than, I think, my friend Rachel's answer. So that was not, that was not pithy, but--

DOVER: That's what I was thinking.

CONRAD: --get to that point. OK. Thanks.

CLEMENTS: Thank you, Senator. We have position comments for the record: proponents, 2; opponents, none; neutral, none. That concludes

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LB1266. We will now open the hearing for LB1099, Senator McDonnell. He's got to, he's got to issue us a 1099. Good afternoon.

McDONNELL: Thank you, Chairman Clements and members of the Appropriation Committee. My name is Mike McDonnell, M-i-k-e M-c-D-o-n-n-e-l-l. I represent Legislative District 5 in south Omaha. LB1099. The Nebraska Legislature passed legislative-- legislation in 2022 as part of the American Rescue Plan Act that granted \$5 million to the Department of Health and Human Services to award scholarships to Nebraska nursing students up to \$2,500 per semester. The bill created a Nursing Incentive Scholarship Program. The intent of this program is to reduce barriers to, to entry-- or entry into nursing field and grow Nebraska's public health workforce. The scholarship is currently being distributed on a traditional semester schedule, 3 times throughout the year, a fall, spring, and summer schedule. Students who were a part of the quarter system were inadvertently left out. Students who attended the Metropolitan Community College only received the scholarship for 3 of their 4 annual terms. LB1099 will correct the oversight and will expand the program to include these students who participate in the quarter system. I ask for you to advance LB1099. Also, just for your information, the NHA will have Stacey Ocander testify in, in support of the bill. She was the dean of the health-- and careers-- and, and health-- and college-- health advisory officer at the Metropolitan Community College. She joined the NHA in August of last year, and is our senior director for workforce development-- workforce and education incentives. She will testify in, in-- on the success of the current Nursing Incentive Scholarship Program. I'm here to answer your questions.

CLEMENTS: Any questions? Seeing none, first proponent, please.

McDONNELL: Thank you.

ANDY HALE: Good afternoon, Chairman Clements and members of the Appropriations Committee. My name is Andy Hale, A-n-d-y H-a-l-e, and I am vice president of advocacy and member engagement for the Nebraska Hospital Association. And I am here to testify in support of LB1099. I should reference, Stacey Ocander, who Senator McDowell mentioned previously, is under the weather and cannot testify, so you have me to do so. But I do want to highlight that Ms. Ocander was at Metro Community College prior to this and is now at the Hospital Association, leading our workforce efforts. Two years ago, the Legislature appropriated \$5 million of ARPA funding for nursing scholarships. You were the individuals that were involved in that. Thank you, Senator Dorn. To date, 691 students have received

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scholarships, with payments totaling over \$2.2 million. We discovered an issue with the program. As Senator McDonnell highlighted, students who are enrolled in nurse-- nursing programs that do not run on the traditional semester model but rather on the quarter system, did not get the full scholarship. Currently, the program only allows the quarter system students to receive funding 2 out of the 4 annual quarters they are enrolled in during their associate degree nursing programs. This gap prevents students from receiving funding when they start a program in March, or are continuously enrolled in a program with the quarter start dates of September, November, March, and June. The expansion of this bill will provide a seamless and continuous method of funding for these students, and potentially increase retention of students in nursing programs operating on the quarter system. I want to thank Senator McDonnell for bringing this bill. And I appreciate the opportunity to visit with you, and I ask that you support LB1099. And I'll answer any questions.

CLEMENTS: Questions? Evidently not.

ANDY HALE: Thank you.

CLEMENTS: Thank you. Next proponent. Are you a proponent?

JOSEPHINE LITWINOWICZ: I'm a proponent. Yeah. But first, before the time starts, I would just like to say it'd be nice to have a microphone. If we can't have reasonable accommodation to be the Legislature, I'll cons-- a concession. It'd be nice to have this so I can speak with dignity. So let's, let's do that. And I, I said it. OK, yeah, if we could start the clock. Otherwise, I'm just going to keep going if I need to. All right. My name is Josephine Litwinowicz, J-o-s-e-p-h-i-n-e Litwinowicz, L-i-t-w-i-n-o-w-i-c-z. I represent the Higher Power Church. What I wanted to say is that I really-- I like this bill. The thing is, is we, we should train people to, to be CNAs, too. But the problem-- the reason why we can't do that is that the provider rates are so low. That would also be good is on the ground floor in home health. And nurses, you know, it's not their job. They do almost nothing. And it's the CNAs-- for example, in my community, a lot of times, it-- unskilled, which is fine, I guess. But it would, it would be nice to give some people a, a, a chance that want to move up, maybe, to nursing after that. And so, they'd be more qualified than the-- because I've got great aides. And part of the fun is that one of them, we can barely understand each other. And that's hysterical. But, you know, I don't know. I, I just wanted to say that. And I'm done. But think about the low end-- first rung of the ladder, too. Thank you.

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CLEMENTS: Thank you. Questions? Thank you for your testimony.

JOSEPHINE LITWINOWICZ: Thank you.

CLEMENTS: Other proponents. Is there anyone in opposition? Anyone in the neutral capacity? Seeing none, Senator McDonnell, you wish to close?

McDONNELL: I waive.

CLEMENTS: He waives closing. Are there position-- on LB1099 we have 2--

McDONNELL: Except for thanking Andy. Thank you for filling in.

CLEMENTS: We have 2 proponents, none in the-- no opponents, and 1 neutral. That concludes LB1099.

McDONNELL: What's the next one?

CLEMENTS: Well, next, we open the hearing for LB1155, Senator McDonnell.

McDONNELL: Thank you, Senator Clements, members of the Appropriations Committee. My name is Mike McDonnell, M-i-k-e M-c-D-o-n-n-e-l-l. I represent Legislative District 5, south Omaha. Federally-qualified health centers are community-based safety net clinics for Nebraska families with no insurance, minimal insurance, or are in our Medicaid or Medicare system who need access to the physical, behavioral, and dental healthcare. They are organized under the federal law and establish specific criteria each center must follow, including detailed data, reporting, and clinical quality standards, and serve both rural and urban areas. Nebraska has 7 Federal Qualified Health Centers with 80 services locations to increase access for the Nebraska families. The majority of the health centers' patients are low income and one-third are uninsured. The last time the state of Nebraska increased funding for these critical clinics was 2016, when, when Senator John Stinner, a new member of the Legislature at the time, introduced an appropriation bill because he knew the health centers in his district, located in Gering, was in a critical need to expand services. LB1155 included 2 components. First, an appropriations of \$5 million of ARPA funds to expand behavioral health services in community health centers. The funding would be distributed proportionately because-- based on the number of uninsured patients at each health center. These, these health centers have not previously received ARPA dollars, despite being a crucial component of the

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state's COVID response. The, the behavioral health services, what the health centers would provide with ARPA funding, are these specifically delineated in the ARPA guidance. My goal would be the legislation is to recognize the critical role and economic impact health centers have been to our communities, and why it is important for the state of Nebraska to invest in these services. Additionally, LB1155 sets up a one-time, \$15 million innovation grant program for health centers to administer by the Department of Health and Human Services, focused on capital improvements, workforce, or development of career programs. These grants would be awarded by June 30 of 2026. Federally Qualified Health Centers play an important role in the health center delivery system in our state. The 3 testifiers who are-- will follow provide details on this request and the need for the expansion, access for the healthcare in our state. I'm here to answer your question.

CLEMENTS: Questions? Seeing none, first proponent, please. Good afternoon.

AMY BEHNKE: Good afternoon, Chairman Clements, members of the committee. My name is Amy Behnke, A-m-y B-e-h-n-k-e, and I'm the CEO at Health Center Association of Nebraska. We're the statewide organization that supports the mission and work of Nebraska's 7 Federally Qualified Health Centers, also known as community health centers. I'm here today in strong support of LB1155, and I'd like to thank Senator McDonnell for his ongoing support of community health centers and for introducing this important legislation. Nebraska's community health centers served 116,000 patients across 80 service locations last year. All 7 health centers provide integrated medical, dental and behavioral health services, as well as access to pharmacy and support services like translation, transportation, and assistance with enrolling in medical and economic assistance programs. Nearly all of our patients earn less than 200% of the federally pov-- federal poverty level, and one-third are uninsured. Those who are uninsured and underinsured pay on a sliding fee scale. We never turn patients away because of lack of insurance or ability to pay. Collectively, health centers comprise one of the largest systems of primary care in Nebraska. We are the primary care safety net in the state. Nebraska health centers have experienced a 52% increase in the number of patients served over the last decade, a rate that is double that of the national average for health centers. This rapid expansion has resulted in nearly a doubling of the health center workforce and the expansion of our economic impact to \$276 million annually. Even with such rapid growth, there remains a critical shortage of access to quality primary care for Nebraska's underserved populations. A recent study estimates that over 540,000 Nebraskans are medically

disenfranchised, meaning they lack access to a regular source of primary care. LB1155 can help Nebraska close that healthcare gap. The bill contains 2 primary components. First, additional funding to support the expansion of behavioral health services. Last year, health centers conducted nearly 44,000 behavioral health visits, a 13% increase over the previous year and the largest increase across any of our service lines. Health centers provide behavioral health service at clinic locations, school-based clinics, and directly in schools. LB1155 will give health centers the resources necessary to expand that access. The second part of LB1155 is a one-time, \$15 million innovation fund that will support the expansion of health centers in Nebraska through both capital construction funding and workforce recruitment and retention funding. Modeled after a successful program in Texas, this fund would provide a grant process through which health centers could access funding to address their most immediate needs. We have at least 4 health centers that have construction plans drawn up and ready to go right now, just waiting on funding. Communities across the state have reached out with a need to open additional service locations, but lack of funding is delaying expanding to those areas. For others, there's a significant need to develop strong recruitment and retention programs to meet patient demand and reduce, reduce reliance on contract staff. Inflation and soaring workforce costs have made retaining and recruiting the next generation of workers more difficult, especially in rural communities. Moreover, health centers do not have the same resources as private providers to offer large upfront incentives. LB1155 would allow health centers to expand pipeline development programs, establish health center-focused recruitment strategies, and develop retention models to support the workforce we already have in place. In Texas, the health center incubator program resulted in a 65% increase in the number of patients served at health centers in just 6 years. An economic analysis of LB1155, which is attached to my testimony, estimates that Nebraska health centers will be able to serve an additional 55,000 patients, employ an additional 300 FTEs, and expand our economic impact to \$282 million annually. The return on this one-time investment of state funds is profound, not only in the individual lives of those who would now have access to care, to the health care delivery system as a whole. And I'll stop quick and, and reference the fiscal note really quick. There's 2 technical items I'd like to address. First, the \$15 million, the intent is for that to be in FY '25, not '24. And that is a new appropriation, not reallocation of existing appropriations in, in Program 502. Health centers play a crucial role in the overall health and well-being of Nebraskans. LB1155 supports the expansion of primary care services across the state, reduces barriers to care for

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rural and underserved communities, and provides the opportunity to dramatically change the healthcare footprint in our state. I urge the committee's support of LB1155, and I'd be happy to answer any questions.

CLEMENTS: Questions? Seeing none--

AMY BEHNKE: Thank you.

CLEMENTS: --next proponent.

