

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

[AGENCY 18]

SENATOR HEIDEMANN: Is anyone else wishing to testify on Agency 71? Seeing none, we will close up the public hearing on Agency 71 and open up the public hearing on Agency 18, Department of Agriculture. Welcome. [AGENCY 71 AGENCY 18]

GREG IBACH: Thank you. Are you ready whenever I'm ready? [AGENCY 18]

SENATOR HEIDEMANN: Just fire away. [AGENCY 18]

GREG IBACH: (Exhibit 6) Okay. Good afternoon, Senator Heidemann and members of the Appropriations Committee. My name is Greg Ibach, G-r-e-g I-b-a-c-h. I am the Director for the Department of Agriculture. The Department of Agriculture is prepared to work with the Governor and the Legislature to arrive at a final budget that is in the best interests of the state as a whole. Our biennium budget request represents 72 different statutes for which the department has responsibilities. When you break it all down, our functions are approximately 85 percent regulatory and 15 percent advocacy. Even though we have the word "agriculture" in our title, we use our funding to effectively and efficiently support activities of great importance to all Nebraska citizens. An example of this includes the work of our Weights and Measures Division, whose inspectors check gasoline pumps across the state to ensure they are dispensing the amount and type of gasoline product reflected on the pump display. Another example is the work of our foods divisions, whose inspectors check retail food stores and restaurants for proper sanitation and sample foods to ensure they are kept at the proper temperature. Our more traditional agriculture functions are also critical to the state as a whole. For example, the work our Bureau of Animal Industry staff does regarding prevention, control, and eradication of animal diseases is important because the livestock industry in Nebraska makes up over 50 percent of the agricultural receipts of the state. In addition, the livestock and poultry segments are key consumers of the grains produced by our crop farmers. Both these points highlight the importance of a healthy livestock

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

sector to our state's overall economy. Within our advocacy role, the department has conducted outreach efforts essential to supporting our agricultural production through domestic and international sales. Our state is routinely among the top five states in the nation for agricultural exports, aided by partnerships we have established with industry groups, businesses, and federal entities. Through these collaborations, we are able to maximize and in some cases avoid the use of state dollars for these outreach activities. We have had successes in selling agricultural products to Japan, China, Hong Kong, Argentina, Taiwan, Macau, and Cuba, and including some other countries in Europe and South America. Our agency budget is made up of 9 programs, 26 cash funds, 14 federal funds, and 1 revolving fund. We work very closely with industries to determine general and cash fund combinations that appropriately reflect the consumer and industry benefit for statutory programs. We support the Governor's proposed budget, which creates a flat continuation budget recognizing that the decisions made reflect the difficult economic times under which we are functioning. Under the Governor's proposal, authority is granted to the department to carry forward unused appropriations to help agencies manage salary and program operation budget increases. In anticipation of this policy, I have directed each of our programs to work to conserve to be able to be in a position to allow for carryforward funds from current general and cash fund base appropriations. I believe most programs will be able to meet this goal, lessening the future impact on each program. I respectfully request this committee to follow the Governor's recommendation and allow unused general and cash fund appropriations to be carried forward to the upcoming biennium. Your committee's approach to our agency budget was to select various modifications and other selective cuts, versus allowing the agency to manage a flat budget that absorbs salary and health insurance increases. I would like to briefly comment on the effect this will have on our agency for your consideration. Program 27, administration. You recommended the reduction in program general funds in the amounts of \$53,524 for FY '09 and '10 and \$56,012 for FY '10 and '11. This reduction was not part of the modification list contained in our biennium budget request. If necessary to administer this cut, my decision would be to reduce 1 full time equivalent, reduce or eliminate general funding for market news, and balance any

