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Legislature's Planning Committee
September 16, 2016

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The Legislature's Planning Committee met at 9:00 a.m. on Friday, September 16, 2016, in Room 1003 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing. Senators present: Paul Schumacher, Vice Chairperson; Kathy Campbell; Mike Gloor; Merv Riepe; and Ken Schilz. Senators absent: Tanya Cook, Chairperson; Galen Hadley; Bob Krist; and Heath Mello.

SENATOR SCHUMACHER: Well, we'd just as well get started this morning. Need a motion on the minutes.

SENATOR GLOOR: So moved.

SENATOR CAMPBELL: Second.

SENATOR SCHUMACHER: All in favor of approving minutes.

GROUP RESPONSE: Aye.

SENATOR SCHUMACHER: Opposed? Minutes approved. They left us with the fun topics today. Our first item on the agenda...do we have to approve the agenda? No? Okay. All right. First item on the agenda is assessing the consequences of Colorado's legalization of recreational marijuana on Nebraska.

JOHN BARTLE: Actually, if I could, I'd like to maybe just introduce the topics a little bit today.

SENATOR SCHUMACHER: Okay.

JOHN BARTLE: (Exhibit 1) This is the first topic that you'll hear about from Jared Ellison, who is one of our graduate students, doctoral student in criminology and criminal justice. You'll also hear from Dr. Craig Maher about the capacity and data we've developed for looking at local government fiscal policy...fiscal data. And then Jerry just has some quick data on income,

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poverty, and insurance coverage that he'll present to you. But one of the things that was distributed to you is this annual report of the Nebraska Center for Justice Research. This report literally just came out. I think Jared picked it up this morning on the way down. But this center, the Nebraska Center for Justice Research, is something that you funded. It was in the previous session. And since then you allocated \$200,000 to it and we've used that money, as well as money from contracts and grants that we've received. And we've really, I think, developed a very viable, very strong center that I think is doing a lot of really good work, objective research on corrections, on policing, on courts, and stand ready to do more for you on...we know that there are some very important issues that you'll be facing on justice and crime issues. So just wanted you to have that and let you know that we're doing our best to put your money to good work. So with that, I'll let Jared take over.

JARED ELLISON: (Exhibit 1) Good morning, Senators. Good morning. Thanks for coming. My name is Jared Ellison. I'm a doctoral candidate in the School of Criminology and Criminal Justice at the University of Nebraska. Today I'll be presenting a study I call...

SENATOR SCHUMACHER: You want to sit at the microphone so that they can pick you up?

JARED ELLISON: Sure. Sure, yeah. Sure. Today I'll be presenting a study that I coauthored with Dr. Ryan Spohn, which examines marijuana-related criminal justice activity in the state of Nebraska in the first year following Colorado's legalization of recreational marijuana. After I conclude, I'd be happy to address any questions that you have. So with the passing of Amendment 64 in 2012, the people of Colorado legalized recreational marijuana. While early evidence suggests that it was a cost-cutting measure for Colorado law enforcement, as well as a significant source of state tax revenue, such benefits have not necessarily been shared by Colorado's neighboring states, such as Nebraska where marijuana obviously remains prohibited. In Nebraska, marijuana arrests and jail admissions have reportedly steadily increased in the past decade, particularly in counties along the Colorado border, those in the Panhandle, and those along Interstate 80. In addition, officials have claimed that the most significant increases occurred during 2014, which was the first year recreational marijuana shops opened in Colorado. In 2014, a state legislative committee met with county sheriffs, court personnel, and jail administrators reportedly affected by increased levels of marijuana activity. During an initial

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hearing, criminal justice practitioners in western Nebraska and along I-80 testified to an increase in the amount of time and money devoted to processing marijuana arrests and transporting arrestees to jail. Officials claimed that for a number of years, dating back to 2009, marijuana arrests have steadily increased, with the most significant increases occurring during 2014. Shortly after this hearing, Nebraska and Oklahoma sued Colorado for monetary relief due to the increased costs associated with changes in Colorado's marijuana policy. However, SCOTUS, which is the Supreme Court of the United States, has recently dismissed this lawsuit requiring that it go through lower federal courts before the Supreme Court will be willing to step in. Last year we examined whether officials' claims of an increase prior to 2014 were valid or whether increased levels of arrests and jail admissions were due to a growing populace and/or increased levels of local law enforcement in Nebraska counties. We examined rates of marijuana arrests and jail admissions among the 93 Nebraska counties during a period from 2000 through 2004 and compared it to corresponding rates from 2009 to 2013 after controlling for changes in the presence of local and state law enforcement. In general, we found that the 7 counties along the borders and the 11 counties in the I-80 corridor had higher rates of marijuana offenses than other Nebraska counties, but only border counties experienced a significant increase in the rate of marijuana-related arrests and jail admissions when comparing the two five-year intervals. These increases also coincided with the rapid expansion of the medical marijuana program in Colorado and supported officials' claims that the prevalence of marijuana arrests and jail admissions had gone up in Colorado and Nebraska border counties before the more logical increase related to recreational legalization. And so in this follow-up study, what we did is we examined whether marijuana arrests and jail admissions in Nebraska have increased significantly during the first year of complete legalization in Colorado. If officials' claims are correct, a significant increase in the level of marijuana arrests and jail admissions should occur when comparing 2013 to 2014, particularly in counties along the border, in the Panhandle, and along I-80. If this is indeed the case, the larger question is whether this was a real increase in the prevalence of marijuana or just evidence that officers in Nebraska were looking for it more because they were aware of policy changes across the border. To begin to understand these questions, we examined whether border, Panhandle, and I-80 counties have higher numbers of marijuana arrests and jail admissions than the rest of the Nebraska counties before legalization in 2013 and after legalization in 2014. If these county groups had similar numbers of arrests and jail admissions in 2013 but significantly higher numbers in 2014, it might suggest that legalization of recreational

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marijuana has at least partly played a role. Second, we considered whether the rate of marijuana arrests has increased more in border, Panhandle, and I-80 counties when comparing 2013 to 2014. And finally, we considered whether the presence of local and state law enforcement had a role in these differences. To examine the preceding questions, we compared all marijuana arrests for possession and sale, as well as all marijuana-related jail admissions per Nebraska county in 2013 and 2014. These data were collected from local and state agencies by the Nebraska Commission on Law Enforcement and Criminal Justice and were given to NCJR for data analysis. We also compared the change in the rate of total marijuana arrests per 1,000 residents in 2013 versus 2014. And all the following models contained three main predictors--the border, Panhandle, and I-80 county indicators--and these were compared to the rest of the Nebraska counties. And in addition, each of the following models includes controls for the number of local law enforcement officers and the proportion of arrests made by the Nebraska State Patrol. A snapshot of these data clearly shows evidence of an increase in marijuana arrests, marijuana possession arrests, sale arrests, and jail admissions across Nebraska when comparing 2013 to 2014. It's also worth noting that the proportion of marijuana arrests made by the Nebraska State Patrol actually decreased during this time period, while county populations and the number of local law enforcement officers actually remained relatively stable. Although the differences appear noteworthy, for example, you see that the number of possession arrests--those are averages--went up by nearly ten arrests, I should note that the differences of means tests were not significant, meaning these differences aren't necessarily real differences. Table 2 shows the results of the models predicting the number of marijuana arrests and these are all offset by county population, so that is taken into account. With regard to possession, border counties were the only counties that had higher numbers of possession in both 2013 and 2014. No law enforcement controls were significant in 2013. In 2014, Panhandle counties had higher numbers of possession arrests. In addition, counties with more local law enforcement officers and counties with a higher proportion of possession arrests made by State Patrol officers had higher numbers of possession arrests. With regard to sale arrests, interstate and border counties had higher numbers in 2013; neither law enforcement control was significant. In 2014, however, all three county groups--I-80, border, and Panhandle counties--all had higher numbers of sale arrests than other counties. In addition, counties with a higher proportion of State Patrol arrests had higher numbers of sale arrests. Finally, with regard to jail admissions, all three county types had higher numbers of marijuana jail admissions than other counties in Nebraska, while neither law