TAMI SMITH: Good afternoon, Chairman Clements and members of the committee. My name is Tami Smith, T-a-m-i S-m-i-t-h, and I am the CEO at Heartland Health Center, located in Grand Island and Ravenna. I'm here today in strong support of LB1155, and would like to echo my thanks to Senator McDonnell for introducing this important legislation. Heartland Health Center is the newest health center in the state. We were established in 2014. That first year, we saw 841 unduplicated patients. Last year we served 8,788 unduplicated patients. In addition to our main clinic and urgent care clinic in Grand Island, we have a satellite location in Ravenna, where we provide medical and behavioral health services. We also provide behavioral health services in Ravenna Public Schools and offer medical, dental and behavioral health services in 12 schools in the Grand Island School District. My colleague provided a good overview of LB1155. I would like to tell you how this funding will directly impact individuals in central and western Nebraska. If you look at the map attached to my testimony, the pink represents all the counties where Heartland patients are located. Traveling west, the next closest health center is Community Action Health Center, located in Gering, and reflected in the purple on the map. Over 300 miles separate our 2 health centers, and you can see that patients in between our 2 facilities are traveling a great distance, as much as 4 hours round trip, to access healthcare. Because most of our patients are low income, transportation barriers are common and only make that 4-hour round trip even more difficult. LB1155 can help us fix that. At Heartland Health Center, we are working closely with community leaders in both Hastings and North Platte to address the lack of access to care in their communities. Since Heartland first opened its doors, we have been working on expanding that access to Hastings. It has taken us 10 years to get to the place where we have secured a clinic location and are currently undergoing renovations in Hastings. We anticipate finally opening a clinic this summer. In North Platte, we have been in regular communication with key community leaders. North Platte is currently facing a crisis in access to dental services for

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Medicaid and uninsured individuals. We recently conducted a market assessment to gain a better understanding of the access needs in Hastings and North Platte. In Lincoln County, there are 8,435 low-income residents who have not been served by an FQHC, 38.5% of whom include adults who have not had a dental visit in the past year. Of the total low-income residents not currently being served by an FQHC, 8.9% have not sought care due to cost and 15.6% have no usual source of care. The report goes on to state, access is a huge barrier when it comes to limitations preventing these residents from obtaining healthcare. Another area of the state with a demonstrated need for expanded access in-- northeast Nebraska. Midtown Health Center, located in North Platte [SIC], has plans for expansion of their main clinic location, expanding services in schools and increasing access across northeast Nebraska through potential new clinic locations in West Point, Stanton, and Battle Creek. At this moment, Midtown could hire 4 additional dentists, a second pediatrician, and expand their behavioral health team just to catch up on the current demand. They have a mobile dental unit that used to visit nursing homes across northeast Nebraska that is currently sitting idle because of lack of adequate staffing. LB1155 would play a critical role in Midtown achieving their vision, and addressing need in northeast Nebraska. These are just a few examples of expansion opportunities that are ready to go. What makes the care at health centers unique is that our programs are tailored to the communities we serve. Our staff is reflected on the demographics of our patient populations, with many of them being bilingual. While we all provide the same services, each of the health centers tailor those programs to the patients we serve. Pers-- patients who have been historically marginalized and underserved, health centers represent a safe space where they can receive care. LB1155 can help health centers like Heartland Health Center address immediate opportunities to expand healthcare access in Nebraska. We can close the gap in services in our state. Thank you for the opportunity to be here today, and I would be happy to answer any questions you may have.

CLEMENTS: Are there questions? Seeing none, thank you for coming.

TAMI SMITH: Thank you.

CLEMENTS: Next proponent.

BRAD MEYER: All right. Good afternoon, Chairman Clements, members of the committee. My name is Brad Meyer, B-r-a-d M-e-y-e-r, and I am the CEO at Bluestem Health, located here in Lincoln. And I'm here today on behalf of the Health Center Association of Nebraska in strong support

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of LB1155. Bluestem Health serves over 22,000 patients across 4 different delivery sites in Lincoln. We offer fully integrated medical, dental, behavioral health, pharmacy, and enabling services under one roof. You've heard my colleagues talk about the need to expand the quality primary care and health center footprint in the state. I want to speak to our request for additional behavioral health funding. Since 2015, Nebraska health centers have experienced 52% increase in our population, from 76,000 to over 116,000 patients annually. At the same time, the rate of uninsured patients seen at Nebraska health centers is consistently one of the highest, if not the highest, in the nation. Even with Medicaid expansion, Nebraska health centers experience a disproportionately high rate of uninsured people. The state funding we receive to care for the uninsured is a critical gap filling the-- is critical to filling that gap. Still, it has not kept up with rising workforce costs, the impact of inflow-- inflation on our operating expenses, and the rapid expansion of our patient population. LB1155 addresses that by appropriating additional dollars to expand behavioral healthcare for uninsured patients. We are seeing an alarming increase in demand for behavioral health services. Individuals with lower incomes are 2 times more likely to struggle with mental health illness than those with other resources. The stresses of struggling to make ends meet leads to higher incidences of illness such as depression and anxiety. Moreover, research shows that these linkages are cyclical. Poverty leads to higher incidences of mental illness, and it is more difficult to pull oneself out of poverty when suffering from mental illness, so the cycle continues. Last year, nearly 1 in 4 health center patients included some health-- or substance use diagnosis. Because we offer fully integrated services, a patient may come in for a medical or dental appointment and then demonstrates the need for behavioral health services. And we can see them at the same time by a therapist, without leaving the exam area. A current example I'd like to share: One of our patients presented to their PCP, primary care provider, with a noticeable decrease in care for their chronic health condition and moderate elevation on the depression screening. The provider encouraged the patient to see one of our behavioral health con-- consultants, which is a psychologist, for a session after introduction and a warm handoff. The patient did not follow through with the scheduled appointment. They no-showed, but the concerned sibling encouraged us setting up a new appointment. The patient was seen by the behavioral health provider, who disclosed an increasing sense of hopelessness, their first depressive episode that had worsened over the past 2 years, and a 30-year history of alcohol use. This led to the patient's struggle to maintain self-employment, isolating, skipping medical

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treatments, and imminent loss of housing. The Behavioral Health and Primary care team worked with the patient to re-engage in the medical treatment and start medication assistance treatment to stop their alcohol use. The patient also agreed to an antidepressant medication. The patient met every other week for the first 3 months, and was able to stop drinking for the first time as an adult. The patient developed motivation and cognitive skills to change using behaviors and start reengaging in healthy friendships. The patient, at the same time, worked with the behavioral health provider to build an alternative employment strategy of part-time employment in a sober environment and continue self-employment at a level of their medication. The patient sustained their sobriety, maintained their employment, and increased their financial stability. These stories happen every day in our clinics, and we don't have enough therapists to address all the needs coming forward. Many of our patients will not go elsewhere because of the stigma of going to a counseling center for fear of cost, transportation, or there's no counselors or organizations with any openings. It is imperative that as a state, we look at in-- providing healthcare in a new and innovative models, and ensure that these models create healthcare system that is accessible to all. Investing and expanding access to primary and behavioral health care will be transform-inal-- transformational to our state and will have long-term impacts. I urge the Committee to support LB1155, and would happily answer any questions.

CLEMENTS: Senator Dover.

DOVER: Yeah. You had stated here and someone stated earlier that basically, the 52% increase, which is double the national average-- what do you attribute that double increase compared to the national average at 52% of what's causing it?

BRAD MEYER: In Linc-- I'm sorry. In Lincoln, we have a low uninsured rate, but what we do have is a higher under uninsured rate. So there's a lot of employers that force their employees to take their health insurance. And so, these patients take the highest deductible plans. And so, what that means is that a person with a \$5,000, \$6,000, \$7,000 deductible, they may as well have no insurance whatsoever. Because they're going to have to pay for that out-of-pocket, for the first 5, 6, \$7,000. And so, in Lincoln, anyways, I don't-- I can't speak for the rest of the state. But in Lincoln, the majority of our 20-- we had-- last year, we closed with 22,400 patients, and nearly 11,000 of them are at or below 200% of the federal poverty limits. The majority of our-- out of that 11,000, only 3,000 are uninsured. The rest are what we would consider the working poor, because they just cannot

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afford health insurance along with everything else going on. I'm not sure if that answers your questions, but.

DOVER: I would think that would be the same problem throughout the country, though. I was wondering if anything specific to Nebraska that would cause that.

BRAD MEYER: I think it's just we have a lot more migrant workers. We have a lot more agricultural workers that don't have health insurance.

DOVER: All right. That makes sense. All right. Thank you.

BRAD MEYER: Yep.

CLEMENTS: Other questions? Senator Dorn.

DORN: Thank you, Senator Clements. Thank you for being here. You talked about your, your dental program here or whatever. We-- the other day, we had a, a, a bill that there was testifiers on, that you can't get-- for Medicare, you can't get in to see a dentist. How is your program working?

BRAD MEYER: So if they have Medicare Advantage, then they do have some type of insurance. But for the regular Medicaid or Medicare population, yeah. They do not have health coverage. And so what we do, our dental program, we have 2 dentists, 2 dental hygienists. And what we do is we only accept the uninsured, the Medicaid and the Medicare population. Because we have-- in Lincoln, there's about 30,000 eligible Medicaid patients. We can only see about 3,200 patients a year. That leaves the dental college and Lincoln-Lancaster Health Department to see the rest of the Medicaid, plus the uninsured, plus the Medicare. So, yeah. So we were-- it, it-- it's a struggle, for sure.

DORN: So you, you, you, you actually have, I call it, more need than what you're able to support.

BRAD MEYER: Absolutely.

DORN: OK.

BRAD MEYER: Yep. And because we see the uninsured, the Medicaid, and the Medicare, our dental clinic always runs at a deficit. We're having to pull revenue from our medical clinics to help offset the losses of our dental clinic.

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DORN: Thank you.

BRAD MEYER: Yep.

CLEMENTS: Other questions? Thank you for your testimony.

BRAD MEYER: Thank you.

CLEMENTS: Are there additional proponents? Seeing none, anyone here in opposition? Anyone in the neutral capacity? Neutral capacity?

MICHEAL DWYER: Neutral capacity.

CLEMENTS: Welcome.

MICHEAL DWYER: I will try to walk a tightrope here. I've never done this without written testimony, so wish me luck. Chairman Clements and members of the Appropriations Committee, my name is Micheal Dwyer, M-i-c-h-e-a-l D-w-y-e-r, and I'm here to testify in sup-- in the neutral capac-- I almost said support-- in the neutral capacity on LB1105 [SIC]. I want to-- a little bit of background: 40 years as a fire and EMS provider, as a firefighter and EMT in Arlington, Nebraska. In all of the testimony that you heard about the importance of this and the challenges of mental health applies to EMS, as well. LB1155, from everything I've read, is a good bill. And Senator McDonnell is a tremendous advocate for fire and EMS. I don't want anything I say to take away from LB1155. All I want to do is kind of raise my hand in the back of the room and go, EMS really needs some help, too. Just a couple of statistics. Volunteer fire and EMS saved the state of Nebraska an estimated \$400 million a year by providing free labor for the rural areas, about 78% of Nebraska. Just like everything you've heard today, calls in my world are up, and the number of responders, the number of people we have to serve, is down. In mental health cases, many times what's happened is because of what has been mentioned-- and Senator Dover, to your question, people just don't know where to turn, particularly in rural areas, because they don't have the resources. So they pick up the phone and call 911. Law enforcement responds, and they don't know what to do. So they call us. And we're in a, quite frankly, between a rock and a hard place. We just don't know what to do. And again, with a shorthanded person and staff. Again, LB1155 from my reading is a great bill. I would encourage your support. But, I want to just be the guy in the back of the room that-- EMS is really fractured, particularly in rural areas, and it's not going to get any better quickly. So as you're evaluating

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all of the bills that you have to struggle with, I would ask you to encourage EMS. And I'd be happy to take any questions. Thank you.

CLEMENTS: Questions? Thank you for your testimony.

MICHEAL DWYER: Thank you.

CLEMENTS: Anyone else in the natural capacity? Senator McDonnell, you may close.

McDONNELL: I'll just answer any of your questions and thank the people who came to testify today.

CLEMENTS: Questions? Seeing none, we have position comments. We have 3 proponents, no opponents, 1 neutral on LB1155. That concludes LB1155. We'll open the hearing for LB1079, Senator McDonnell.