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

difference in operating costs. Administration includes many subprogram activities that are part of the 15 percent advocacy role mentioned earlier. This includes programs that provide farm mediation services and support for beginning farmers, as well as all domestic and international marketing activities. It would be difficult to make any major cuts in these areas. And if you will recall, this is on top of about \$23,390 in general fund cuts made by the Appropriations Committee for the current biennium. Program 63, Bureau of Animal Industry, dog and cat inspection program. A reduction in the amount of general funds in the amount of \$56,012 for FY '10 and '11. This program has been included under our agency modification list because the dog and cat inspection program has a minimal impact on our agricultural economy and, thereby, the state economy. This reduction would reduce the amount of field staff by 1 full time equivalent, leaving 2 full time equivalent employees to cover the entire state. The ability to shift program costs to more cash funds will be difficult based on the past history of legislation relating to expanding the program to what it is today. At the current level of program funding, we have been able to move the program beyond a complaint-driven program to a program that regulates the industry with regular inspections. This reduction of funds will result in less random inspections and more closely resemble the previous complaint-driven program. Program 63, Bureau of Animal Industry, again, veterinary incentive program. A reduction of general funds in the amount of \$60,000 for 2010 and '11. LB1172, passed in 2008, created the veterinary incentive program to encourage newly graduated or out-of-state food animal veterinarians to locate in areas of Nebraska deficient in veterinarians. Under the legislation, the incentive program would provide a reimbursement incentive of \$15,000 for each of the first two years, and \$25,000 for the third and fourth years of the program to a qualified veterinarian to relocate in an identified deficient area of the state. To make this a successful program, adequate funding needs to be committed so there is a financial obligation in place, guaranteeing Nebraska's commitment at least through the biennium. The Governor has included funding in his budget proposal, and I would encourage there be full commitment of funding from this committee as well to fulfill this identified need. Funding only one year would allow only for one group of veterinarians to be recruited. I feel it would be unfair to

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

the program and other veterinarians to not commit to the program in the long term. If we are unable to commit to the program for the future, perhaps the hard decision needs to be made as to was last year that the state cannot afford this program. Program 333, Bureau of Plant Industry, noxious weed program as recommending a reduction of general funds in amount of \$53,524 for '09 and '10 and \$56,012 for '10 and '11. Under this modification and under the Governor's proposed budget, a reduction of at least one FTE would have to occur to make the remaining program almost 100 percent cash funded. The department plays a pivotal role in training and assisting not only newly hired weed superintendents across the state, but also those who have been on staff for a period of time and need assistance. Since 1998, the department has been instrumental in organizing and forming 11 weed management areas throughout the state. These weed management areas consist of partnerships ranging from private owners to state and federal agencies. The riparian grants we have been administering are funded to the weed management areas. In conclusion, I would ask your committee to adopt the Governor's budget proposal and adjust program funding to those levels for each year of the next biennium. I believe this would have the least amount of impact to the department and provide the most flexibility to the department to carry out the many diverse statutory functions assigned to the Department of Agriculture. This concludes my formal testimony, and I'd be happy to try and answer any questions you may have. [AGENCY 18]

SENATOR HEIDEMANN: Senator Mello. [AGENCY 18]

SENATOR MELLO: Thank you for testifying today, Director Ibach. A couple of questions. One, and It'll probably be a question I ask most directors which is, can you give us an update on your long-term strategic plan for the department and kind of measurements that you're following? Kind of give us an update of where you're at with those? [AGENCY 18]

GREG IBACH: We go through a process every two years formally and then update it

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

intermittently between those times of looking at some of the things we want to accomplish and how we want to move the state forward. And so, you know, it's less of a formal process that Director Moseman might have explained to you when he was developing his for the first time. But we periodically go through and take our temperature and visit with the industry to make sure we're headed in the same directions. [AGENCY 18]

SENATOR MELLO: Okay. So there's not like I guess a long-term plan of saying this is where the department needs to be at in five year or ten years, so to speak? [AGENCY 18]

GREG IBACH: I think that in certain program areas we would definitely have those type of measures in other areas not as formalized. [AGENCY 18]

SENATOR MELLO: Okay. That helps me out great. I guess my second question is how many vacant positions are there right now in the Department of Agriculture there that aren't filled? [AGENCY 18]

GREG IBACH: As of today, let me look back at Bob and he can tell me. Three. [AGENCY 18]