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enforcement control was significant in 2013. In 2014, only border counties experienced higher numbers of marijuana admissions and neither law enforcement control was significant. Table 3 shows the results of the model predicting the difference in the rate--so this accounts for population, again--of total marijuana arrests. So this is all possession and sale together. Specifically, after controlling for the change in the number of local officers and the change in the proportion of arrests made by the Nebraska State Patrol, only border and Panhandle counties experienced a significant increase in the rate of marijuana arrests. Increases in local law enforcement officers and State Patrol arrests corresponded with increases in the rate of total marijuana arrests. The model accounts for about 36 percent in that change of the rate of marijuana arrests. So with regard to our first question, while there was some evidence that counties in the Panhandle had similar numbers of possession arrests in 2013, they had higher numbers than other counties in 2014, even after controlling for corresponding levels of local and state law enforcement. Thus, we find some evidence that the number of possession arrests may have risen in counties in the Panhandle at least relative to other counties in Nebraska. But we certainly have no way to determine whether these increases were caused by the policy changes in Colorado, although it does lend credence to officials' claims. Border counties, however, had higher numbers of marijuana arrests in both years, which mirrors the findings of our previous study. I-80 counties also had more sale arrests than other counties in 2013 and 2014, but this may be due to the higher prevalence of State Patrol in those counties given that NSP also operates a federally funded drug task force. With regard to our second question, we found that border and Panhandle counties experienced a significant and positive change in the rate of marijuana arrests after controlling for changes in the presence of local and state law enforcement. In other words, counties closest to Colorado did experience a significant increase in the rate of marijuana arrests relative to comparison counties. However, our findings in regard to our third research question suggests that Nebraska law enforcement may have had an important role in this increase. Measures of local law enforcement were not significant in 2013 but were in 2014. In addition, counties that had more local police officers in 2014 and a greater proportion of arrests made by the State Police in 2014 experienced a significant and positive change in the rate of marijuana arrests. Thus, we do find that western Nebraska counties experienced an increase in the rate of marijuana arrests in 2013 when compared to 2014, which supports officials' claims. However, because our law enforcement controls appear to be a significant contributing factor to this increase, it is certainly difficult to determine whether these increases can be fully attributed to

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policy changes in Colorado rather than the result of stepped up law enforcement on the part of Nebraska law enforcement. While our analysis provides what we feel a meaningful contribution to the existing research on interstate marijuana policy, we certainly acknowledge that this study is limited. Our inability to draw on a larger sample of counties--for example, conduct a time series analysis or account for all the potential factors--may ultimately limit what we found here. In particular, as time passes and more years of data become available, we might be able to conduct such analysis. But our findings also suggest that local and state law enforcement in Nebraska have played an important role in this increase and we certainly cannot rule out the possibility that this is at least partly due to the greater prevalence of law enforcement in these counties that corresponds with higher increases in marijuana activity. To investigate this possibility, NCJR, the Nebraska Center for Justice Research, does have plans to survey law enforcement officers across the state to determine whether officers are just coming across marijuana more often or whether they have actively engaged in marijuana interdiction efforts. The same study will also ask agencies to report the number of marijuana arrests and our court cases that were processed over the four-year period and then also compare 2012 to 2015. Such a study would more accurately assess the cost-effectiveness of marijuana prohibition in Nebraska. And certainly, with SCOTUS unwilling to weigh in at this time, NCJR will continue to examine these issues moving forward. Thank you, Senators.

SENATOR SCHUMACHER: Thank you for that presentation. Are there any questions? I've got just a couple. Senator Gloor.

SENATOR GLOOR: Go ahead.

SENATOR SCHUMACHER: No, you go ahead.

SENATOR GLOOR: This is...I know this was part and parcel of what the study was pointed towards, but some of what I have been reading has been that because of the growing legalization of marijuana in this country, it's driven down the price and made it far less profitable for some of the drug cartels in other countries. And because of that, they're pushing harder drugs. And it's one of the reasons there's been a growth in heroine and heroine abuse and deaths around the U.S.

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JARED ELLISON: Uh-huh.

SENATOR GLOOR: Did you get any sense of that at all, as being one of the unintended consequences of...and again, I know it wasn't something you were necessarily looking for. I'm just curious as to whether it came up.

JARED ELLISON: I would say that it's certainly possible, although I would also say that users of marijuana don't necessarily, just because it's not available, they don't move on to heroine. So I'm not sure that we're looking at the same types of people, but it's hard for me to say one way or the other because I just don't...we didn't have that type of data to be looking at that.

SENATOR GLOOR: Yeah.

JARED ELLISON: I know about the marijuana arrests in Nebraska and that's these.

SENATOR GLOOR: Yeah. Thank you.

SENATOR SCHUMACHER: Senator Campbell.

SENATOR CAMPBELL: Thank you, Senator Schumacher. Are you aware of any other studies that have been done by states who border Colorado other than us to know whether, you know, are the other states bordering Colorado experiencing what we're experiencing?

JARED ELLISON: There is a...there was a federal study done not too long ago. It's available on the Internet; I can't recall the name of it. But it's conducted by the High Intensity Drug Task Force, which is a federal study, and they have found that marijuana arrests originating from Colorado have increased along the I-80 corridor. And so that is...of course, that's including more states than just Nebraska and Iowa. In fact, it goes right through to New York, so.

SENATOR CAMPBELL: Interesting. Okay.

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JARED ELLISON: But that is also available on the Internet. And then you know we...NCJR also conducted sort of a cost analysis. Now it's a very rough estimate. We sent those reports to senators I think in March, somewhere around that time, and it's a very rough estimate of how much it costs Nebraska at least for law enforcement. You know, we didn't have any evidence...we didn't have any data on court costs, but we tried to estimate it for senators. And I believe we found that that ended up being about \$11 million per year.

SENATOR CAMPBELL: Increase?

JARED ELLISON: No, the increase was about 10 percent in money spent when comparing 2013 to 2014.

SENATOR CAMPBELL: Thank you.

SENATOR SCHUMACHER: Senator Riepe, do you have a question?

SENATOR RIEPE: Thank you, Senator. My question would be this: Is there a deterrent factor if you quadruple the penalty for those arrested, in part to cover some of the costs? Also, if the word gets into the street that it's, instead of a \$500 charge, it's a \$5,000 charge, would that have some deterrent from people trying to make the run?

JARED ELLISON: It's kind of a difficult question because obviously we can't predict the future, what people may or may not do. However, most of the evidence regarding deterrents is that it will not work; people will do it anyway. However, I think if Nebraska is going to do something at the current time, I think that is one of our only options, other than legalization, which obviously I don't think senators would like to do. So if we are going to...I can tell you that with the increases that we've seen in the past couple of years, we are certainly spending more money on marijuana enforcement than we have in the past. So as far as it will work, I couldn't tell you one way or the other. My guess is it won't, but sometimes if you hit people's pocketbooks...and at the very least Nebraska will generate a little bit more revenue to cover some of the costs.

SENATOR RIEPE: What if you confiscate the car on site?

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JARED ELLISON: Like asset forfeiture.

SENATOR SCHILZ: We just passed a law that makes it even harder to do that, remember?

SENATOR RIEPE: I want to forget. (Laughter)

JARED ELLISON: Also another thing, you know, the vast majority of these increases are caused by, you know, it's mostly possession, so it's people coming from Colorado, it could be maybe even college students, picking up whatever they want and driving home with candy bars. And in Nebraska, of course, that is a felony because it's considered...the edibles are considered hashish, I think, in Nebraska the way the law is written currently.

SENATOR SCHUMACHER: Senator Gloor.