McDONNELL: Thank you, Chairman Clements and members of the Appropriations Committee. My name is Mike McDonnell, M-i-k-e M-c-D-o-n-n-e-l-l. I represent Legislative District 5, South Omaha. LB1079 would add an additional \$10 million to the Nebraska Investment Finance Authority, NIFA, to provide for grant using ARPA money to low-income housing developments. The Legislature provides additional resources to NIFA just like this 2 years ago, and NIFA was able to distribute the money across the state to a number of projects. Of the financial appropriations allocated 2 years ago, at least 600-plus units have already been awarded grants, in addition to another 200-plus units on an average worth of grants that will be obligated by the end of the fiscal year. I'm asking that we continue to move forward and grow the work that we set forth to accomplish last year. I envision these grants being utilized in a situation where development project had previously applied for NIFA, and due to the increased cost of labor and materials, the project no longer meets the financial feasibility standard that NIFA uses. The additional grant money could be used to supplement these projects that were stalled or stopped altogether on the basis, and further, advance the goal in providing affordable, low-income housing. I know this committee, as well as the Legislature, will hear a number of proposals as it relates to housing, some of which are broad in scope and others which are narrow. I would suggest that we, we need to make housing a priority as we move forward with both General Fund and ARPA money. And I would pro-- and I would propose that the low-income housing developments through NIFA be part of these discussions. Shannon Harner, an executive director of NIFA, and, and John Wiechmann, with Midwest Housing Equity Group, will testify and try to answer any of your questions.

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CLEMENTS: Are there questions? Seeing none--

McDONNELL: I'll be here to close.

CLEMENTS: --first proponent, please.

SHANNON HARNER: Good afternoon, Chairman Clements and members of the committee. My name is Shannon Harner, S-h-a-n-n-o-n H-a-r-n-e-r, and I am the executive director at the Nebraska Investment Finance Authority. NIFA is pleased to testify in support of LB1079, which appropriates \$10 million to DED to be provided to NIFA for support of the development of affordable housing, as you previously heard. I note that the statement of intent references a grant to, a grant to developers. However, the legislation appears to be more flexible. NIFA will structure any funding provided to it as loans to the developers so as not to reduce tax credits available. Grants are not an efficient use of funds in tax credit properties. Tax credit unit owners agree to charge rents at levels that are affordable to people who earn 60% of the area median income, or less. Those tenants pay the full rent charged for the units themselves, unless they are recipients of other program dollars or vouchers that are outside of NIFA's tax credit program. The Low Income Housing Tax Credit Program currently houses approximately 13,000 households across the state of Nebraska, and can produce between 900 and 1,000 units of additional housing per year, in support of the statewide housing framework's goal of 35,000 additional housing units over the 5-year period that will end in December of 2028. The provision of these funds will assist NIFA in continuing to produce this level of housing units, as the cost of construction continues to increase. Low-income housing tax credit properties provide available units for people who earn at or below 60% of the area median income in their particular county. For example, a family household of 4 living in Ogallala would qualify with earnings at or below \$49,920 for their family. A family of 4 living in Lincoln with a household that earns at or below \$57,540, would also qualify. The program is intended to provide rent at rates affordable to these households, helping them maintain their independence. The people living in tax credit units are our seniors, our first-year teachers, our nurses aides, our food service workers, and other essential personnel in the state of Nebraska. NIFA supports this bill and asks you for your consideration. And I appreciate your time today, and I'm happy to answer any questions.

CLEMENTS: Are there questions? Senator Vargas.

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VARGAS: It's good to see you again. And thank you for being here. I was wondering if you could speak to-- a little bit about the cost of construction. So it was a couple of years ago, when we were doing the NIFA, we were adding some more gap financing--

SHANNON HARNER: Yes.

VARGAS: --funding, essentially. I just wondered if you could talk a little bit about the cost of construction, cost of labor, updates what that's looking like.

SHANNON HARNER: Yeah. I mean, it has, it has continued to increase. You know, over the, the COVID period, we've seen increases of 30%, you know, year over year, in cost of construction as it continues. The challenges in supply chain have varied from year to year, as far as what it is that's making those costs increase. It has been lumber in the past. Lumber is fairly reasonable right, right now, but there are other things. So, we are starting to see costs smooth out. But, they are still higher than they have been in the past. And this gap funding is something that will help close those gaps so that the projects can get completed.

VARGAS: Thank you. And thanks for all your work on the housing studies--

SHANNON HARNER: Absolutely.

VARGAS: --over the last couple years.

SHANNON HARNER: My pleasure.

CLEMENTS: Are there questions? Seeing none, thank you.

SHANNON HARNER: Thank you, Senator.

CLEMENTS: Next proponent. Good afternoon.

JOHN WIECHMANN: Good afternoon. Excuse me, Mr. Chairman, members of the committee, thank you for letting me testify in front of you today. My name is John Wiechmann. That's J-o-h-n W-i-e-c-h-m-a-n-n, spelled just like it sounds. I'm with Midwest Housing Equity Group. I'm the president and CEO of that organization. We were formed in 1993. And since that time, we've invested just shy of \$850 million into affordable housing in the state of Nebraska. It's about 7,000 units. We've done that in 50 different counties and 67 different towns around the state. I am here today to testify in support of LB1079, introduced

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by Senator McDonnell. Thank you, Senator. It provides much needed resources for affordable housing development. Nebraska needs more housing, right? We all know it. There's not too much of it. Every study, every interview, every town hall when you're back in your district indicates that we need more of it. No one says we have too much. And if they ever do say that and I've worked myself out of a job, I'll be real happy. Not on the horizon, but let's hope. The positive impacts of quality affordable housing are many. The good jobs we have, the good schools we have, the good civic activities we offer, it doesn't matter if we can't give our citizens a safe place, an affordable place to call home. So how are we going to fix that? How are we going to create more housing? Well, we're going to provide some additional resources. Hopefully, you will provide some additional resources that-- and what I like about this is that we can lever it up with existing federal resources that the government already sends to Nebraska, primarily in the form of the affordable house-- the federal affordable housing tax credit. So I conservatively estimate that this \$10 million probably gets levered up 7x, so it generates about \$70 million of development. If you want to talk about how we get there, that again, is primarily through the affordable housing tax credit that will accompany these transactions, which is what Midwest Housing Equity Group does. We buy those federal tax credits, from the, from the state and from the developments. So I guess in short and close, I just-- I think it's a win-win-win. We get 7 times return on investment as citizens of Nebraska, our communities get the housing that they need, they get it built for their workforce, and we get this money out the door. We're not reinventing the wheel, as the senator mentioned. NIFA already put \$20 million out the door in a very efficient manner last time around. They know how to do it. They're not going to be coming back to you and saying, oh heck, we didn't get this done and now you got to figure out how to put the money back out the door a third time. It'll get done because of Shannon's awesome leadership over at the department. So that's it. It's a big win. I hope it creates more housing. And I thank you all for your time.

CLEMENTS: Senator Dorn.

DORN: Thank you, Senator Clements, and thank you for being here. The, the tax credits that you talk about, the federal tax credits--

JOHN WIECHMANN: Yes, sir.

DORN: --about how much-- I mean, that has to influence why you're building the house. About how much of a percent of, I don't know, the

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total cost of a house does that amount to, or is it 5%, 10%, or what? Explain that a little bit.

JOHN WIECHMANN: You bet. So that's a great question. There are-- and I'm going to try not to drag you too far into the weeds-- there are essentially 2 types of federal tax credits. We call it a 9% credit and a 4% credit. The vast, the vast majority-- well, it's changed a little bit. But anyway, if it's a 9% credit, which essentially means that you're going to get tax credits equal to about 70% of a property's [INAUDIBLE] basis, that credit will fund 60-75% of the capital stack. So-- but you can't build a house for 100 grand, but let's just keep the math simple. If it was \$100,000 to build the house, the equity that I put into the deal from buying the tax credits will pay anywhere between \$600 and \$750,000 of that cost.

DORN: Thank you.

JOHN WIECHMANN: Yep.

CLEMENTS: Senator Erdman.

ERDMAN: Thank you, Senator Clements. Are these houses available for TIF?

JOHN WIECHMANN: Yes, they can be. That's not me. I don't get to make that decision. But some of the developments have qualified for TIF. Yeah.

CLEMENTS: Seeing no other questions, thank you for your testimony.

JOHN WIECHMANN: Thank you. Appreciate it.

CLEMENTS: Next proponent. Welcome.

WARD F. HOPPE: Senator Clements, members of the committee. My name is Ward F. Hoppe, W-a-r-d F. H-o-p-p-e. I'm a principal of Hoppe Development. You've seen me here before. We build and operate workforce and affordable housing. Particularly we do low-income housing tax credit properties across the state. We build and operate both 4% and 9% affordable housing projects. Every project we build at today's unprecedented construction costs have a financing gap. Gap is the difference between the project cost on one side and the proceeds of the syndication of the tax credits on the other side, plus the debt the low rents can carry. We have to find funds through TIF, municipal or nonprofit assistance, or grants to fill the gap or project won't get done. LB1079 directs \$10 million from DED to NIF-ily-- to NIFA--

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essentially is gap financing on 4%, 9% projects. By their nature, these funds will be leveraged and be the last dollars in a project to make the project work. These funds would be a direct investment into affordable housing at large scale. Scale means impact. These dollars will have a big impact. Please support LB1079, in addition to funding the Affordable Housing Trust Fund, Middle Income Housing Fund, and Rural Workforce Fund. Each of those funds has a different target, but combined will create the creation of a bunch more housing for Nebraska and all are important. I would answer any questions.

CLEMENTS: Questions? Senator Erdman.

ERDMAN: Thank you, Senator Clements. What does it cost to-- per square foot to build a house today?

WARD F. HOPPE: \$116 was the last ones we built. Valentine, \$116 a foot. That's up from about-- when I started in the business, quite a while ago, we could probably build a house for 60 bucks a foot.

ERDMAN: So if--

WARD F. HOPPE: Easy.

ERDMAN: So what are the-- what are these houses costing these people to get into them? If you build a 1,200 square foot house, is that what you would do?

WARD F. HOPPE: Well, the low-income housing tax credit project is all rental. So the question would be what the rental rates are set.

ERDMAN: What is it?

WARD F. HOPPE: And they're set in terms of a percentage of income of the, the household. So in Lancaster County, the, the-- I think one-bedroom is in the \$1,000 rent range. Does that answer your question?

CLEMENTS: Other questions? Senator Dover.

DOVER: That \$116 per square foot, does that include the land?

WARD F. HOPPE: Pardon me?

DOVER: That's just-- is that just the cost of the house or is that the land, land?

WARD F. HOPPE: That's the sticks and bricks.

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DOVER: Right.

WARD F. HOPPE: Not the land.

DOVER: Correct. I just wanted to clarify.

CLEMENTS: Very good. Thank you for your testimony.

WARD F. HOPPE: Thank you.

CLEMENTS: Are there other proponents? Good afternoon.

JUSTIN BRADY: Good afternoon, Chairman Clements and members of the committee. My name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for the Nebraska Realtors Association, for the Home Builders Association of Lincoln, for the Metro Omaha Builders Association and the State Home Builders, all in support of LB1079. As you previously heard from Mr. Wiechmann, this is an opportunity where the state invests in housing, but you're able from a state to get leveraged of not only federal dollars, but private equity dollars that come in. It's not just you put \$10 million in, you're going to get a lot more than \$10 million worth of housing on the back end because of the investment, both at the federal level and at private investors. And it is something that was discussed earlier, with 7,000 units and in 50 counties across the state, it is targeted statewide and helps everywhere. And so, for those reasons, we support LB1079. And I'll try to answer any questions.

CLEMENTS: Questions? Seeing none--

JUSTIN BRADY: Thank you.

CLEMENTS: --thank you for your testimony. Next proponent.