SENATOR MELLO: Okay, okay. And I guess my last question involves just the budget in general. It's my understanding that each agency is supposed to provide essentially a 95 percent budget to the Appropriations Committee which lays out, I guess, some of the possible reductions in programs that might need to be made depending upon the budget years. And can you explain why you used the \$2 million reduction in aid that was supposed to be sunset anyway as your 5 percent reduction full well knowing that we had discussed in the committee that we knew that that sunset was coming. So it really looked like when you presented your budget to us you really didn't make any cuts, you just kind of... [AGENCY 18]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

GREG IBACH: Are you talking about the riparian grants? [AGENCY 18]

SENATOR MELLO: Yes. Yeah, the riparian vegetation. [AGENCY 18]

GREG IBACH: Now, I think we set aside...we made additional reductions to meet that 5 percent goal. We took the \$2 million, I think if I remember correctly, out of the total before we calculated what 5 percent would be because we knew that was sunset. And I think we visited with Ms. Glenn (phonetic) at that time when we took that step. And so we offered the 5 percent of what we thought was our ongoing budget base. Is that...am I answering...yeah. [AGENCY 18]

SENATOR HEIDEMANN: That's the way we understand it. [AGENCY 18]

SENATOR MELLO: Oh. [AGENCY 18]

SENATOR HEIDEMANN: There was a 5 percent modification. Underneath the Governor's budget, will there be a loss of FTEs? [AGENCY 18]

GREG IBACH: Yes. Over time there will be a loss of FTEs under the Governor's budget as well. [AGENCY 18]

SENATOR HEIDEMANN: Of how many? [AGENCY 18]

GREG IBACH: What the flexibility that I visited about in my testimony under the Governor's budget would give the department a little bit of time to see how the carryover funds were able to affect some of our programming. It would also give us some chances to look at some federal funding and some grants that might be coming in there. And then it would allow us over time to maybe prioritize some of the areas within the department's budget. I think that we would probably still end up with probably over the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

next biennium five to six FTEs less in the Department of Agriculture. [AGENCY 18]

SENATOR HEIDEMANN: Senator Wightman. [AGENCY 18]

SENATOR WIGHTMAN: Thank you, Director Ibach. We could have another summer graduate student for us. [AGENCY 18]

GREG IBACH: (Laugh) We graduated from the same high school at approximately different times. (Laughter) [AGENCY 18]

SENATOR WIGHTMAN: Yeah, there were a couple of years different there. I actually graduated with both his parents, but. With regard to the \$2 million, I know there's a funding bill that would recreate that fund. And whether that will happen or not we haven't yet determined. I assume that would be passed through in the same way to primarily be Republican River and the Platte River and foreign vegetation control (inaudible). If that happens, then the funds would be restored. [AGENCY 18]

GREG IBACH: And the department would definitely look at the legislation and develop the grant program that is appropriate based on what the legislation directs. As part of the current LB701 funding there is also a little bit of administrative costs in there for administering the grant programs and doing the follow-up work to make sure that the grants are properly administered and responsibly invested. And then there is also some monies in there for the task force that meets periodically throughout the year to look at, you know, how the...the progress that we're making toward the end goal. [AGENCY 18]

SENATOR WIGHTMAN: Now, if that money is restored through legislation, are the grants or to the NRDs not directly to individuals that would do the control, they then contract with whoever would apply, and... [AGENCY 18]

GREG IBACH: The weed management areas and NRDs have worked together to apply

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

for the grants. And then they contract to do the work and work to coordinate local land owners for buy-in, you know. [AGENCY 18]

SENATOR WIGHTMAN: Can you give us an opinion on the effectiveness of that, those funds that we've had over the last two years? [AGENCY 18]

GREG IBACH: I think all the reports that have been compiled have shown a very favorable results, and I think even the Governor has stated publicly that, you know, the results are impressive. The challenges with this current...and I'm talking to the wrong group of people to point out the challenge that exists in making sure that we can find the appropriate way to fund this program as well as other state priorities. [AGENCY 18]