SENATOR GLOOR: Thank you, Senator Schumacher. We happen to have a senator on the committee whose district encompasses almost every one of the categories we are looking at. And I'm just curious what Senator Schilz's thoughts are about what he's heard and seen, heard from law enforcement as well as the results of this.

SENATOR SCHILZ: Well, thank you, Mike. I looked at the information and then talked to law enforcement, especially in some of those counties like Deuel County.

JARED ELLISON: Yeah, Deuel...

SENATOR SCHILZ: Deuel County is the one that's getting hit the hardest.

JARED ELLISON: Yeah, Deuel County, yeah. And if you look back at our report on marijuana that I said we handed out in March, Deuel County saw the largest increase of any of the counties,...

SENATOR SCHILZ: Sure. And...

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JARED ELLISON: ...Keith County as well,...

SENATOR SCHILZ: ...and with the least amount of...

JARED ELLISON: ...Scotts Bluff.

SENATOR SCHILZ: ...resources to take care of it.

JARED ELLISON: Yes.

SENATOR SCHILZ: So it really causes...so even though statistically we don't see things moving in a real significant fashion, what we are seeing is the impacts of those on those counties that really can't...couldn't handle it before.

JARED ELLISON: Right.

SENATOR SCHILZ: And now it's even tougher. And so we need to be careful when we look at numbers like this, because, like Deuel County, they have a limited amount of revenue source to be able to pay for this. And the sheriff and the county is just getting hammered.

JARED ELLISON: Yeah. And I will say, I was at the Douglas County Jail collecting data actually yesterday and the captain of security down there said that she has some friends out west and she said that their jails are just...they don't even have room to put inmates in them anymore because they're full of...

SENATOR SCHILZ: Marijuana.

JARED ELLISON: ...marijuana. And so they literally have no place to put this stuff.

SENATOR SCHILZ: We need something to be able to, if nothing else, sell that marijuana back to Colorado and get the money (inaudible). Making lemons out of lemonade, right?

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SENATOR SCHUMACHER: Senator Campbell.

SENATOR CAMPBELL: Thank you, Senator Schumacher. Just a brief comment on Senator Schilz and that is, a lot of these counties would be up against their limit of what they can...I mean, even if they wanted to, they're at that their property tax limit.

SENATOR SCHILZ: Right. And...

SENATOR CAMPBELL: And that really makes it hard for them.

SENATOR SCHILZ: Right. And the problem is, is that the problem doesn't go away. But the more arrests they actually make, the tougher it gets for them to carry on. It's just...it's draining those counties. I mean, it's a real issue. But if you go to try to stop them and charge the people with more dollars for their crimes, then they'll continue to lawyer up, fight even harder, which makes the county have to pay even more, which just...it's just...it's tough to figure out how to deal with it. You guys can handle it.

SENATOR SCHUMACHER: On the people that are arrested, are they locals or are they passing through and really don't want to be here in the first place?

JARED ELLISON: So that is a really good question. And so my...I can only tell you anecdotally, you know, from my...from speaking with law enforcement officers or people that Direct Respond has talked with, but all indications are they are Nebraska residents. It's not people passing through. It's your typical marijuana user in Nebraska that is going to Colorado because it's legal, because they think that they won't...they stand a lower risk of having criminal charges laid against them, so they go over there, and of course get picked up.

SENATOR SCHUMACHER: What are they doing to create the probable cause to be stopped? I mean are they driving goofy when they get back over here? (Laughter) I mean there's got to...are officers looking for it because they can get a forfeiture out of the deal? Will this new law we passed...how is that going to impact this, whether, you know, statistically? I mean were the departments that were seizing vehicles and cash making money off of this?

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JARED ELLISON: Right. And that's why you know at this time we can't say one way or the other, and that's why we wanted to add...you know send a survey...an anonymous survey to the...at least the sheriffs of each county to kind of see how they're handling it to just get...add a little bit more context to what's going on, because all we know at this point is that arrests have increased. We don't know exactly why they've increased, how...whether police officers are looking for it more or whether it's just a higher prevalence. My guess is, based on what we've found, it's a little of both. You know, so...because it's...and then obviously the officers in Nebraska are well aware of what has happened across the border. And so they are just doing their job though. And I've also heard...you know, Director Spohn has talked with some of the law enforcement from western Nebraska and they say that--now, of course, it's anecdotal--but they say it's so strong now that they walk up to the car and they can just...it just reeks. And so they don't even need a dog, you know? It's just...you can figure that one out on your own, so. I don't have an easy...an answer for you. I do know that NCJR intends to look at this issue further in the future, so.

SENATOR GLOOR: I mean I would think if Deuel County, which isn't...which is, I'll use the term, off the beaten path of I-76, has a high prevalence of arrests, a Nebraska car with eastern Nebraska license plates that is passing through Peetz, Colorado, on its way up to I-80 thinking that they can avoid arrest by taking a circuitous route around would be subject to a higher degree of suspicion for pulling over. I'm going to try and think by Deuel County it's certainly an increased awareness, but it's not on the...

SENATOR SCHILZ: Yeah, it is. It's on border.

JARED ELLISON: Yeah, it is.

SENATOR GLOOR: Is it?

JARED ELLISON: And actually...

SENATOR SCHILZ: It's on I-80 and 76. It comes together right there...

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SENATOR GLOOR: Right there...

JARED ELLISON: It is...

SENATOR GLOOR: ...by...by...

SENATOR SCHILZ: ...Chappell and Big Springs.

JARED ELLISON: Yeah. And my guess, now that you actually brought that up, in our last report we looked at how the rates have changed 2013 versus 2014. Deuel County did see the highest increase. And that led me to believe--now of course I have no way to prove this--but it does seem that is where you know it would be entering Nebraska. And so my guess is State Patrol might be a factor on at least setting up an area where they tend to sit. And just by being in a certain place, right where you enter Nebraska, you're bound to catch more people there. So that could be part of it as well.

SENATOR GLOOR: Exactly.

SENATOR RIEPE: Are you recommending that we build a wall? (Laughter)

JARED ELLISON: No, my last name is not Donald Trump or Trump, so.

SENATOR SCHILZ: And get him to pay for it?

SENATOR RIEPE: Yeah. Get Mexico to pay for it.

SENATOR SCHILZ: We can build it with those marijuana blocks if you've got them in jail cells, right? (Laughter)

SENATOR SCHUMACHER: And Colorado will pay for the wall.

SENATOR SCHILZ: Yeah. (Laugh)

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SENATOR RIEPE: Yes. Excellent, excellent.

SENATOR SCHUMACHER: Do you have any other questions, suggestions for how we might study this a little more? I'd be interested in knowing how many are just passing through the state and don't want to be here.

JARED ELLISON: Yeah.

SENATOR SCHUMACHER: Because if we're stopping them and keeping them here...and is that good policy? Let them go through the state; charge a permit to go through the state. But maybe there's not many of them doing that.

SENATOR RIEPE: (Inaudible.)

SENATOR SCHUMACHER: Council Bluffs at the casinos.

SENATOR GLOOR: Actually, a serious question along those lines: Does the law enforcement data include people who are headed eastbound on the interstate and westbound on the interstate?

JARED ELLISON: No. In fact, really all we have...it's...I wouldn't call it sad, but I mean I wish we had more. It's just we have possession arrests, we have sale arrests, and we have marijuana jail admissions, and those are really the three. We don't have any other context behind it. I don't know whether the Nebraska Commission on Law Enforcement and Criminal Justice might be able to get that information from some of those agencies, but that's what we had intended on getting with the survey.

SENATOR GLOOR: I would imagine if somebody dug into the arrest records they could get that information.

JARED ELLISON: Yes.

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SENATOR GLOOR: But you'd really have to get down in the weeds I think to dig that out. Clearly, somebody heading westbound...

SENATOR SCHILZ: No pun intended.

SENATOR GLOOR: Yeah, I just couldn't help it.