CAROL BODEEN: I think I'm bringing up the rear again. Good afternoon, Chairperson Clements, members of the Appropriations Committee. My name is Carol Bodeen, C-a-r-o-l B-o-d-e-e-n. I'm the director of policy and outreach for the Nebraska Housing Developers Association, testifying in support of LB1079. I am also expressing support for the bill on behalf of the Nebraska Economic Developers Association. Our association is comprised of over 70 members from across Nebraska, a membership that includes non-profits, for-profits, and local government entities united in our mission to champion affordable housing. The Economic Developers Association is a membership of over 300 professional economic developers dedicated to the prosperous growth of Nebraska's business climate. There's not a lot more that I

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can add that hasn't already been well said by those that testified before me, but we want to go on record that we express our support for LB1079. We feel like that it directly affiliate-- facilitates the Nebraska Investment Finance Authority in developing affordable rental housing for our low-income families. Funds originally appropriated for this purpose, purpose back in 2022 were quickly utilized by NIFA. If there are currently unused ARPA funds, this would be a very appropriate reallocation. The Affordable Housing Tax Credit program, which is matched by the federal Low Income Housing Tax Credit program, is a valuable tool in developing these properties, as it assists developers and investors by offsetting the federal tax liabilities. We appreciate Senator McDonnell's support of these programs, and we hope the committee will consider this use for any unused ARPA funds. Thank you, and I'm happy to take any questions.

CLEMENTS: Questions. Seeing none, thank you for your testimony. Additional proponents. Welcome.

BRAD MEURRENS: Good afternoon, Senator Clements, members of the committee. For the record, my name is Brad, B-r-a-d Meurrens, M-e-u-r-r-e-n-s, and I am the public policy director at Disability Rights Nebraska. We are the designated protection and advocacy organization for persons with disabilities in Nebraska, and I'm here in strong support of LB1079. People with disabilities comprise over 13% of our state's population, and there are Nebraskans with disabilities in every single county, as my handouts demonstrate. Over one-fifth of Nebraskans with disabilities ages 18 to 64 live in poverty, just shy of the national average of 25.4%. Only 10%-- 10.7%, excuse me-- of their peers without disabilities live in poverty, the gap between employed Nebraskans with disabilities and those without disabilities is 32.2 percentage points. When they are employed, Nebraskans with disabilities are likely to earn approximately \$10,000 less than their non-disabled peers. Poverty limits housing options, and disability limits them even further. For some, their disability requires housing to be physically accessible, yet accessible housing is, is extremely scarce. For many Nebraskans with disabilities, their future consists of long waiting lists and decreased availability of accessible and affordable housing. The overlap between disability and homelessness is significant. People with disabilities are disproportionately likely to experience homelessness. In fact, the estimates indicate that nearly one quarter of individuals experiencing homelessness have a disability, whether that be a physical, intellectual, developmental, or psychiatric disability. Josephine Litwinowicz's story demonstrates the real impact a lack of accessible affordable housing has on persons with disabilities-- homeless at

night for over a month, searching for a dumpster to duck behind so she can get some sleep in her wheelchair without being mugged. Homeless shelters are not always accessible to persons with disabilities, which means they are-- relying on them is an insufficient answer. When denied access to shelters, nearly 7 in 10 people with disabilities stay in dangerous locations, like sidewalks or under bridges. Affordable and accessible housing is really important. Housing is a centerpiece of an individual's personal life and a cornerstone to living independently. Accessible, affordable housing for persons with disabilities is vital to supporting their overall well-being, and housing can be built or modified for accessibility, which would enhance stable-- housing stability, prevent falls, and enable community participation for persons with disabilities and older adults. In order to meet this need, housing policy must be more inclusive of persons with disabilities. Nebraskans with disabilities have the right to live in their communities as anyone else does. While building more affordable housing is needed and laudable-- let me repeat that. It's needed and laudable. But for Nebraskans with disabilities, the goal is defeated if the housing is not accessible. You can afford it, but you can't get in the building. There is no question that a significant need exists for more affordable housing, but accessibility should be as equally important. Ideally, we would like the bill to include a focus on accessibility as well as affordability. But if affordable housing units were built accessible, there would be less need to modify or retrofit, avoiding costs and increasing the quantity of housing for Nebraskans with disabilities, so that they may live, remain and thrive in their communities. And as a result, we recommend the committee advance this bill. I'd be happy to answer any questions.

CLEMENTS: Thank you. Are there questions? Seeing none, thank you for your testimony. Other proponents. Seeing none--oh. Another proponent.

JOSEPHINE LITWINOWICZ: My name is Josephine Litwinowicz, J-o-s-e-p-h-i-n-e L-i-t-w-i-n-o-w-i-c-z. And I was homeless for about a month and a half. Interesting story how that happened, but I was there. And at first, I did-- I haven't seen it since I-- since it came out, but there's a video showing what I was doing. And then after that, I wisened up, because I wasn't going to hang around anybody. Right? Because a disabled person gets a-- a lot of them are nice, but some of them are not. It's just a-- anyway. So I, I found-- I was able to get on the UNL campus. And the campus police, since I was getting a graduate there-- student. Because I was getting a graduate degree there when I got MS, they called me; they let me stay. And I have to charge my chair, so I, I had to do that. You know, it was nice, I

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mean-- but I had to charge it right behind the, the student union there, you know. So I would just sit there. And then, there's only actually one spot. I had-- be honest with you-- to sleep during the night there. That-- you're out of all lines of sight. It's next to that flying buttress wall. Anyway, that's the only spot, I tell you. And so, it's a drag, because that led me to the point where I violently tried to commit suicide with several staples. And so what, what led up to that time, at the end of that month and a half, is I really didn't know how to help myself. I have MS and I wasn't thinking clearly. And I just had had it. And I was in, in these neck of the woods when I did that, and so that got me into the mental hospital. Right. And then, I ended up staying there a little longer because it's also a housing department sometimes, for some people. And then Lutheran Family Services was great. There was a person named Chris, and she-- I was a new employee. And she had to-- I mean, she had to call, you know, the ones with waiting lists were no way. And so she had to call every morning, you know, and she had to call several places. And then she found one, you know, finally. But otherwise, I have known a person with MS that lived at the homeless shelter. That's an interesting story for me, because I needed-- I wanted to go there. And they, they said they really didn't have the facilities. You know, if I had a health aide or, you know-- they can't really do anything. And so, I had, I had sen-- I had Representative Fortenberry, Senator Pansing Brooks and somebody else all call on the same day. But to know-- you know-- then, if you get loaded with bedbugs, those are in your chair. And, I mean, I won't, I won't put up with that at all. I'll get, I'll get naked before I do that. But-- and I like to keep America beautiful. But, yeah. It's pretty, it's pretty bad. Especially kind of losing the-- with my-- my faculties are pretty good until I got to be in there. And I was just trying to figure out-- I didn't even know what resources I could go to, you know. I was just kind of drinking in my wheelchair, not taking a, a bath, you know, charging it up at night over there and, and then sleeping at a spot that is probably reasonably safe, because the campus police do patrol it. And so, I was unlikely to, to find someone come on in. In fact, I've never seen another homeless person on the campus, not in my time there. So I got lucky, too, you know. I, I got-- I wasn't going to-- I'm not stupid. I wasn't going to hang around anybody. And so, can you imagine-- and then-- I just got lucky. There were so many-- she was calling every-- all kinds of places. And it was literally this place didn't take-- didn't have a waiting list. But she had to call the first of every month. You know, she called-- I mean, she was bird-dogging, and she got it. It was a-- she was a very dedicated-- I don't know her last name, but I'm very grateful to Lutheran Family

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Services. Otherwise, I don't know where I'd be. Because maybe if they had sent me off to a nursing home, I'm not doing that. I, I don't know if I mentioned in here before, that-- that's, that's a horror. That's a horror hall. One big horror hall. And anyway, just something else to think about. You know, that bills are up this, this semester. And so, I just hope-- anyway, thanks a lot. And there's a couple of other things I could have said about this, but-- that were worthwhile. But I never remember anything. So anyway, have a good one. I-- I'd never been homeless until I was in a chair. You know, in a sense, it's like, you got to do it once, just so you understand, I took a half an hour, hour drive around a housing project in New Orleans, just because you, you should see it. It wasn't that night, you know. And then, you kind of see what, you know, goes on.

CLEMENTS: Thank you for coming. Thank you for your testimony. Any other proponents? Any in opposition? Anyone in the neutral position? Senator McDonnell? He waives closing. LB1079 position comments, there are 4 proponents, no opponents, no neutral. That concludes LB1079. We'll now open the hearing for LB931, Senator Fredrickson. Is there a representative for Senator Fredrickson? Well, we'll give him a minute here to-- the other-- the next 2 are Senator Jacobson, Senator DeBoer. I don't see them here either, so we'll just have to wait a bit. Do we need a call of the house to get them here?

VARGAS: I texted John-- I texted Fredrickson, too.

CLEMENTS: We're-- the clerk said he's on his way. We will stand at ease for a minute or 2.

[EASE].

CLEMENTS: Hello, Senator. We'll open the--

FREDRICKSON: I apologize to keep you all waiting a bit.

CLEMENTS: Thank you. Let's open the hearing for LB931. Senator Frederickson, welcome.

FREDRICKSON: Thank you. Good afternoon. Thank you, Chair Clements and members of the Appropriations Committee. For the record, I am John Fredrickson. That's spelled J-o-h-n F-r-e-d-r-i-c-k-s-o-n, and I represent District 20, which is located in central west Omaha. I'm happy to be here today, today to introduce LB931, which is a bill that will reappropriate \$2.5 million in unused funds from the federal Coronavirus State Fiscal Recovery Fund, pursuant to the federal American Rescue Plan Act of 2021. The Department of Health and Human

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Services returned this \$2.5 million, which was originally supposed to go towards grants for capital costs to expand access to behavioral health acute care beds in rural areas where beds were not-- are not currently available. In returning these dollars, the department has indicated that the grant level is insufficient for this purpose and unlikely to result in a meaningful increase to rural capacity. This allows the \$2.5 million to be reappropriated for other eligible ARPA projects. LB931 will allow these dollars to continue to go for-- towards behavioral health purposes by re-appropriating these dollars to the University of Nebraska Behavioral Educate-- Health Education Center. This would allow BHECN to expand on the important work being done under the original 2 point-- \$25.5 million it was awarded through ARPA funds. LB929 would allow them to receive \$2.5 million for the same purposes. These funds are to be utilized for graduate and postgraduate training opportunities such as internships, practicums, and fellowships, for the expansion of telebehavioral health services in rural areas, for education and training opportunities for students and behavioral health professionals related to behavioral health issues caused or exacerbated by the COVID-19 public health emergency, or for stipends for provisionally licensed behavioral health professionals employed in the field of behavioral health. This is important because of continuing workforce development challenges in the behavioral health fields. Last interim, the Health and Human Services Committee held a hearing on LR201, my study looking at mental and behavioral health challenges. I have brought other legislation this session to address those challenges, including, including LR930-- LB932, to help individuals receive their provisional licenses in a more timely manner through the Depart of Health-- to the Department of Health and Human Services. LB931 will complement those efforts by expanding grant opportunities, allowing for deeper impact and sustainability of workforce development programs. It's important to note that only 30% of the 344 previous applications were chosen to receive awards, highlighting the dire need for more workforce funding directly to organizations. BHECN will be here to testify today about the impact that they have seen, and how a deeper investment will allow this work to have more impact. I believe it is important to ensure that the \$2.5 million in unused dollars from the DHHS continue to go towards behavioral health as intended. That is why I decided to bring LB931 for your consideration. In closing, I ask you to advance LB931 as part of this committee's budget bills, and help ensure-- to help ensure that those under these unused ARPA dollars continue to go towards behavioral health purposes. With that, I'll be glad to answer any questions you may have.

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CLEMENTS: Are there questions? Just wanted to clarify. The funds being returned, were, were they directed for rural areas or where?