SENATOR WIGHTMAN: And we've got a lot of bang for our bucks as far as maybe some of the other programs that we've had to try to increase flow maybe as compared to water buyouts. [AGENCY 18]

GREG IBACH: I think that, you know, Senator Carlson has a great presentation that I think he's probably presented to many of you that show the impact. And that we have increased flows and there are some very impressive stories, even locally anecdotal where, you know, the river is running in places that this time of year it might not normally run. [AGENCY 18]

SENATOR WIGHTMAN: Right. If you take a trip with him, you get a continual presentation. (Laughter) Thank you. [AGENCY 18]

SENATOR HEIDEMANN: Senator Hansen. [AGENCY 18]

SENATOR HANSEN: Thank you. Director Ibach, it's good to see you here again. I'm a member of that "vegetative removal task trash force" (laughter) for getting rid of the trash in the rivers. Most of the land that this is on is privately owned property, correct,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

that the Vegetative Removal Task Force deals with. This is such a problem for us out there. It's so massive it got away from us. I mean, within the last four years the phragmites, trees, our state tree the Cottonwood have all become weeds in the river. I can't express to you how much sitting on that task force means in actually observing what they've done, and you have to do the follow up through your agency. But I'm sure that the follow up on that agency shows that they're doing a great job. They're using resources to the ultimate max. Even though they're flying a helicopter up and down that river, that's the best way to do it and the most efficient way for our dollars and for the whole state. [AGENCY 18]

GREG IBACH: And not sure exactly what the question there was, but...I'm prepared to respond to your... [AGENCY 18]

SENATOR HANSEN: Do you agree? Do you agree? [AGENCY 18]

GREG IBACH: You know, I think the proof of the effectiveness of the LB701 efforts have been the fact of their widespread support. I believe when you had the hearing on LB98 you had environmental groups, you had citizen groups, you had weed management groups all in testifying in support of trying to find a way to continue the efforts. And so I think, you know, that in itself is testament to its effectiveness. [AGENCY 18]

SENATOR HANSEN: I will ask one question you might have to refer to someone else, but how many miles of river do we have in this state? [AGENCY 18]

GREG IBACH: I will definitely have to... (laugh) [AGENCY 18]

SENATOR HANSEN: There's a lot. [AGENCY 18]

GREG IBACH: I'll get back to you on that. [AGENCY 18]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

SENATOR HANSEN: Okay. Thank you. [AGENCY 18]

SENATOR HEIDEMANN: Are there any other questions? Senator Nelson. [AGENCY 18]

SENATOR NELSON: Thank you, Senator Ibach (sic). Just taking a look at your comment here on reduction by one FTE on the cat and dog inspection program. You make the statement, "The ability to shift program cost to more cash funds will be difficult based on the past history of legislation relating to expanding the program to what it is today." Could you tell me what you mean by that? [AGENCY 18]

GREG IBACH: And I think that there will be some other industry groups come behind me to testify that will help you with that, but we have worked in some of the previous legislation to figure out the balance between what would be appropriate to charge the breeders and what is appropriate for the state to administer. And so I think that the balance is what we were trying to strike there. [AGENCY 18]

SENATOR NELSON: I understand that better now. In light of past legislation, did you hire an extra inspector within the last year? [AGENCY 18]

GREG IBACH: Yes. The legislation that was passed a year or two ago allowed...included \$120,000 of General Funds which the department used in part to increase the inspectors by two FTEs. [AGENCY 18]

SENATOR NELSON: Oh, you increased it by two, from one to three then. [AGENCY 18]

GREG IBACH: At that legislation, yeah. [AGENCY 18]

SENATOR NELSON: And now you're saying you would have to cut back to two. Would

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

that be adequate? I mean, you talk about complaint-driven here and probably there are some breeders that bring about more complaints, but there are probably a lot of breeders in the state that are not any problem. Would that be correct? [AGENCY 18]

GREG IBACH: That's true. The budget recommendation that we worked with the Governor's Office to develop includes funding for the program as it exists today without including the funding for the salary increases and the health insurance increases. And so, you know, the department at that time felt that in order to have the type of program that the legislation...or in developing our recommendation with the Governor's Office we felt that we needed that staffing level to meet the expectation of the legislation and the industry groups. [AGENCY 18]