JARED ELLISON: And the trick is you know some of those small counties may not even collect that data. They may not keep it.

SENATOR GLOOR: State Patrol does, though.

JARED ELLISON: The State Patrol absolutely should.

SENATOR SCHUMACHER: But in order for...if they're arrested, in order for them to end up clogging up the jail, they've got to go through a judge. And they've got pretty good records there of where the people are from and you could dig those things out pretty easily.

JARED ELLISON: Sure.

SENATOR SCHUMACHER: And there lies another thing. What is making the prosecutor, on a low-grade possession charge, seek a jail sentence instead of just a really stiff fine?

JARED ELLISON: If...I mean, if you look at the minutes from the Ogallala meeting, I can't remember exactly which prosecutor it was, but they vowed to prosecute every individual that went through their county to the fullest extent of the law. You know, I can't remember exactly the county prosecutor it was, but they were very adamant about processing everyone fully when they came through with marijuana, so.

SENATOR SCHUMACHER: But our marijuana laws, at least if less than an ounce, are some of the most liberal in the country because it's a \$100 citation.

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JARED ELLISON: Yes. Yeah.

SENATOR SCHUMACHER: And so do we have a disconnect there between policy and prosecutorial attitude that we're going to hang them high for having a brownie?

JARED ELLISON: I'm trying not to step on any toes here, so I'm just...to be honest, I couldn't answer that for you.

SENATOR SCHUMACHER: Okay. All right. And just, you know, because...

SENATOR GLOOR: You're in the legislative branch, for God's sake.

SENATOR SCHUMACHER: He's not term limited, so. Any other questions?

SENATOR CAMPBELL: That's a really good point.

SENATOR SCHUMACHER: Thank you. Thank you, Mr. Ellison.

JARED ELLISON: Thank you, Senators.

SENATOR RIEPE: Thank you.

SENATOR SCHUMACHER: What do we have up next on our agenda here? Local government finance. Dr. Maher, welcome again.

CRAIG MAHER: Thank you. So some of you know me. I think everybody knows me a little bit. I'm Craig Maher.

SENATOR SCHUMACHER: Could you spell your last name, please?

CRAIG MAHER: M-a-h-e-r.

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SENATOR SCHUMACHER: Thank you.

CRAIG MAHER: (Exhibit 1) And I'm a professor at UNO in the School of Public Administration. And the last year...within the last year we've been developing this local government finance lab. And so I was asked to just give an overview of what we've been working on and then perhaps solicit some input in terms of are there kinds of questions that you'd be interested in us examining. And then maybe I could...I'll give you a little bit of sense of my vision for where I'd like to see this lab heading into the future as well. So I've been doing this for a couple of decades now of doing a lot of work...I spent most of my career in Wisconsin. And what we've done is, we've built a series of financial data that we were then able to use to help train...I spent, in fact, 4,000 miles of traveling throughout Wisconsin in May training newly elected county officials. So I worked with the local government center extension and I had 50 minutes to talk to local officials about budgeting practices. And I have a vision for trying to do something like that here in Nebraska as well. I'm working with some folks in Kansas and some folks in Iowa and Nebraska as well. So I've been here for a little while. Trying to find local data was a little bit of a challenge; we think we've got our hands on some of it. And so last year we received some funding from my dean, from Jerry as well, and so we've spent this last year basically trying to put together a comprehensive data set. So what we've done up to this point is, like I said, lots of data collection. The Auditor's Office has been really, really nice to us. They provide us with a lot of the financial data that we've supplemented that with was Census Bureau demographic and financial and demographic and economic data as well. So what we have so far is a...and these are just descriptive...these are what the big picture looks like and here's some trend data, some 15-year trend data. So we've got a report now on municipalities. We just finished one on counties. And one of the more interesting topics I think in this state in particular are all these single-purpose districts, so we've got reporting on that as well. And we have...we do have an analysis done of the effects of the county limits on Nebraska county fiscal behavior and it's under review in general, but I'm happy to talk with you about that if you're interested. So these are the general categories, and again this applies to municipalities, to the counties, and to the special purpose districts to the extent possible. So total revenues--and I'll talk to you a little bit about total revenues--it's really resources available. And then we look at expenditures from a couple of different lenses, debt and then liquidity. Okay? So instead of trying to give you an overview of everything, I just thought I would highlight just some of the finding in the municipal

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report. So this...we produced this probably a couple months ago. We've sent the report to the League of Municipal Officials (sic--League of Nebraska Municipalities), we've sent it to OpenSky, it's going to go to Platte Institute, and whoever else we thought may be interested in some of this stuff. So one of the first questions is, how do you study all of these municipalities in Nebraska? And we did the same thing with counties and the special purpose districts. So we clustered them into groupings: the three metro areas, the other metro areas, nonmetro areas (sic--nonmetro regional centers), and the nonmetro areas. So if you were to map it, it looks something like this. Okay? So lots of nonmetro areas, and then we've got the big three others clustered around them and then the nonmetro. So there's a lot of work that can be done to further kind of dig into these data a little bit more finely as well. But this is how the data will be reported in this first piece. So revenues, and we focus a lot on property taxes so I thought you'd get kind of a kick out of this first pie chart. So this is 2015...and again, I'm calling this all resources available. So on a per capita basis, what are the resources available to municipalities in 2015? Total per capita average municipal revenues is just under \$4,000 and it looks like this. So property taxes of that almost \$4,000 account for about \$178; federal aid is about \$144; state aid is about \$216. And then we get into some of these more sort of nebulous categories. So the first one is this local receipts. And we break this out a little bit in the report, but local receipts consist of your local sales tax, which is about on average statewide is \$63; the motor vehicle, which is about \$18; and then the big one are fees and charges. So we've got a lot of municipally run utilities, electric utilities, and so that is largely a function of those fees and charges associated with those entities. The \$667 per capita, I'm calling that a cash reserve. Essentially what that is, it's the difference between revenue resources available and expenditures. So there is about a...on average about \$667 that essentially carries over into the next fiscal year. Okay? That's that reserve, those surplus funds if you want to call it that help you get through those differences when revenues come in, when expenditures have to go out, and then they carry over to the next year. The \$1,375, these other revenues, is one that I'm still trying to get a better handle on. The definition of it is so that \$667 is essentially what would be carried over into the next fiscal year, so in that \$1,375 figure are the monies that carried over the previous fiscal year. Does that make sense? So you've got monies...so in this fiscal year the total resources available are going to be monies that transferred over that you had in excess of the last year, so that goes into that pot, that \$1,375 pot. There's a little bit of investment income. We know there's really not a lot of investment income occurring these days. And then there's also, there's surplus fees money in there. So again, you

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think about those utilities. It winds up into the...it goes...and again, this is one of those little buckets that we're trying to get a better handle on, because it's not terribly clear in some of these financial data that are provided to the state. But that's what those buckets look like. So if you...when we look at expenditures you'll note the \$3,950 in revenues, if you look at expenditures it's about \$3,284, so the difference between all of those resources available and expenditures is this \$667. Okay?

SENATOR SCHUMACHER: Where is sales tax plugged in at?