FREDRICKSON: So the funds were initially intended for the development of hospital beds for behavioral health reasons in, in rural parts of the state. The department, my understanding was the department decided to return those funds because they did not believe that that amount would have meaningful impact.

CLEMENTS: Oh. Very good. Thank you. Any other-- will you stay to close?

FREDRICKSON: I should.

CLEMENTS: All right. First proponent, please. Welcome.

ERIN SCHNEIDER: Welcome-- or thank you, I guess. Good afternoon, members of the Appropriations Committee. My name is Erin Schneider, E-r-i-n S-c-h-n-e-i-d-e-r. I am the deputy director of Behavioral Health Education Center of Nebraska, or BHECN, and I'm appearing today on behalf of the University of Nebraska system in support of LB931. We want to thank Senator Fredrickson for bringing this important issue to the committee. BHECN is a state-funded, behavioral health workforce development center housed at the University of Nebraska Medical Center. Created by the Legislature in 2009, BHECN's mission is to recruit, train, and retain the state's behavioral health workforce to improve access to behavioral healthcare for all Nebraskans. In 2022, BHECN was awarded \$25.5 million in ARPA funding to address behavioral health workforce challenges related to COVID. In the time since, we have distributed these funds to more than 100 projects around the state. While this infusion of ARPA dollars has helped, most of our awardees' training programs have more interested applicants than they can train. For example, Northeast Community College, which provides stipends for licensed drug and alcohol counselors, received enough qualified applicants in the first semester to spend the funds they had allotted for 3 years of stipends. We see additional needs for funding in rural areas of the state, too. Wholeness, Wholeness Healing Center in Grand Island, Options in Psychology in Scottsbluff, and Heartland Counseling Center in South Sioux City have already expended nearly all of their ARPA dollars working to train, recruit, and retain behavioral health providers and provide critical care to clients. We know that burnout is a contributing factor to behavioral health workforce shortages in our state. In a recent national survey of providers, 9 out of 10 said they felt burnout in their roles, more than half felt enough burnout to want to seek other employment, 7 out of 10 providers

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said their work impacted their life, and nearly 40% said their work in behavioral health negatively impacted their own health. What would help? Most surveyed agreed more telebehavioral health options, paid internships or training programs, student loan forgiveness, reducing administrative burdens, and employing-- employment incentives would help. These are the exact types of initiatives being conducted through the BHECN ARPA Awards program. Using ARPA funds, organizations throughout the state are conducting behavioral health training programs, expanding access to telebehavioral health, specifically in rural Nebraska, creating recruitment and retention initiatives, and reducing barriers to trainee supervision. \$2.5 million in ARPA funds would provide support for another 20 internship programs, recruitment and retention programs, and supervision programs, respectively. The reappropriation of these funds has the potential to develop, recruit, and retain hundreds of behavioral health providers in the state and ultimately, meet Nebraska's growing behavioral health needs. Thank you for your time and attention. I'd be happy to answer any questions.

CLEMENTS: Senator Dorn.

DORN: Thank you, Senator Clements. Thank you for being here. And hopefully you can answer this or-- I asked Senator Fredrickson, too. And it's a little bit piggybacking on Senator Clements' question. The, the \$2.5 million, that's not part of the original \$25.5 million. These are other funds within the department that now have not been able to be used or meet certain criteria, and now want to redirect those basically, to this fund. Is that the way-- is my understanding right?

ERIN SCHNEIDER: Yes. That-- that's how I understand it, as well.

DORN: OK. Thank you.

CLEMENTS: Others? Thank you for your testimony.

DORN: Oh, hold it. One more question. Sorry, Senator.

CLEMENTS: OK.

DORN: Those \$2.5 million, why, why weren't they be able to-- do, do you know, why weren't they be able to be used? I guess-- that was-- and maybe Senator Fredrickson can--

ERIN SCHNEIDER: I defer to-- yeah, I defer to what Senator Fredrickson said, so.

DORN: OK. Thank you.

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CLEMENTS: OK. Thank you. Next proponent. Good afternoon.

TONY LE: Hello. Good afternoon. My name is Tony Le, T-o-n-y L-e. I'm a fourth-year medical student at the University of Nebraska Medical Center, and I am testifying in support of LB931 on behalf of myself. My experience with the Behavioral Health Education Center of Nebraska, BHECN, started my first year of medical school. I was considering a variety of medical specialties that I could pursue when I graduated. However, BHECN was an integral part of my decision to become a psychiatrist who would hopefully practice in Nebraska. My experience began in summer after my first year, in which I was a policy research intern at BHECN. I was interested in the systemic factors that influence medicine and how patients could access care. BHECN and the Legislature have recognized the tremendous behavioral health needs of Nebraskans, and it was something I was eager to learn more about and hopefully contribute in any way I could. The members of BHECN were more than happy to work with me to explore these interests, and to develop critical skills that I would need in the future, as a psychiatrist and advocate. However, just an interest in behavioral health is insufficient these days to successfully become a psychiatrist, due to the increased, increased interest in the field but a shortage of residency positions across the nation. BHECN has helped me become a competitive applicant as I apply to psychiatry residency programs by providing opportunities to network and collaborate with amazing mentors, engage in research and presentations, and fund behavioral health training sites where I had some of my most formative patient encounters that would lead me to pursue the field. As I wrap up my last few months of medical school, BHECN has given me the opportunities to give back and help others who are interested in behavioral health. I now serve as the president of the psychiatry student interest group at UNMC that received support from BHECN. With their help, we have been able to create community for like-minded students across UMC to learn more about the field, collaborate and provide for the community through free clinics for the underserved, and provide opportunities for students to network with mentors. The Legislature's clear commitment to both patients and professionals in behavioral health gives me confidence to practice in Nebraska, where I know my work would be valued. I hope to show how BHECN has been impactful in my individual journey, and how many more thousands of people they impact across Nebraska. Redistributing these funds through this bill would only contribute to empower BHECN's success in addressing the behavioral health needs of our state. I thank doctor-- Senator Fredrickson for introducing LB931. Thank you for your time, and I'm happy to answer any questions.

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CLEMENTS: Senator Vargas.

VARGAS: Thank you very much for being here, Tony. And you almost called Senator Fredrickson doctor over there. He almost earned a doctorate really quick.

TONY LE: It's a reflex.

VARGAS: Yeah. No. It's OK. You know, my only, my only question is and, and you were sort of alluding to this, so what are your plans after this, this year?

TONY LE: Yeah. So my plans right now-- so right now, applying for psychiatry residency positions. We don't figure out until next month where we're going to end up, whether that's Nebraska or some other state. We kind of have control, but we also don't have significant control. It's kind of based upon like a computer algorithm that kind of dictates where we go. So.

VARGAS: Well, we hope to retain you, it's one of the parts of--

TONY LE: Exactly.

VARGAS: --of this legislation and others. So we appreciate you being here, and for your service as president of that association.

TONY LE: Thank you.

CLEMENTS: Other questions? Seeing none, thank you for your testimony. Next proponent. Anyone in opposition? Anyone in the neutral capacity? Seeing none, Senator Fredrickson-- he waives closing. We have comments for the record: 2 proponents, no opponents, 1 neutral. That concludes LB931. We will next go to LB850. Senator Jacobson, you're welcome to open.

JACOBSON: I'm not going to keep you waiting. Everybody, everybody just note that.

CLEMENTS: Thank you. Go ahead.

JACOBSON: All right. Senator Clements and members of the Appropriations Committee, I'm Senator Mike Jacobson, M-i-k-e J-a-c-o-b-s-o-n, and I represent District 42. I've introduced LB850 to fix technical problems discovered by DED when implementing the Rural Workforce Housing Development program that was included in LB1014 last session. The program was intended to be used by rural communities

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under 100,000 population to grant funds for rehabilitation and adaptive reuse of vacant or abandoned property in disproportionate-- disproportionately impacted communities. DED received applications and granted these funds to 12 communities throughout rural Nebraska, but were required to hold the funds until-- unless or until we can get a legislative fix. Since this is \$10 million in ARPA funds, time is of the essence to get this program amended in such a way that DED can once again get these funds in the hands of communities ready and able to put them to work in the remaining time available that they have to invest ARPA dollars. LB850 should accomplish the needed changes to the guidelines. I had hoped that DED would have a representative here today. They do not. And so, I will be able to answer some technical questions, probably on close, or I can take some now if you prefer. There are a few testifiers here that sent-- some sent in letters, so I've got testifiers here that will speak to you about specific projects that they would be using the funds for. As I said, there are 12 communities that were awarded these grants. The problem we ran into is this it was set up to be a grant program, but because of the language, the specific language in the ARPA funding, there was a glitch as it related to if they were to purchase a dilapidated property, a home, for example, and demolish it, that if you purchased the home, the federal government would take an interest in that home. And therefore, you would have to repay those funds back to the federal government. So when the DED went back to the communities and said, hey, we have the dollars-- or you have the dollars granted to you, but we can't let you use it that way. We're going to have to ask you to convert it to a loan. Well, that was unworkable. And I think when you listen to the testifiers behind me, they're going to tell you what they'd use the, the funds for. Well, clearly, if they could purchase these properties and re-- and, and do the demolition and sell the property for what they invested in it, the private sector ought to be doing it. OK. So no one could keep the funds. They returned all the dollars back to DED. So that money is sitting there today. As you well know, ARPA, we've got till the end of the year to identify and get the projects moving. And at the end of next year, the dollars have got to be spent. So I think you're going to hear from testifiers behind me that will be speaking as proponents, as to what they intend to use the dollars for. I think it's a great program. There's no fiscal note because it's already been funded with ARPA money. DED is already engaged. And so, really, this is just a matter of making the fix that needs to be done. If we don't get it done this year, we're going to lose those dollars. So with that, I'd stand for any questions, Mr. Chairman.

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CLEMENTS: Questions? Senator Vargas.

VARGAS: Thank you for being here, Senator Jacobson. And it was a-- this was a conversation we had with the fiscal analyst so it's been flagged for us, in addition to the bill, which is good. And it actually might apply for a couple different housing programs with the ARPA funds. So I'll follow up with you because I want to work on, on some amendment language that makes sure we clean it up for some of the other housing programs, too.

JACOBSON: Great. Thank you.

CLEMENTS: Other questions? What-- how are they going to change what they do with this--

JACOBSON: What--

CLEMENTS: --to qualify?

JACOBSON: What we're really doing is just changing the language in the description of the program to specifically comply with the language that came down from the ARPA program. So I would tell you that it's more wordsmithing than anything else, but it gets us to where we need to be.

CLEMENTS: The 12 awards you were talking about, does that spend the whole \$10 million?

JACOBSON: It does. And, just so you know, I do have that list here. In no particular order, city of North Platte, \$1 million, city of-- Central City, \$1 million, city of Hastings, \$750,000, city of Alma, a million dollars, Red Cloud, \$1 million, Saint Paul, \$1 million, village of Pender, \$1 million, city of Beatrice, \$1 million, village of Bertrand, \$491,260, village of Palmer, \$535,970, city of McCook, \$1 million, and village of Arnold, \$222,770. Those were the original awards.

CLEMENTS: All right. Thank you. Any other questions? Will you stay to close?

JACOBSON: I will.

CLEMENTS: All right. First proponent, please.

SHANNON HARNER: Good afternoon, again, Senators and Chairman Clements. My name is Shannon Harner, S-h-a-n-n-o-n H-a-r-n-e-r. I am the

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executive director of the Nebraska Investment Finance Authority. We're pleased to testify in support of LB850. Well, NIFA is not specifically involved in any of these programs, we understand the importance of providing this funding out to the, the communities that you heard, in, in order to do this rehabilitation in areas where there are-- there is great need. It's our understanding that DED, while they are not here today, has worked very extensively and collaboratively with Senator Jacobson to make these important improvements to the legislation that will allow good projects to move ahead with these funds. And, as also noted, there are testifiers behind me who will have specific information about their projects and how this change will make a big difference in allowing them to move forward with the projects. I have no further comments other than just to say I hope that this gets moved to the floor with expedience, and I thank you for--

CLEMENTS: Thank you for your testimony. Next proponent. Good afternoon.