SENATOR NELSON: All right. Thank you. [AGENCY 18]

SENATOR HEIDEMANN: Is there any other questions? Seeing none, thank you. Is anyone else wishing to testify on Agency 18? [AGENCY 18]

JUDY VARNER: (Exhibit 7) Thank you, Senator Heidemann and members of the Appropriations Committee. My name is Judy Varner, J-u-d-y V-a-r-n-e-r. I'm president and CEO of the Nebraska Humane Society. We are the largest humane society in the state of Nebraska and one of the largest in the country. We respond to requests for assistance throughout the state from law enforcement and prosecutors. We work very closely with the inspectors for the commercial dog and cat act. Senator Nelson, the current budget is about \$380,000 for the program; 40 percent of that comes from fees. So will the fees be able to be increased to pick up another FTE? The answer would be no. What you have before you are pictures of puppy mills that were operating in Nebraska. Most of these and others like them would still be operating if the Department of Agriculture had not worked with local law enforcement to shut them down. As you can see, the conditions were deplorable. The animals were sick, injured, and in pain. As a matter of fact, I believe the one in Scribner, some of those dogs are dead. They'd been

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

lying there dead for some time. Their lives are confined to filthy, cramped cages. The legal minimum cage size for a dog who measures 12 inches from the tip of its nose to the base of its tail is 2.25 square feet. That is the size cage they could live their life in--never removed except to be bred or medically treated. Tragically, one of the most common violations the inspectors encounter is caging that is too small. They'll put multiple dogs in a cage that size. In 1999, I received a phone call from a reporter in San Francisco. He was writing a story on dogs sold in pet stores and was wondering why the vast majority of dogs were from Nebraska and why they were all sick. That used to be our reputation in the country--great football and sick puppies. Some will argue that the USDA inspects kennels. Wrong! Only kennels who sell dogs wholesale are inspected by the US Department of Agriculture. Kennels who do not sell wholesale, and that's about 330, are inspected by no one except our Department of Agriculture. The commercial kennels represent approximately 70 percent of the total facilities being inspected. In 2000, the commercial dog and cat act was passed. Through compromise, it provided only one inspector for all commercial kennels, pet stores, dealers and later humane societies and animal shelters. By 2007, there were almost 700 facilities and one inspector. There were no inspections prior to the issuance of a license or on a regular basis. The program was completely complaint driven. It was a travesty, but it was better than nothing. I will tell you at the Nebraska Humane Society we had a car pull up with Shelties in it that were in horrible, horrible condition. It was a young couple whose parents had gotten in over their heads. They were licenses with the Department of Ag and had been licensed since the inception of the program. But because it was complaint-driven, it just happened there had never been a complaint against that facility. Today those dogs would never have been allowed to continue in the condition they were in. In 2007, LB12 and LB12A were introduced by Senators Mines, Pahls, Cornett, and Schimek. As originally introduced, LB12 required annual inspections and inspections prior to licensure. LB12A, as originally introduced, provided an additional \$411,000 for enough additional inspectors, a veterinarian director, and support staff. That was the number we felt it would take to do this job adequately. Once again, the program was compromised with a final cost of \$120,000 new dollars with only two

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

additional inspectors for the entire state of Nebraska. The current staff continues at a bare bones level. Should this program lose any inspectors, the department will simply not be able to inspect kennels even on a biannual basis. The horrible abuse and neglect we found three years ago will return. Two years ago there is tremendous support for this program. The Legislature at that time recognized the need for improving the program and LB12 and LB12A both passed the Legislature with only one negative vote. The Department of Agriculture has done an outstanding job with the commercial dog and cat inspection act. Dr. Boucher and his team of inspectors are simply amazing. They have made tremendous changes in the lives of thousands of dogs. An issue they have found that needs to be addressed is euthanasia. What do unscrupulous breeders do with their dogs, dogs who have lived their lives in tiny cages producing puppies and income for their owners, when those dogs are too old to be bred anymore? Too often, those old dogs just seem to vanish. Some feel this is the old "shoot, shovel, and shut up" or worse. As the program evolves, the inspectors through examining records can track those dogs. Reduce the number of inspectors and the suffering will return. Nebraska used to be known for producing sick puppies. Now, we are the only state I know of in which commercial breeders who are horrified at the existence of puppy mills and humane societies have worked together for the good of the dogs. Nebraska is becoming a model for the country. Please do not cut any inspectors out of the program. It will put us back in time, a time that was horrible for thousands of dogs and the families who purchased them. Thank you very much. [AGENCY 18]