CRAIG MAHER: Sales tax is plugged into the \$1,471. So on average...again, this is statewide average, sales tax is about \$63 per capita. And obviously you don't (inaudible) that there's going to be a tremendous amount of variation across municipalities when you look at sales tax revenue. Okay, so now we're looking at the expenditure side and we looked at it from a couple of different ways. So you look at the big pot, about half of expenditures is for operations; about 36 percent is for capital expenditures, and this could be debt incurred by the general government, this could be debt incurred by the utilities, whatever. It's total capital expenditures. And then debt service. And then note that \$1,196 or that 36 percent. That's pretty much capturing the operations for those enterprise funds, whether it be utilities, whether it be electrical plants, that's what...so that's about a little over a third of total expenditures. Then we can slice this a little bit differently so we look at it by object. So again, still looking at that \$3,284 in expenditures. A big chunk of that, the largest chunk, that 42 percent is again to operate these enterprise funds, these business-type activities. Nursing homes probably not as prevalent in municipalities, but you know they are for counties. Counties operate nursing homes so there could be a piece in that. Water, sewer, waste, electric, and again, it's going to vary quite a bit across the state by municipality. Public works, about 19 percent, so your roads and associated costs. General government...just general government operations is about 17 percent. So again, big, big pie here. About 4 percent for public safety and then these smaller chunks are going to be for community development, culture and rec, etcetera. So lots of times when you look at local government financial data that whole enterprise piece is treated completely separate, so you wind up just seeing general government operations. And so that's why these data probably look quite a bit different from what you may be used to seeing. And then...so we have this just sort of general overview in the front of the report and then we think one of the real benefits is to do some just general tracking over time,

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and these are just two. So every one of those expenditure categories, those revenue categories, we have 15-year time trends that are available and can be examined. So I just have a couple of examples. The first is outstanding debt, so you can see how debt has changed over time by one of those five categories: metro, nonmetro, other. And on average, outstanding debt has grown from about--and this is not accounting adjusting for inflation--went from \$491 per capita to a little over \$1,000 in 2015, or 8 percent annually. So we know that's a little bit higher than CPI on an annual basis.

SENATOR SCHUMACHER: Does that include unfunded pension obligations in debt?

CRAIG MAHER: No. I'm hoping...I'm truly hoping they're not borrowing to pay those debt obligations.

SENATOR SCHUMACHER: If it's an obligation, it's got to get paid though.

CRAIG MAHER: Yeah. So that's going to come out of a different bucket. But we do have...Chicago, state of Illinois are good examples of...Milwaukee, where I'm from, they're trying to arbitrage so what they're doing is they're trying to borrow at a lower rate to pay for those obligations and hoping that...

SENATOR SCHILZ: Good luck.

CRAIG MAHER: Yeah. And then this is...I call this cash reserves, but again this is just that difference between expenditure obligations and the bucket of monies available so we can kind of track how that has changed over time. And so it kind of grew from about \$352 per capita in 2001 to about \$667 in 2015. So it's grown at about 6 percent annually; it's a good thing. So just looking at municipalities, we identified some key findings. The first no-brainer: looking at almost 600 municipalities throughout Nebraska, there's going to be a tremendous amount of variation. Even grouping them by these several categories does not capture the breadth of variation. So the next step would be to try to delve into this a little bit more. A good chunk of own-source revenues are coming from fees and charges, which are you know largely these business-type activities. And I...for someone who has done a lot of research and continues to do

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a lot of research on trying to predict fiscal distress of communities...I'm doing three projects now, fiscal condition kind of stuff. The fact that we are seeing those, I will call them reserves, growing is a very positive sign for Nebraska. So before I end, let me give you a sense of my...sort of my vision maybe mid term and long term. Mid term is I'm trying to reach out to those most affected players. I had a meeting with Larry Dix a couple of days ago, so we went through the county report. He provided some input. Hopefully, we can work with the county groups. Reached out to municipalities, reached out to some of the special purpose district folks. So I'd like to try to provide some training, some research, whatever, especially your smaller communities who might benefit from somebody on the outside trying to help them understand some of these issues. So doing some outreach. And also, longer term is something similar to what I've done in Wisconsin where we've got a Web site that anybody could go to and say, I'm really interested in finding out what's happening in this community. So you click a button and you get that community. And I want to get this type of financial information, you click a few buttons and next thing you know you've got a summary report. And we...it's been helpful in Wisconsin. We're hoping to do something very similar for Nebraska. In working with my folks and my colleagues in Kansas and Iowa, maybe even try to do something regionally to try to help address some of these larger fiscal policy problems.

SENATOR SCHUMACHER: Any questions? Senator Gloor.

SENATOR GLOOR: Thank you, Senator Schumacher. Dr. Maher, on the graphs I'm guessing that the black line is an average?

CRAIG MAHER: Yeah. The dashed line is all of them.

SENATOR GLOOR: The dashed line is...we've got more lines than we have...

SENATOR CAMPBELL: Categories.

SENATOR GLOOR:...titled and so I'm guessing the solid black line must be some sort of a statistical average and sort of...

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CRAIG MAHER: I'm wondering if I've cut one off.

SENATOR GLOOR: I mean if you look at it, that is sort of what makes sense. I'm just curious as to whether...not to get too statistical on it, whether that's a mean, statistical mean or a median of some kind.

CRAIG MAHER: Yeah, well, the dashed line in all of these is the statistical average.

SENATOR GLOOR: Okay.

CRAIG MAHER: And that clusters, which makes sense, it runs very similar to the nonmetro areas because they are by far the largest pieces of this. So...

SENATOR GLOOR: So that probably means it's a statistical mean as opposed to some sort of a median or midpoint or (inaudible).

CRAIG MAHER: I bet you...you know what? I bet you it's the nonmetro regional centers is the one that's not on here. No, it's on here. Yeah, okay. Yeah, all five of them are here. Metro, the purple line is other metro areas, the light blue line is the nonmetro regional centers, and the orange one are your nonmetro areas, and then the dashed line is the average.

SENATOR GLOOR: Okay.

_____ : The green one is metro areas then.

CRAIG MAHER: Yeah.

SENATOR SCHUMACHER: Senator Campbell.

SENATOR CAMPBELL: Thank you, Senator Schumacher. If just having watched Lincoln, which is on your the big three here, the cities have more options for revenue to come in than the counties do, because they have sales tax.

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CRAIG MAHER: Right.

SENATOR CAMPBELL: And when the economy is really doing well, the cities have just really been able to take in that sales tax revenue and make it. And judging from the history of Lincoln, what happened then is in the '90s they were doing...they were just raking in the money and doing well.

CRAIG MAHER: Right.

SENATOR CAMPBELL: So they lowered their property tax rate. And then when we hit really tough times, then they really had to scramble because they didn't have the sales tax revenue. So it would be interesting over a period of time to also look...because the volatility for the cities...

CRAIG MAHER: Right.

SENATOR CAMPBELL: ...really has to do with the sales tax receipts for them and what they do because they're woe...I mean, everybody across the state is woe to raise the property tax.

CRAIG MAHER: Right.

SENATOR CAMPBELL: I mean look at the situation in Lincoln. They're going to go to court over a small increase here. So they really have had to be very creative in terms of their other money and how they make it.

CRAIG MAHER: Yeah. And if you look at what's happening nationally, this pushback, when we teach property taxes is, as a finance instructor, as somebody who teaches finance, property taxes are the best possible revenue source you could ask for. It's stable. But it's also the most despised. And that plays out in state legislation as well. I mean, if you look at the U.S....I've done a lot of work on limitations. Forty-two of the fifty states now have some type of limitation on local revenues, and it's predominantly property tax. So what's happening? And expenditures aren't really, quite honestly, aren't being dramatically affected. So you've got to make up that difference somehow. So what's happening is a lot of cities, a lot of counties, cities in particular, are shifting

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to these less...these more volatile revenue streams, which requires then to be much more effective in managing your entity's finances. So when times are going well...

SENATOR RIEPE: (Inaudible) more regressive, too.

CRAIG MAHER: Right. So sales are more regressive. And the other thing that...the other revenue source that's really growing are fees and charges, which can be quite regressive as well. So how you manage that pot has become a bigger challenge. So trying to develop these metrics that communities could be looking at as gauges for sort of warning signs, triggers that if you reach a certain point you need to be concerned, because you may be confronting some kind of fiscal distress. We've got 17 states now that have systems in place--Michigan is probably the best example--where once they've reached a point, the state has the authority to step in and basically take over the management of that city. New York has it, Ohio has it, so there's a number of...I'm not suggesting anything like that, but I'm saying there are these systems in place that are trying to have a little bit more of a handle on what's happening at the local level. Because mine...in reality is all the governments are creatures of the state and so we wind up being...we're liable one way or the other if there's a problem. I didn't want to go down that route, suggesting there is a problem. (Laugh) But having...the whole idea here was to be able to provide folks with some objective means of trying to get a better handle on sort of the bigger picture.