TERRY DOYLE: Same to you, Senator. Good afternoon to all of you. My name is Terry Doyle, spelled T-e-r-r-y D-o-y-l-e. I'm a city councilman from the city of Beatrice. I don't have any prepared remarks. I just want to talk to you a few-- for a few minutes, and maybe put a face on what Senator Jacobson was talking about, how it affected the city of Beatrice, very quickly. What happened to us is-- well, if any of you have been to the city of Beatrice, we have 2 federal highways, Highway 77 and Highway 136, that intersect right in the middle of town. On the northeast corner of that intersection is a building. It's the tallest building in Beatrice and is the oldest-- just about the oldest building in Beatrice. This year, it turned 100 years old, and for 97 of those 100 years, it provided assisted housing to thousands of individuals over that entire period of time. We got hit with COVID like a number of facilities got, got hit. And what happened in our community, was we thought that facility was very viable. As it turned out, it was not. They didn't ask the city for any kind of help. All they did was notify the city and the entire community that everybody that was in that facility had 30 days to get out because they were going to close the facility. Right. You can imagine what that devastation was for those families. It was hard-pressed for a long time. Through negotiations with, with the company, nobody wanted to buy that building and reinstate it. So with-- through negotiations with the city, we were able to work out that they would actually give the facility to the community, take the corresponding write-off that they could get by doing that, and then we would be stuck with whatever we wanted to do with the building. That's where we applied for these funds and were awarded these funds, as the

senator had mentioned earlier. The \$1 million was supposed to go as a gap financing between this, the, the funds that we were talking about here and the community funds and the developer's funds, all of which we were able to be-- able to put together, and we could actually have a facility going there again. We started from scratch there. We decided we're not going to wait around to see what happens with these funds, because maybe we can count on these funds and maybe we cannot, but something has to be done with this facility. So we, through RFPs, RFQs, we took-- we sent those out. We received 10 different developers that were actually very interested in doing this project, which excited us as you can imagine. We weren't sure that was going to happen. We interviewed all 10 of them, spent time with them, reduced that number to 3. And a couple of months ago, we picked a developer. So we have a developer hired. We have an architect hired. It's a \$7.5 million project, provides 42 units of workforce housing to our community, which is not a big number, I'll grant you. But let's see, last year, the county of Gage did a housing study that said that our commun-- our county, of which Beatrice-- is about 21,000, which Beatrice is like 13,000 of it, so we're a little more than half, needed 322 new housing units that day. OK. And that we were going to need substantially more by year 2025, because they believe Beatrice, with what's going on with-- the city council that we have there right now, which-- I have a vested interest, I guess, in saying this, but it's a pretty aggressive city council. And we're doing a lot of things in Beatrice that haven't been done for a very long time, plus all the development that's going on in south Lincoln, that Beatrice is going to grow substantially. So-- and we hope that happens, OK. But we're not making a big dent in this 322 units that we need right now, but it is 42 units of studio, 1, and 2-bedroom apartments that we will be providing very, very quickly. We have TIF waiting for this, for this developer. And we've used TIF all the time, and we, and we also have LB840 moneys that we have set aside, and general fund moneys to go ahead and put this together. If the funds become available, I can assure you, on or before November 1 of this year, we will be starting construction on this project. All right. So I promised Senator Jacobson's staff that I wouldn't take more than 3 or 4 minutes, so I'm just going to close here. So in closing, we have the developer hired. We have the architect hired, we control the property. All right. We have L-- LB840 moneys and we have TIF moneys already set aside, or we're willing to work with that developer to get that done. One of the criteria in the original application was that we had to-- had approved capacity. I hope nobody here questions the capacity of Beatrice on whether we can administer \$1 million, for crying out loud. The-- we have numerous grants, federal and state grants going all the time. We

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have a half a dozen going right now. Never in the history of our community have we ever, ever, through an audit, had a negative audit or even a negative comment relative to that. We definitely have the capacity to handle this grant.

CLEMENTS: That's your time. Thank you.

TERRY DOYLE: Oh, I'm sorry. OK.

CLEMENTS: Are there, are there questions?

TERRY DOYLE: Yes, sir. Can I answer questions now or--

CLEMENTS: Are there questions? Senator Lippincott.

LIPPINCOTT: Yes, sir. I've got one question.

TERRY DOYLE: OK.

LIPPINCOTT: Beatrice has a population of about 12,000 people. Correct? A little bit over that.

TERRY DOYLE: Yes, sir. Yes, sir.

LIPPINCOTT: How many homes-- affordable homes are for sale right now, homes that are \$250,000 or less?

TERRY DOYLE: Wow.

LIPPINCOTT: Just a rough estimate.

TERRY DOYLE: Yeah, I know. Not a lot.

LIPPINCOTT: OK.

TERRY DOYLE: I would say way less than 10. I would-- single digits, for sure.

LIPPINCOTT: Yeah. Grand Island, with a population of 50,000 has 16 homes--

TERRY DOYLE: Yeah.

LIPPINCOTT: --in that price range.

CLEMENTS: All right. Other questions? Senator, Senator Erdman.

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ERDMAN: Thank you, Senator Clements. So tell me the amount of your TIF bond and the duration of that.

TERRY DOYLE: I honestly cannot answer that for you, sir. The-- we're still negotiating with the developer on exactly what's going to be done to that building and what the TIF will end up being. I'm sorry, I can't answer that for you right now.

CLEMENTS: Senator Dorn.

DORN: Thank you, Senator Clements. Thank you for being here.

TERRY DOYLE: Sure.

DORN: What's the likelihood of this project going forward if you don't get these fund-- these ARPA funds?

TERRY DOYLE: We're still going to get the damn thing done. All right. But it's not going to be done-- it's not going to be done timely. We don't have the money to do this. It's going to drag out for a long time. We're going to need other federal and state assistance to be able to get this. We do not have that in our budget to be able to do that, or even something close to that, or we're going to have to stop all kinds of other projects to be able to do it. But it's a big deal to our community, Senators. It really is.

DORN: Thank you.

TERRY DOYLE: Yeah.

CLEMENTS: Thank you for your testimony.

TERRY DOYLE: I appreciate your time. Thank you.

CLEMENTS: Next proponent.

WARD F. HOPPE: I'm Fred Hoppe.

TERRY DOYLE: Yeah, I know you are. Yeah, I noticed that. He's a developer.

CLEMENTS: OK. Good afternoon.

WARD F. HOPPE: Senator Clements-- Chairman Clements, members of the committee, my name is Ward F. Hoppe W-a-r-d F. H-o-p-p-e. As you know, I'm a principal of Hoppe Development. We support LB850. We're affected by LB850 in 3 different communities. And so, our support, I guess, is

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pretty self-serving. You just heard about Beatrice. That's one of the projects we have going. We, we build-- well, you probably think we're the biggest mooches in the country in the, in the housing business, because our niche needs gap financing all the time. It needs something extra to make the projects work. And, and that's programs. You know, we're in workforce housing. We had 3 projects that are affected by this funding. And so, in this case, 42 units are stymied because the funding got called back. The glitch we had was essentially, in terms of the, the progress the, the re-- federal requirement was we were told. And unfortunately, nobody knew this when the money came out first time and the, the programs were developed and put on the street. We didn't know what all the rules were to structure projects so that we could fit under them and make them work in accordance with what DED later told us we had to do. So in any case, this project we designed for 42 units. It's a renovation-- a historic renovation of an old building at the crossroads of Beatrice. That's the Beatrice project. We also have one in Hastings. We, we build in Pender. At Pender's invitation, we built 4 units. They're affected by this project because the-- or by this funding. Funding got called back. They got \$1 million. They were going to put in a lift station for a subdivision that, as you all know, you got to have sewer for a subdivision. And if sewer doesn't flow right, you got to have a lift station to make it flow right. And we got 4 units that were kind of questionable on sewer because we don't have a lift station. Anyway, long story short, this is the reallocation of funds into a different program bucket or a description, so that they can be used. And we urge that you do this. In our case, it, it stopped. We built the 4 units in Pender, so they're in place. But we got 59 planning on going into Hastings under this program, 42 in Beatrice, you just heard. So that's over 100 units that could be if we had the reallocation of funding. I'd answer any questions you have.

CLEMENTS: Questions? Seeing none, thank you for your testimony.

WARD F. HOPPE: Yeah. Thank you.

CLEMENTS: Next proponent.

CAROL BODEEN: Hello, again.

CLEMENTS: Hello.

CAROL BODEEN: Good afternoon, Chairperson Clements, members of the Appropriations Committee. My name is Carol Bodeen, C-a-r-o-l B-o-d-e-e-n. I'm the director of policy and outreach for the Nebraska

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Housing Developers Association testifying in support of LB850. I am also expressing support for the bill on behalf of the Nebraska Economic Developers Association. We express our support of LB850, a bill to reappropriate \$10 million of federal American Rescue Plan dollars that had previously been designated for infrastructure purposes under the Rural Workforce Housing Program for land development. We feel that this bill effectively solves the problem that was created when additional information was communicated to the Department of Economic Development related to the proper compliance with the federal guidelines. While the funds cannot be used as initially intended, this proposed adaptation for their use will still greatly benefit rural communities, to be able to continue developing and improving quality of life. We are happy to see a solution that still contains a way to assist with future affordable housing development and community betterment. We are also pleased to know that the applicants for the original program will be given preference for this new program. Thank you, and happy to take any questions.

CLEMENTS: Are there questions? Seeing none, thank you for your testimony.

CAROL BODEEN: Thank you.

CLEMENTS: Additional proponents. Good afternoon.

BRANDON KELLIHER: Good afternoon, everyone. Senator Clements, members of the Appropriations Committee. My name is Brandon Kelliher, and I have the honor of being the mayor of North Platte. That's B-r-a-n-d-o-n K-e-l-l-i-h-e-r. After sitting here for most of the afternoon and listening to a great deal of testimony about housing, I don't feel like I can probably tell you anything that you don't already know. So I'm going to give you one simple example, and then, of course, I'll be happy to answer any questions. This nice lady is handing out something that has a picture like this on the back side of it. When you get it, if you take a quick look. This is a home that's in North Platte, and we had intended to-- it was one of the 42 homes that we intended to rehab with use of this money. And the situation here that I think is important to remember is that North Platte's use and many of the other communities' use of this funds actually solves the housing problem. And what we, what we had intended to do was to purchase houses that are in situations like this one, flatten them, and then offer the lot at a reasonable sale-- at a reasonable price. So in this particular case, the gentleman that owns this home, it's not a livable home. Immediately across from this home is the world's largest railroad transportations hub. And so, it's not necessarily an

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ideal spot for everyone in the world to build a home. Yet, it's very viable because it has paved streets, it has sewer, it has water, so it does not require infrastructure. So tearing down this home and replacing it with another home or a duplex is a, is a great use of funds because it saves infrastructure money. So in this particular case, this gentleman is willing to sell this property for \$15,000, which is a nice price for a lot in this situation. But it will take approximately \$60,000 to tear the house down and dispose of the material, and tear out the foundation and make it buildable again. So now the lot costs with the 15 for the price of the lot, and the 30 to tear it down becomes \$45,000. If you look at per square foot building costs, building a house there with the additional \$45,000 puts a house-- a 1,200-square-foot house at close to \$200,000 in, in probably a neighborhood where there are no other \$200,000 houses. So we using this money to flatten houses that are not in good shape and need to be torn down, allows us the opportunity to create lots at a reasonable rate that already have infrastructure that can reduce the price of a house, which is what we need to do in order to get people to buy houses and be able to live the American dream. Any questions?