SENATOR HEIDEMANN: Thank you. Are there any questions? Senator Hansen.
[AGENCY 18]

SENATOR HANSEN: I do have one. Thank you, Judy, for being here. Could one of those inspectors serve as an inspector but still be within the industry? Could they be self-regulated? Could the breeders within, you know, an area, any area go out and do their own inspection or a group of breeders and be a self-inspecting group if they have the authority to do so? [AGENCY 18]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

JUDY VARNER: I think that would be a big mistake. Missouri, one of the complaints about Missouri is a lot of the inspectors that they have used to own commercial kennels and they've given ownership to their wives so that they can inspect and the inspections are far from adequate. We work closely with the three breeder organizations in the state. The problem is that the breeders that need to be shut down aren't known to them. They're the ones that are typically uncovered. And I think that would be a real step backwards. I think that would be kind of having the, what is it, the fox guard the henhouse. [AGENCY 18]

SENATOR HEIDEMANN: Are there any other questions? Senator Fulton. [AGENCY 18]

SENATOR FULTON: Thank you for testifying. I worked on this last year, as you recall. [AGENCY 18]

JUDY VARNER: Yes you did, yes you did. [AGENCY 18]

SENATOR FULTON: Is there...help me remember what our discussions were with regard to cash funds. Part of my concern at the time was that, well this, that we're using General File dollars and so this makes this particular program ripe for cuts. If we were to use cash funded dollars, oh the wisdom was that we could more easily allow this program to operate consistently through time. Was the problem with cash funds that the fees are presently as high as they can be? Is that what I heard you answer Senator Hansen. [AGENCY 18]

JUDY VARNER: Let me understand, cash funds means fees, right? [AGENCY 18]

SENATOR FULTON: Right. [AGENCY 18]

JUDY VARNER: Okay. And I do remember. We did have several discussion and I

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

appreciate your support of this, of LB12 and LB12A two years ago. Forty percent of the current program is fee generated, and that was dictated by LB12A. So the fees were increased two years ago through LB12A. One of the concerns between us chickens that I have is even if fees were increased, I don't think the Governor will approve them. And so we're kind of on a Catch 22. I think when you look at Nebraska versus other states, I think we're pretty high. [AGENCY 18]

SENATOR FULTON: Okay. So it's not...you don't think that it's possible for an increase in fees to even be effectuated just because it would be unjust? [AGENCY 18]

JUDY VARNER: I think it would be very tough for us to do. I think it would be very tough for us to do. And the problem is I've been thinking too is if we increase other groups, the problems is you increase inspections, so that doesn't really help us either. I know you all are in a tough position. I'm glad I'm not in your position. But this program has come so far and has done so good with such a small amount of money that any cuts are going to be devastating to it. Three inspectors for the entire state of Nebraska and they have 700 facilities they have to inspect, plus complaints. And every time there's a complaint, it's not just going to that facility once, it's going back sometimes two and three times to get that until it's right. [AGENCY 18]

SENATOR HEIDEMANN: Senator Mello. [AGENCY 18]

SENATOR MELLO: Ms. Warner or Ms. Varner, I'm sorry, you do know that we did give the program an increase in funding? I mean, it's something that what while it looks like we specifically targeted these employees, we actually gave them I think a \$78,000 increase in General Funds, and it's up to the department to determine how they find those cost savings within the agency. So it's not that we cut money away, we actually gave them more money this year in our budget than they had the year before. [AGENCY 18]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