SENATOR SCHUMACHER: I've got a couple of questions. This \$667 carryover, does that grow each year by \$667 or is that just a chunk of money that is a difference and remains fairly stable year after year?

CRAIG MAHER: So here's the 15-year time trend of that \$667. So it's grown from about \$352 in 2001.

SENATOR SCHUMACHER: So it's basically, that \$667, it's not compounding year after year. It kind of just (inaudible).

CRAIG MAHER: Yeah, it's growing. It's growing about, on average, about 6 percent.

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SENATOR SCHUMACHER: Okay. On the expenditure things for the municipal expenditures, are you figuring in any TIF expenditures for tax increment financing? If you're not, that probably should be...appear somewhere in this kind of material. Rumors have it that we're about to see an expansion of TIF for residential housing, which is...if that happens, that's being...the city is being very aggressive...

CRAIG MAHER: Right.

SENATOR SCHUMACHER: ...on their interpretation of the law. And that has all kinds of implications. And the third thing, somewhere in these numbers--if we're going to use this as a planning tool and a financial exposure tool--there's got to be some guesstimate on what the unfunded portion of our retirement plans are on these defined benefit plans. Now we know that at least one city has got an issue maybe coming up...

CRAIG MAHER: Yeah.

SENATOR SCHUMACHER: ...and our public power companies, we have the state teachers and patrol and justices. All those...and those, if interest rates stay low, are going to be big numbers that somehow have got to figure into local government finance.

CRAIG MAHER: Yeah. The last...I'll speak to the last point in particular. So one of the...so fortunately, I guess, the Government Accounting Standards Board is now requiring that unfunded liabilities be reported in their financial statements. So this is budgeting, sort or cash-based budgeting, because that's what a lot of small governments are doing. But these larger entities are...should be producing annual financial reports as well. And so we can get at those liabilities through those other documents. That's one area that on a national level we're spending a lot of time trying to get our head around. So you're absolutely right.

SENATOR SCHUMACHER: Senator Campbell.

SENATOR CAMPBELL: It would be interesting also to track in the municipalities, it will be particularly important in the counties, of the numbers that are at their limit. I mean, you look at

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Lincoln and Omaha. Omaha has got a much higher property tax rate than Lincoln. But they aren't...Lincoln is not even close to a limit. And it would be interesting to see that over time what has happened and it will be particularly in the counties.

CRAIG MAHER: So do you want...how much do you want me to speak to that? I spent almost a year on an analysis of...

SENATOR CAMPBELL: Sure.

SENATOR RIEPE: Give us an hour's worth.

CRAIG MAHER: No, I'll...I'm an academic, but I can be pretty short. So, to be quite honest with you, since county levy limits went into effect, they've had very little impact. And it's largely because when they went into effect, valuations have grown at a rate that has really not affected levies, especially--I mean, you know--especially in the rural areas. The annual rate in property valuation has more than addressed these levy limits. So what we don't know going forward now is, if valuations become depressed, what effect that's going to have. But we looked at the effect of those limits on three different groups of counties over this 15-year period. One is those, when the levy limit went into effect, who were above the rate limit, those who were at or very close to the limit, and those below it. And on an aggregate level there really wasn't a difference.

SENATOR CAMPBELL: Going forward.

CRAIG MAHER: Therein lies the question, right? What are things going to look like going forward? You're not going to be able to bank on the growth in valuation that we've experienced over the last decade or so.

SENATOR SCHUMACHER: And that raises an interesting question, because what is our realistic expectation for growth in valuation in the rural areas? Look (inaudible) you're going to see a slight erosion; some say a sharp erosion; some will say we're just going to, you know, go back to 2 percent a year, kind of normal?

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CRAIG MAHER: Right.

SENATOR SCHUMACHER: I mean, that would be a very useful thing to know, because some of the spending programs that have been locked in, in the last few years when things were really, really good, they're going to go on and the source of revenue is not going to go on as fast. And so from a planning perspective, is it reasonable to figure that we're going to basically have a stable agricultural thing? At what point does it break down and it starts going the other direction? Those would be...if anybody is smart enough to come up with those guesstimates, it would be very useful kind of estimates.

CRAIG MAHER: I don't know if I'm smart enough, but it's definitely something I'd be interested in (inaudible).

SENATOR SCHUMACHER: Likewise with city residential, you know,...

CRAIG MAHER: Right.

SENATOR SCHUMACHER: ...seeing another side of the coin. That's been pretty...it hasn't been growing leaps and bounds, but if you have the continued pressure on the Omaha-Lincoln metro area, what impact is that going to have?

CRAIG MAHER: Yeah, really fascinating would be to examine that valuation by class and try to predict where it's going by class.

SENATOR SCHUMACHER: Any other questions? Thank you.

CRAIG MAHER: Thanks.

SENATOR CAMPBELL: Thank you.

SENATOR SCHUMACHER: Who do we have next here? Okay. Jerry, welcome.

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JERRY DEICHERT: (Exhibit 1) I don't have a formal presentation. You probably saw in the paper the last few days, there's been quite a bit of information coming out about poverty and income in the area. So what I did is yesterday I just put together some notes and I've got some copies of the reports that were released. And they were just officially released yesterday, so I didn't put anything formal together, but I do have a...if you look at this you just see a couple of notes that you might find of interest. And that is there is a report on health insurance coverage in the United States and it looked at Nebraska. In Nebraska the rate is 8.2 percent in 2015, which is down from 2013, which was before...2013 was before the Affordable Care Act. And Nebraska's rate was 25th lowest nationally and compares to the national rate of 9.4 percent. And it was interesting, if you looked through the report that had Nebraska ranked 24th, but 23 of the states that ranked...had lower rates all had introduced the Medicaid expansion. So there was only one other state that had a lower rate that didn't have Medicaid expansion. And regionally, Minnesota, Iowa, North Dakota, and Colorado all have lower rates than Nebraska. And Nebraska had a drop in its rate, but it wasn't as large as many of the other states and that's presumably because of the Medicaid expansion issue. So there was that report on health insurance coverage. And I can...I will send the full reports to Christina so she can send them out to you. And then on household income, you can see that Nebraska's income increased 3.8 percent from 2014, and that's price adjusted. So that's one of the best increases that had happened...or, excuse me, nationally was 3.8 percent which is one of the best increases that had happened in many years. And Nebraska increased 4.3 percent, so we're just a little bit less than the national median and we ranked 25th nationally. The other report was on poverty and there's two poverty measures. And this really confuses people because the Census Bureau reports them both. And so the one that we've used in the planning reports--because it's available at the county level and other levels--is that one from the American Community Survey. So nationally, the rate went from 15.5 percent in 2014 down to 14.7 percent. For Nebraska, the values went from...well, 2015 value was 12.6 percent and in 2014 it was 12.4 percent, so it was up a little bit. But it's so close that it rounds to where there's not much difference. But Nebraska was only one of four states with an increase, and Nebraska still ranked 19th lowest nationally. Then I think last...sometime last year, mentioned the fact that there's another measure that the typical poverty measure doesn't take into account cost of living, nor does it take into account Medicaid and food stamps and some of the other noncash benefits. And so this other measure adjusts for that. And because it's a relatively small survey, they do three-year averages. So Nebraska, using that adjustment because of Nebraska's relatively low

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cost of living, Nebraska had the third lowest poverty rate in the country at 9.1 percent. And using that other source that the Census Bureau uses, Nebraska's poverty rate would have been 11.0 percent. And that's the average of those three years, so it's not directly comparable to what we had above there. And nationally, the official poverty rate was 14.5 percent and the supplemental poverty rate was higher because of a difference in costs. So Nebraska...poverty rate, if it was...if you took into account noncash benefits on income side and costs on the expenditure side--and those costs are predominantly...I think showed last time is because of differential housing costs--that Nebraska looks...the poverty rate is much less than it otherwise would have been. And as I said, ranks...tied for third lowest in the country. So those are just kind of a quick report and I've got some of the pages in there from the reports and then I'll send you the full reports. And then next time we'll have more detail on some of the information that was just released yesterday.