CLEMENTS: Questions? What-- so this would become a \$200,000 house. What-- is this going to sup-- to buy down the purchase price, then?

BRANDON KELLIHER: It effectively reduces the purchase price, because, in this particular case, the lot would be sold for \$15,000. And, and the developer or the builder would not have to pay for the house to be removed.

CLEMENTS: OK. The teardown--

BRANDON KELLIHER: That's correct.

CLEMENTS: --would be saved-- saving \$30,000 roughly. And how many of these units do you think you can do?

BRANDON KELLIHER: We've identified 42 locations in North Platte. We think that generating a little bit of that \$15,000 revenue on each lot, we may be able to do up to 60 locations. Of course, it requires the property owners to agree on a price that's reasonable and those sorts of things, so somewhere between 40 and 60 locations.

CLEMENTS: Other questions? Seeing none--

BRANDON KELLIHER: Thank you.

CLEMENTS: --thank you for your testimony. Are there other proponents?

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BRAD MEURRENS: Good afternoon, Senator Clements and members of the committee. For the record, my name is Brad, B-r-a-d Meurrens, M-e-u-r-r-e-n-s, and I am the public policy director at Disability Rights Nebraska. We still are the designated protection and advocacy organization for persons with disabilities in Nebraska, and I'm here today in support of LB50-- or LB850, excuse me. Rather than repeat the case for the need and benefit of affordable housing, I want to bring up one extra point. Now we support the creation of public spaces as required in this bill or as talked about in this bill, but we want to remind-- simply remind the committee of the need to make these public spaces accessible to Nebraskans with disabilities. The Peyton Parker Lane playground in New York-- in York, Nebraska, provides a, a really good example. And so for that, we wish-- again, we want to remind the need for accessibility in terms of housing and in public spaces, and we recommend the committee advance this bill. I'd be happy to take any questions.

CLEMENTS: Are there questions? Thank you for your testimony. Next proponent. Good afternoon.

RYAN McINTOSH: Chair Clements, members of the committee, my name is Ryan McIntosh, M-c-I-n-t-o-s-h. And I appear before you today on behalf of the Nebraska Bankers Association in support of LB850. I don't have a whole lot else to add. You've-- I've been in front of this committee several times on the need for housing in our state, and how important these programs are to ensuring housing is built and maintaining our rural communities. So I would just urge the committee to adopt LB850 to ensure that the intent of the legislation from 2022 and 2023 is, in fact, carried out, and these communities can move forward with their plans. Thank you.

CLEMENTS: Any questions?

RYAN McINTOSH: Thank you.

CLEMENTS: Thank you for your testimony. Next proponent. The bankers are people of few words.

DEXTER SCHRODT: Chairman Clements, members of the committee, I'm going to be-- try to be shorter than Ryan-- Mr. McIntosh. Dexter Schrodt, D-e-x-t-e-r S-c-h-r-o-d-t, presidency of the Nebraska Independent Community Bankers Association. I have absolutely nothing more to add. You've already heard how, how far these dollars are going to go to impact communities across the state. And we all were here during ARPA, and we remember how confusing it was, to foll-- to try to follow the

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rules the feds were going to set, but they didn't give us rules. So thanks to DED and Senator Jacobson for discovering those rules. And we urge your support of LB850 so that we can keep following those rules.

CLEMENTS: Are there questions? Seeing none, thank you. Any other proponents? Anyone in opposition? Anyone in a neutral capacity? Senator Jacobson, your welcome to close.

JACOBSON: Did you say something about the bankers being brief in your comments?

CLEMENTS: Yes.

JACOBSON: OK. I'll try not to break-- I'll try not to break that trend. Well, I can't say much more than what's, what's already been said, other than I do have a list of the guidelines that are here, in terms of, of what DED is proposing, that would be in line with the federal guidelines. It includes rehabilitation, renovation, maintenance, our costs to secure vacant or abandoned properties. It includes costs associated with acquiring and securing legal title. It can also be used for greening up or cleanup of vacant lots. It can be used for installation of neighborhood facilities for public use, such as parks, green spaces, and so on. So there's a long list of-- I believe there are a total of 8 items that are specific to what these funds can be used for. And I think everyone is kind of looking at the programs to make that fit. And so, those were the changes that were made so that this is not specifically a rural workforce housing program. It's really a rehabilitation program that fits specifically with the federal guidelines. And as you can see, these grant dollars would come in. It's ARPA money. No fiscal note. It comes in. It gets used to do these projects. And then, they can sell those projects, reinvest those dollars back into more projects. So as you've heard from the mayor of North Platte, hopefully we can get 60-plus homes rehabbed or facilities-- lots, at least, rehabbed-- make it available for builders to come in. As you all know that when it comes to putting in new infrastructure today, if you're going to go out and acquire and, and annex in farm land, then go in, put in street, sewer, water, everything, you're pushing \$100,000 a lot. OK. So a program like this is going to allow us to go into some of these older areas and-- where there's decaying properties, willing sellers that, that-- they're they're un-- they're properties that either are in un-- uninhabited or should be. And you can buy those, be able to clean them up, scrape them, so that a developer-- and then sell it to a developer at what the market value should be at that point. But now you've got infrastructure there, and we're going to backfill into these

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dilapidated areas. And I've always kind of found that as, as Mayor Kelliher had mentioned, when you go in and you build a home, if you're the only \$200,000 home in the neighborhood or \$300,000 home in the neighborhood, those generally don't get built. But if you can do a few in that neighborhood and get some rehab done, then it can spread, and you can see other improvements that occur. So, I think it's a good program. The dollars are allocated. We just need to get them sent in the right direction. So I would really appreciate your quick work on this. Hopefully, it can come out in a committee bill or whatever-- however you can move it forward, but this is something that needs to happen this session. And I'd stand for any questions.

CLEMENTS: Are there questions? His example was like, a \$200,000 house being able to be sold for 170. Is that the kind of price range that these other ones you think would be looking at? A more affordable range?

JACOBSON: Well, I would tell you today, in North Platte, if you're looking for-- if you're going to build an affordable, what I would call it affordable, which is meaning no bells and whistles, but a smaller 3-bedroom home-- keep in mind that we're generally, for the most part, restricted from having basements because of high water table. So, you're going to talk somewhere in that \$325-350,000 range to build those homes, if you're going to have to go in with a new lot, as well. So anything we can do to backfill, if you can get down, in that \$200,000 range, you've made something that truly is affordable, even with where interest rates are now. So I think that's the goal here is not only can we make it more affordable, but we can hopefully get into areas of town where you get 2 or 3 of these, and now you can start doing fix-ups. And under the micro TIF bill that was passed last year, I think there would be opportunities for people to go in and do some other rehab on these older homes. I think that's a better answer than trying to annex in and bring in a whole bunch of, of new infrastructure when we've already got sewer, water, electrical in place, and streets. So this is a great opportunity to really backfill into some of these areas of town that have-- that will continue to decay and dilapidate if we don't start doing some improvement there.

CLEMENTS: All right. Any other questions? Thank you, Senator.

JACOBSON: Thank you very much.

CLEMENTS: We have position comments for the record. We have 9 proponents, no opponents, no neutral comments. That concludes LB850. We'll wait a minute for the room to clear.

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DeBOER: I know how to clear out a room.

CLEMENTS: One more minute, please. We'll wait for the door to come closed. Very good. We now open the hearing for LB1352, Senator DeBoer.

DeBOER: Hello, Chair Clements and members of the Appropriations Committee. My name is Wendy DeBoer, W-e-n-d-y D-e-B-o-e-r. I represent the 10th Legislative District, which is in northwest Omaha. I'm here today to introduce to you LB1352. You may recall that last year I introduced LB578, which gave Auditor Foley's office additional dollars and the appropriate authority to complete an audit on the ARPA dollars that we have been spending in this state. His report should be coming out sometime in March, and may have suggestions for this committee and for the Legislature to take up. My intent was to have LB1352 be the legislative vehicle, should we need to reappropriate any ARPA dollars or correct any errors identified by the Auditor. With the deadlines for ARPA approaching sooner rather than later, it is imperative that we continue to make sure we're following the guidelines, and the dollars we appropriated are being spent correctly and in the manner we prescribed. So, this is kind of a bill to just make sure we have something in place to, to do that.

CLEMENTS: Are there questions? Would you repeat what bill this-- you had last year?

DeBOER: It was LB7-- or sorry, LB578.

CLEMENTS: Thank you. Seeing no questions, welcome proponents. Good afternoon.

MIKE FOLEY: Good afternoon, Chairman Clements, members of the committee. For the record, my name is Mike Foley, M-i-k-e F-o-l-e-y. I'm the Auditor of Public Accounts. I'm also an alumni of this committee, so I hope you'll give me the alumni kindnesses today. LB1352 before you today is a bill with 2 sections. Section 1 relates to the appropriations of ARPA funds. I have no position on what you do with, with that-- on that question. However, Section 2 of the bill is-- was language inserted into the bill at my request. And my thanks to Senator DeBoer, who has been a great champion for accountability and transparency in government expenditures. I support Section 2 of the bill and encourage that language to be adopted, either as part of this bill, if this bill goes forward, or perhaps some other legislation that you intend to report out to the floor later this session. Please allow me to take just a moment to explain why this language is so very important. Federal law requires every state to

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submit an audit of all federal funds received each year. In our case, Nebraska receives about \$5 billion in federal funds for 2023. And required annual audit of those moneys is called the Statewide Single Audit, and it is broken down by the various agencies that receive federal funds. My office conducts this massive audit every year for the state of Nebraska. It's the largest audit we do, and it's paid for entirely with federal dollars. The Statewide Single Audit consumes thousands of hours of staff time, and always results in significant findings that indicate errors and deficiencies in the state's handling of federal funds. As mentioned, the federal government pays for the audit, and that payment also constitutes a significant portion of my overall annual budget. Last year, Dannette Smith, who at the time was the CEO of Department of Health and Human Services, helped to initiate a process whereby she would handpick the auditor to conduct this annual audit of federal funds, not only for DHHS, but for all of state government. Had that plan come to fruition, its immediate impact would have been twofold. First, it would have impeded the historic role of the Auditor of Public Accounts, which goes back to the earliest territorial days, in overseeing the audit of all funds. Secondly, it would have eliminated the federal fund audit fees that substantially fund my office. This was an extraordinarily bold move. And to the best of my knowledge, it was never attempted-- it was attempted, excuse me, without any legislative awareness whatsoever, much less any input, approval, or guidance from the Legislature. Without even informing me, DHHS issued a formal request for information from interested private CPA firms, inviting them to come forward and conduct this audit. Three national firms took the time and responded. Upon learning about what was occurring, I strongly objected to the Governor's Office. I made it clear that I considered this a direct assault on the inherent constitutional authority of the State Auditor. And, in fact, I am the accountant for the state of Nebraska. More importantly, I pointed out that allowing any state agency to select and hand-pick its own auditor would fly in the face of governmental auditor independence, because the auditing firm selected would necessarily be reliant upon the approval and satisfaction of the hiring agency for both the current pay and any hope of future work, greatly decreasing the likely-- likelihood of a negative opinion or a comment. This is something that has never-- a concern with an independent state auditor, which I believe to be why the attempt was made in the first place. Fortunately, after making it clear that I was not going to sit idly by and let this happen, the Governor's Office intervened and the, the project came to a screeching halt, but not before a lot of staff time was spent on this, and-- both by government officials and by the CPA firms who responded. I realize that some agency directors have been

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upset with my office's work, critical of their handling of various funds. The, the resolution to that is to fix the problem, not to go out and try to handpick your own CPA firm. Dannette Smith is no longer the CEO of HHS, and I have a great working relationship with Steve Corsi. And I'm confident Dr. Corsi would never try to pull such a stunt. Nevertheless, I think it's important to send a message to other agency directors, current and future agency directors, that performing the Statewide Single Audit for the state of Nebraska is the sole responsibility for the Auditor of Public Accounts, and an attempt to circumvent that authority would not be tolerated. I respectfully request, therefore, that the language in Section 2 of Senator DeBoer's bill be advanced, either with that bill or some other bill that you might be able to attach it to, as you convene-- as you conduct the rest of your hearings this session. Thank you, Mr. Chairman. Be happy to take any questions.

CLEMENTS: Are there questions? Senator Lippincott.

LIPPINCOTT: What would the fiscal impact be if we would adopt this language that you've included?

MIKE FOLEY: Great, great and important question, Senator. Thank you for asking that. The, the language is intended to preserve the status quo. Right now, the federal government pays for the audit on a prorated basis, basis on, not the-- from each agency. So, the inclusion of this language preserves the status quo. It would not impose any new financial burden on anyone, federal government or state government. So zero financial impact.

LIPPINCOTT: Thank you.

CLEMENTS: No General Fund cost?

MIKE FOLEY: No. No General Fund costs. No additional federal funds cost either. We just preserve the way that things have been going for, for decades.

CLEMENTS: OK, the, the federal fund audit is financed by federal funds, is that correct?

MIKE FOLEY: That's correct. That's correct. This is an audit of federal funds. Federal government pays for it.

CLEMENTS: Senator Erdman.

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ERDMAN: Thank you, Senator Clements. Thank you for coming, Auditor Foley. I appreciate that. So we restored your funding last year, which was the appropriate thing to do. Is, is that sufficient?

MIKE FOLEY: I'm very grateful for the, the work that you did, Senator, and others, to, to restore that funding. It would have been devastating for my, my team if we had not received those dollars. I was struggling to, to pay sufficient salaries to my staff to keep them on board. Other state agencies were paying more than what I could pay--.

ERDMAN: Right.

MIKE FOLEY: --with the budget authority that I have. So that was critically important to my office. I'm very grateful to you. I'm in good shape for now, and I'll be back next year, but.

ERDMAN: Is it, is it, is it adequate now?

MIKE FOLEY: It is adequate now. Yes.

ERDMAN: Well, I appreciate what you do. I was really glad to see the things that you find. And, and I'm always amazed to think that how good it was we restored your money. [INAUDIBLE].

MIKE FOLEY: Thank you, Senator. I appreciate your help.

CLEMENTS: Other questions? Senator Dorn.

DORN: Thank you, Senator Clements. Thank you for being here. I, I guess my-- it might be a more general type question. If-- I, I guess I didn't know that we could allow, I call it, other outside people to come in and do these type of audits. And I guess if DHHS is going to do it, maybe that is-- that, that was allowable? I guess, answer that.

MIKE FOLEY: No. Occasionally, outside CPA firms have come in and done state audit work. But it's only been when my office directed them to do so and hired them to do so, not when individual, individual agencies went out and said, I, I don't like Foley's work. I think I'll just go out and get my own CPA firm.

DORN: So, so then that-- my question then is this language will I call it, I call it, supplement that now, so that an out-- one of the agencies can't go outside and have somebody else do their audit?

MIKE FOLEY: That's correct. That's correct.

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DORN: OK.

CLEMENTS: Senator Wishart.

WISHART: Well, thank you, Auditor Foley, for being here, and for the work you do. So just to clarify, the goal is that this statutory language apply to all federal funds, not just in the budget for specifically ARPA?

MIKE FOLEY: That's correct.

WISHART: OK.

MIKE FOLEY: That's correct.

WISHART: OK.

CLEMENTS: All right. Any other questions? That's your time.

MIKE FOLEY: Thank you, Senators.

CLEMENTS: Thank you for your testimony. Forgot that. Next proponent.

JOEY ADLER RUANE: Good afternoon, Chairman Clements and members of the Appropriations Committee. My name is Joey Adler Ruane, J-o-e-y A-d-l-e-r R-u-a-n-e, and I am the policy director at OpenSky Policy Institute. We're here in support of LB1352, because we want to encourage the committee to ensure that the state fiscal recovery funds under the American Rescue Plan Act are used for the purposes originally intended by Congress. This bill would provide the body with an important vehicle to address any concerns brought up to-- brought to light by the State Auditor's report, which is expected sometime in March. Congress envisioned the state fiscal recovery funds would be utilized to address a broad range of pandemic response purposes, including supporting public health expenditures, addressing negative impacts caused by the public health emergency, and relate-- re-- replacing lost public sector revenue. We recommend the Legislature continue pursuing these originally intended purposes informed by the Auditor's report. The Pew, the Pew Charitable Trusts released a report in December 2023, following an analysis of several states' usage of these federal dollars. The report recommended prioritizing the funds for immediate, acute needs and one-time investments, and that states assess the indirect impact of these funds. As noted, the assessment piece is important because the federal funds were accompanied by large revenue surpluses in many states, including here in Nebraska, and parsing out how much of the revenue growth was due to the federal

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funds will be important for state budgets moving forward, forward. As noted in our testimony on the budget, we are opposed to the reappropriation of \$87 million for surface transportation. We'd like to see those dollars repurposed to programs and services that meet Congress's intent for the funds. LB1352 could help achieve this. It's for these reasons we urge the committee to use this bill to address any outstanding ARPA-related concerns, and thank you for your consideration. I'd be happy to answer any questions.

CLEMENTS: Any questions? Seeing none, thank you for your test-- oh, excuse me. Senator Dover.

DOVER: What was the last-- what was your last point you just made, about transportation?

JOEY ADLER RUANE: Oh, just that we had come in on the Governor's budget bill that we had not liked the \$87 million that was being reappropriated for the transportation dollars.

DOVER: All right. Thank you.

JOEY ADLER RUANE: Yep.

CLEMENTS: Seeing no questions, thank you for your testimony.

JOEY ADLER RUANE: Thank you.

CLEMENTS: Next proponent. Are there opponents? Seeing none, anyone in the neutral capacity? Good afternoon.

COURTNEY WITTSTRUCK: All right. Good afternoon, Chairman Clements and distinguished members of the Appropriations Committee. My name is Courtney Wittstruck, that's C-o-u-r-t-n-e-y W-i-t-t-s-t-r-u-c-k. I'm the executive director of the Nebraska Community College Association and a registered lobbyist. I'm here today testifying on behalf of our 5 member colleges in the neutral position for LB1352. As you know, community colleges, which are located in every corner of the state, play a key role in creating the skilled workforce that Nebraska so desperately needs right now. In 2021, in preparation for the upcoming ARPA distribution, the 6 community colleges created a plan to combat the existing and still ongoing labor shortage in Nebraska. They narrowed their plan to the projects that would, that would most impact and be most important for the state. They calculated the cost at approximately \$25 million each college, or \$150 million total, for one-time capital and equipment costs. Former Governor Ricketts reduced that number to \$90 million, but still acknowledged the leading role

that our community colleges play in driving Nebraska's recovery from the workforce crisis that was sparked by the pandemic. As many of you will remember, after much back and forth and hand-wringing, this committee made the difficult decision to further reduce the capital and equipment appropriation to \$10 million per college, down from the, the original request of \$25 million each. And the community colleges wish to express, express their thanks to this committee and their predecessors for the hard work in appropriating Nebraska's federal ARPA funds. I know it wasn't difficult. That was my very first session that I'd ever been involved. So I saw all of the challenges that you all faced. And I really, really felt for you guys. But-- and although the community college's funding model was completely revamped last session, no changes were made to the college's capital funding streams. So they are still limited to a maximum of a 2-cent capital levy for their capital projects. So they cannot use any funds from the newly created Community College Future Fund, and they cannot use any funds from their agency appropriations for capital. So I'm here today simply to make you aware of the community colleges ARPA-eligible, shovel-ready projects. Should additional ARPA funds become available, the community colleges have projects which I've given you on the list that was handed out. The community colleges have projects that would benefit every corner of the state and would meet the ARPA requirements and impending deadlines, which, as one of the previous testifiers mentioned, are coming up and will need to be acted, acted upon quickly. And we want to make sure that these funds stay in Nebraska, so that-- we have eligible projects that can meet the deadline and pass the requirements handed down by the feds. So with that being said, I'd be happy to take any questions.

CLEMENTS: Questions? Senator Erdman.

ERDMAN: Thank you, Senator Clements. So listening to your comments, and I'm trying to figure out how that's neutral. But obviously, you had something you needed to tell us. And I appreciate your information, but I think you're in the proponent position. Because basically, you're telling us what we've done is a good deal and we should continue to do that. So how, how is your testimony neutral today?

COURTNEY WITTSTRUCK: So I would-- I debated. I honestly did debate. The reason I came in at neutral is because I know that you all have several different ways that you see fit to use the funds, and I don't intend to tell you how to, how to use the funds. I just wanted to offer you options, should funds become available. I think several of you know, before this, I was in manufacturing for a long time, and I

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was a plant manager. And there are some times, at the end of the year, where one plant in another country or another state would have funds that had been appropriated to them for a project that they couldn't use by the deadline by the end of the year. So the corporate office would come down and say, OK, what projects do we have that we can start now that meet the requirements and would be finished by the deadline? So that's simply what I'm offering you today. It's a hopper of projects that would help the entire state, which I know some folks, you know, had-- there's some heartburn, heartburn between appropriations, who it helps, what areas, rural, urban, and so on and so forth. So I'm simply offering you a hopper of projects that would be ARPA-- that are ARPA-eligible, that would be ready and willing to start as soon as funds were appropriated, and would meet the required deadlines.

CLEMENTS: Any other questions? Seeing none, thank you for your testimony. Is anyone else in the neutral position? Seeing none, Senator DeBoer, you may close.

DeBOER: Thank you, Senator Clements. So the main thing for me, like all of you, is that we make sure that we're kind of maintaining an-- a lookout on the ARPA dollars and where we're at in this process. And I wanted to introduce this bill in part, to have a vehicle for you when we get the Auditor's report, which is forthcoming. I also wanted to really support Senator-- or Auditor Foley in his request for this additional language, because I think he hit it nail on the head. And, and I didn't want to-- I didn't want to tell you what he was going to tell you, because I thought it probably comes best just from him. But these kinds of accountability issues and questions, I mean, what is an-- what is the State Auditor for if not to do this particular audit, right? The federal audit. So, I would ask that you at least put that part forward. And I'm happy to help with any of the rest of it as you're talking through these things. I know you all know we got to watch the ARPA dollars. I'm not telling you anything that you don't know 10 times better than me, but I did want to put this bill in and, and kind of support you in your efforts.

CLEMENTS: Senator Wishart.

WISHART: Thank you, Senator DeBoer. The reason I asked the Auditor if this is a sort of statutory change that, that, that we want to see happen is it means we can't really put it in our budget. It means it would need to go out on the floor and pass. And so, do you have any-- I, I think this is a priority issue, it sounds like. Do you have an

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idea, since this doesn't have a prioritization, of a path for this to get-- to go forward?

DeBOER: No, but I will work with folks and see if we can figure something out. And I'm happy to-- any ideas, any other bills you all are putting out that, that they do have a priority or something like that. What you all do in here is a little bit of a mystery to me. And so, the fact that it can't go in the budget is not something that I, I guess, had really thought that deeply about. But, you know, happy to try and be creative with you all as partners, since you all do the magic a little more than I do.

WISHART: OK.

CLEMENTS: Other questions? Auditor Foley mentioned the total number of federal dollars he audits. Did you catch that number?

DeBOER: Not that I could repeat to you right at this moment.

CLEMENTS: OK. Well, we'll, we'll find out. \$5 billion? \$5 billion.

DeBOER: That does seem like something we should have somebody auditing that's not self-interested in it, that's sort of neutral.

CLEMENTS: Yes. Seeing no other questions, thank you, Senator DeBoer. We have position comments. We have 1 proponent, no opponents, none neutral. That concludes LB1352. And that concludes our session for today. Thank you.