SENATOR SCHUMACHER: Senator Riepe.

SENATOR RIEPE: Thank you, Senator. Jerry, did you get a chance when you looked at this in terms of talking about more people are covered, but at what price would be my question, because the average premium increases, I know or I believe, from Blue Cross Nebraska is upwards of 35 percent this year and deductibles are up and everything else. So there's a price that's being paid to get that coverage.

JERRY DEICHERT: This report doesn't look at the cost. It just looks at the coverage, it's just that quick snapshot.

SENATOR RIEPE: Yeah. I appreciate that. But I also struggle with it.

JERRY DEICHERT: Sure.

SENATOR RIEPE: Everything has a price.

SENATOR SCHUMACHER: Senator Campbell.

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SENATOR CAMPBELL: I just want my colleagues to know that Jerry has been very helpful to the Intergenerational Poverty Task Force. And one of the things that we're looking at--and we looked at an article yesterday I sent to Jerry--and one of the things we're looking at is the people who are in what is classified as deep poverty.

SENATOR RIEPE: Deep?

SENATOR CAMPBELL: Deep. That tends to be more intergenerational. And what can be done for those folks? And that's part of what we're looking at now. Jerry, you want to comment on any of that?

JERRY DEICHERT: Yeah. I think the definition of deep poverty...I don't know if they had any of those tables in here. Let's see. Deep poverty is I think typically defined as income is 50 percent of the poverty rate or below 50 percent. And I don't think they have that in here. But we'll have that when we talk about it next time. And I don't recall what the percentage is, but it's...as Senator Campbell said, that's the kind of the intractable number that is really difficult to change.

SENATOR CAMPBELL: Right.

SENATOR RIEPE: And that's not limited just to an urban area, I assume.

SENATOR CAMPBELL: Oh, no.

JERRY DEICHERT: Oh, no. It's...

SENATOR CAMPBELL: Oh, no, no, no. In fact, the article that we were looking at that just came out--I can't remember who put the article out--but I mean all the figures looked much better. Median income is up and all of this, but it's that deep poverty across the country. And in some cases the article is specifically talking about in rural areas. Yeah. Which is something that we are seeing in Nebraska, that's for sure.

SENATOR SCHUMACHER: We aren't seeing or we are seeing?

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SENATOR CAMPBELL: We are.

SENATOR RIEPE: Which kind of goes back to housing and...

SENATOR CAMPBELL: Right.

JERRY DEICHERT: And from what...I just did a quick look at some of the information I sent...looked at yesterday. It looks like those are the folks that have no jobs. I mean, they're pretty much people without any outside...any employment income.

SENATOR SCHUMACHER: It would be interesting whether there's a correlation, particularly in rural areas, with that number and the concentration of wealth, and principally land wealth, in fewer and fewer hands in those same counties. Because that trend, the concentration of wealth in larger and larger landowners in families, intergenerational in fact, is a phenomena that, I don't know if we can quantify it, but folklore battle is hearing a whole lot.

JERRY DEICHERT: And I just anecdotally have talked to some folks who said that some of those young farmers that got in two or three years ago in that really high cost now and with commodity prices as they are, are really hurting as far as their incomes.

SENATOR SCHUMACHER: But if their land goes on the market, the folks buying it is going to be the bigger landowners and the concentration continues.

JERRY DEICHERT: Uh-huh.

SENATOR CAMPBELL: Good point.

JERRY DEICHERT: Anyway, this is just a...since this just came out Wednesday, I thought I'd try to get a quick snapshot for you and I'll get the full reports to Christina so she can e-mail you the copies.

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SENATOR SCHUMACHER: Speaking of full reports, there's a sign-up sheet, in fact a couple of clipboards back there for folks in the audience who want to get e-mails of the presentations. My understanding, if you want those, sign up on those clipboards. Do we have anything else? Just a couple of...one short thing is, as year end approaches, from our senior members, what do you guys see as a way that we can take all of the great information that filters down in here--and we get a pretty decent feel for a lot of trends on which way the wind is blowing--how that can be translated into policy and action in legislation and in the general direction for the state?

SENATOR CAMPBELL: Just...thank you, Senator Schumacher. Just really one quick thought is that way back when Senator Harms started this, before the committee was even called together, he spent time talking with each of the Chairs of the committees. And we had to review goals and what should we be looking at. Senator Gloor may remember more specific to the details. But it would seem to me that it would behoove this committee to sit down with the Chairs--all Chairs--and at least talk to them about the availability of the data that we are seeing and what topics and if they would like to have some information, because I continue to use it, as the Chair of the Health and Human Services Committee. But I'm not sure that every Chair knows that all this data exists. Senator Gloor, what do you think?

SENATOR GLOOR: Yeah. Actually, I was one of those that volunteered to sit down and visit with every committee Chair or some of the committee Chairs. Some wouldn't meet with me, so I met with their committee counsel, if necessary. I mean, part of the challenge in those earlier days of Planning Committee were that Planning Committee was seen as perhaps usurping the committee Chairs' prerogatives on prioritization of issues. And so that's kind of been our ongoing challenge here is, you know, this ought to be a repository of information that's helpful, that we use information to help us make policy decisions, and we've yet to get traction along those lines. Or the challenge is term limits. I mean, look what's going to happen to this committee and the change to happen in this committee when a number of us who have been on from the beginning aren't here anymore. I agree, it ought to be shared with committee Chairs, but there's going to be such a change in committee Chairs. Meeting with counsel or sharing it with the committee counsels for some of this I think would be helpful. But I believe in the past we've put together a report that we've sent out to everybody that says, here are the reports that we've conducted

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during the past year and we encourage you to go to...do we have a...what do we have? Do we have a...we don't have a Web page, but we have a site?

CHRISTINA MAYER: We have a committee Web site.

SENATOR GLOOR: Yeah, we have a site and you can go there and get the specifics. Unless there is an issue or two that we collectively think is so important that it ought to be brought up at the--you're the one that knows the name--the Legislative...

SENATOR SCHUMACHER: Council.

SENATOR GLOOR: ...Council. The Legislative Council, because there is a report...I believe the Planning Committee gives a report to the Legislative Council, and that's an opportunity to present that list of what we've studied and any recommendation you may have.

SENATOR SCHUMACHER: There's quite a few...what is it, six people who are seniors that are on the committee? There's two that aren't. What's your thoughts on...in the structure of the new committee, trying to get, if not the Chairman, at least a representative from each of the major committees here, I mean the makeup of the committee? Any thoughts on that?

SENATOR RIEPE: You mean sitting on this committee?

SENATOR SCHUMACHER: Yeah, and you know...

SENATOR GLOOR: I'd go for enthusiasm over position. I mean, I'd take six enthusiastic, brand new senators if they really have an interest in it over just assigning positions.

SENATOR RIEPE: In the matter of process, Senator, do you see most effective to individually talk with either the Chair or a representative of that standing committee or do you have a special meeting where you put them all in a room at the same time with the idea that we're asking you to bring forward what your thoughts are, so that you get some exchange between Chairs so

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that...trying to put things together sometimes one by one is more complicated than, boom, all together.

SENATOR GLOOR: Well, that's a great question. And I think it just sort of depends, which is a poor answer. But had we tried to bring committee Chairs together three or four years ago...

SENATOR RIEPE: They wouldn't show up.

SENATOR GLOOR: Yeah, they wouldn't have shown up. At least in the case of going out and try and talk to each of them, if they wouldn't talk to me, they were happy to have their counsel visit with me. But I would like to think we're past the days where this was...this is, what, the eighth year of this? Yeah, I think it really got organized the first year we came here. The legislation had passed the year before, I believe. So, you know, I'd like to think by now people recognize the Planning Committee as something that can be useful, not a threat. I mean, there was apparently a heated debate about this the year before we came, before it went in place. And there was some carryover still and then, three or four years ago. I don't know. I can't answer that now.

SENATOR SCHUMACHER: And term limits have caused not only churning of the body but a churning of the Chairs, so the dynasties of power...

SENATOR GLOOR: Exactly.

SENATOR SCHUMACHER: ...just are not there. Should the Planning or should there be...what's your thoughts on the Planning Committee getting a couple of priorities?

SENATOR CAMPBELL: Oh.

SENATOR SCHUMACHER: I mean there are a lot of some of the other committees, like the Tribal Committee and some of the...they have priorities.

SENATOR GLOOR: It's a great idea.

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SENATOR CAMPBELL: Yeah.

CHRISTINA MAYER: I will say, we looked into this some last interim and part of the problem is that the Planning Committee is a special committee in statute, and we're the only one that is. And part of the reason for that is because it was considered a threat. And so getting it statutorily sort of limited was the only way they could get it through. So we talked about that with Patrick. So if you wanted to do something like that, you would need...

SENATOR GLOOR: First have to...

SENATOR SCHUMACHER: So it couldn't be done by rule?

CHRISTINA MAYER: With introducing bills maybe or having some priorities possibly, but as far as some of the other things that standing committees can do, it would have to be a statute change. So that would be a conversation with Patrick, I think.

SENATOR SCHUMACHER: But the priority...how priorities are dished out, that's in the rules, though, isn't it? The Speaker has...there wasn't a...when the Speaker got the 25 priorities, that was by rule rather than statute, wasn't it?

CHRISTINA MAYER: So that you maybe have to do (inaudible).

SENATOR GLOOR: But that's really all you were probably talking about.

SENATOR SCHUMACHER: Yeah, that's all I was thinking.

SENATOR GLOOR: But that's pretty significant.

SENATOR CAMPBELL: But you might want to raise this issue when Speaker Hadley is here, because I have heard him on several occasions say, the Legislature at some point is going to have to relook at the designation of priorities just because of the time frame that we've got to get them all in and heard. And so he might have some pretty strong opinions of that. And keep in mind

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that three of the people that are here are here by virtue of the office or the Chairmanship that they hold: the Speaker, Appropriations, and the Exec Board. So those three are here by virtue of the position they hold.

SENATOR RIEPE: Okay. So that gives more...well, Krist will be back.

SENATOR CAMPBELL: And I think it might be important to put together a small description perhaps of what the Planning Committee does and is given to the Exec Board in order to determine who sits here.

SENATOR RIEPE: I thought Senator Schumacher made a good point, too, so that we just don't stir the same information I think your question was, are the things that should come forward out of this committee that maybe result in some form of meaningful legislation,...

SENATOR CAMPBELL: Valid.

SENATOR RIEPE: ...which then gives it some outcome, some result.

SENATOR SCHUMACHER: All right. Anyone have anything else?

SENATOR GLOOR: I do have one quick question and maybe it's directed towards Jerry. This topic for the October 21 meeting on ag land valuation systems in surrounding states, who's presenting that report? Do you know?

JERRY DEICHERT: We had talked to Craig about that. We're hoping to get that...something presented by then.

SENATOR GLOOR: Okay. So it's not a guarantee that it will be on the agenda, but...

JERRY DEICHERT: That was the goal.

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SENATOR GLOOR: ...that's the goal. Okay. I'm encouraging my staff to attend...my staff on Revenue Committee to attend and there may be other senators who I know, if it's really going to be on the agenda, would have an interest in it, too.

JERRY DEICHERT: Well, we're working on it.

SENATOR GLOOR: Okay, would you, yeah, if you get the...

JERRY DEICHERT: We'll talk about it on the way home tonight. (Laughter)

SENATOR RIEPE: Are you going to look at other agencies that do put that information together? I know the farm loan group put that out, Iowa State does. I'm just trying to look at not having to go to create it from ground up. You know, if there's some meaningful information out there, you should access it.

CRAIG MAHER: Even when I've talked with Larry Dix, he said this is something that we've been monitoring and studying for 20-plus years (inaudible) resource as well.

SENATOR GLOOR: And when it's studied, it's usually looked at in terms of, can we shift that expense someplace else other than me? You know, it's usually, at least from what I've read so far, (inaudible) the old, don't tax him, don't tax me, tax that fellow behind the tree. And so it's a little skewed.

CRAIG MAHER: Yeah.

SENATOR SCHUMACHER: Senator Campbell.

SENATOR CAMPBELL: Just one other point to discuss perhaps with Senator Cook. And that is the November meeting is slated to be at the symposium. The question is whether all the retiring people are going.

SENATOR GLOOR: I was looking forward to it.

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SENATOR CAMPBELL: Oh, all right. But I just question that.

SENATOR GLOOR: I would only go to the symposium for me.

SENATOR CAMPBELL: Yeah.

SENATOR SCHUMACHER: You know, the symposium, I always thought that it was not long enough or enough days. But somewhere along the line--particularly what we're going to see coming up here--but 33 people basically, maybe give or take 1, with less than two years of experience on opening day and a very small and perhaps divided senior class. Some way or another there has to be some communication from the outgoing class to the new people about some of just the realities you can face here, because otherwise there's not a whole lot of any mouths to tell them.

SENATOR CAMPBELL: Just...I know that some of the retiring senators are involved in the orientation.

SENATOR GLOOR: I am.

SENATOR CAMPBELL: That's one, and I am. And the other thing is, is there's now...we got an e-mail about whether we would be willing to sit down in a video.

SENATOR GLOOR: I said, yes.

SENATOR CAMPBELL: And I said, yes, to that, too. And they have like, I don't know, what, 20 questions that could cover different things. So they are thinking about that. But...

SENATOR SCHUMACHER: Who's the "they" that are thinking, the Exec Board?

SENATOR CAMPBELL: The video is out of the...

SENATOR GLOOR: It's not out of the Legislature.

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SENATOR SCHUMACHER: Oh.

SENATOR CAMPBELL: It's out of the...I think it's out of Research.

SENATOR GLOOR: Yeah, okay. Well, then it is out of here.

SENATOR CAMPBELL: Yeah, but I mean they help put together...whoever puts together the orientation...

SENATOR SCHUMACHER: Anything that...because it's...up to this point we've had at least the good fortune of a senior class, 10 to 15 people, that kind of could exert some influence. I don't see that this time around.

SENATOR CAMPBELL: How many senior class senators will there be?

SENATOR SCHUMACHER: I think we count Krist, and in my class there's five; six with Krist.

SENATOR CAMPBELL: Total?

SENATOR SCHUMACHER: Total.

SENATOR CAMPBELL: That are in their final two years?

SENATOR SCHUMACHER: In the final two years and there's probably a bit of a philosophical divide in that. So there's no consensus leadership.

SENATOR GLOOR: Wow.

SENATOR CAMPBELL: Wow.

SENATOR RIEPE: Sounds like an election year.

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SENATOR SCHUMACHER: Well, on that good note, has anybody else got anything more to say?

SENATOR CAMPBELL: Have a good weekend.

SENATOR GLOOR: Have a good weekend.

SENATOR RIEPE: Yeah, (inaudible).

SENATOR SCHUMACHER: A motion to adjourn?

SENATOR RIEPE: So moved.

SENATOR SCHUMACHER: Second?

SENATOR GLOOR: Second.

SENATOR SCHUMACHER: All right. All in favor?

GROUP RESPONSE: Aye.

SENATOR SCHUMACHER: All right. We're done.