JUDY VARNER: But my understanding is you're talking about reducing one inspector in 2010. [AGENCY 18]

SENATOR MELLO: And I think what we can do is change the...to make sure that the personal service limit actually isn't changed at all or it's raised to make sure that we don't cut the employee, it's up actually to the department to make that decision. [AGENCY 18]

JUDY VARNER: Okay. So you're leaving the funding for that program intact? [AGENCY 18]

SENATOR MELLO: No. If you look at the budget, we actually increased their budget from 2008-2009 by \$78,000 next year and the year after that in General File dollars. [AGENCY 18]

JUDY VARNER: Okay. [AGENCY 18]

SENATOR MELLO: So it's not that we're actually making a cut to the program, we're just not giving them a big increase. I mean, they're receiving more money in the next two years than they had the last two years. So just so you know kind of if you look at the full budget of what we're working from, that we're not taking money away, we're just not giving them as much money. [AGENCY 18]

JUDY VARNER: But is that then cutting the one FTE? [AGENCY 18]

SENATOR MELLO: That's what we can determine, I believe, in regards to the PSL. [AGENCY 18]

JUDY VARNER: So you can determine that one FTE is not cut. [AGENCY 18]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

SENATOR MELLO: That's not our determination actually to make. I think it's within the department can make those decisions, not so much... [AGENCY 18]

JUDY VARNER: But what you're saying is the money is there? [AGENCY 18]

SENATOR MELLO: Well, no, that we gave them more money in this budget than they had the last year in the next two years. So I just wanted to clear that up. [AGENCY 18]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you. [AGENCY 18]

JUDY VARNER: Thank you very much. [AGENCY 18]

ROBERT DOWNEY: Senator Heidemann, members of Appropriations Committee, my name is Robert Downey. I'm executive director of Capital Humane Society here in Lincoln, Nebraska. Obviously I, too, am here to testify in opposition to the cutting of the FTE in the dog and cat commercial inspection program. I think this program has... [AGENCY 18]

SENATOR HEIDEMANN: Could you spell your last name for us? [AGENCY 18]

ROBERT DOWNEY: I'm sorry. D-o-w-n-e-y. [AGENCY 18]

SENATOR HEIDEMANN: Thank you. [AGENCY 18]

ROBERT DOWNEY: And this program has made tremendous strides over the year. I remember when the program first came into being. And it was one individual charged with licensing all of the...initially all of the breeders in the state of Nebraska and going out and doing inspections on a complaint-driven basis. And one person couldn't keep up with just that. The program was then expanded to not only include the breeders, it

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

includes pet stores, it includes boarding kennels, and it includes animal shelters, both municipal and private. And I think all of those entities are important to be licensed in this particular program. To cut an inspector out of the field when there's 700 licensees would really strap their ability to continue to perform at the current level that they perform at. You now have to...all license facilities, including the facility I operate, go under at least a biannual inspection at this time. There are also preinspections that are done of any new licensee that makes application to the department for a license to ensure that the facilities that they are going to operate will be able to provide the humane level of care for animals within their custody. The inspectors go out on complaint and inspect facilities. There are then at least one, if not more, follow up inspections of that particular facility to get it into compliance or to conditions within that facility into compliance. There are visits that are made to unlicensed entities where somebody has issued a complaint saying that they believe this entity needs to be license and the inspectors have to go out and make a determination as to whether that indeed is true or not. And to take away an inspector with 700 licensees is just...I mean, it would really strap the program. And one other thing that is very important to take into consideration in making a cut like this is the distance these inspectors have to travel across the state. All of these licensees are not in proximity of each other, they're spread out all over the place. Thank you very much.
[AGENCY 18]

SENATOR HEIDEMANN: Are there any questions? Seeing none, thank you. [AGENCY 18]

ROBERT DOWNEY: You're welcome. [AGENCY 18]

SENATOR HEIDEMANN: Welcome. [AGENCY 18]

CHARLES BROOKS: (Exhibit 8) Hello. Senator Heidemann and members of the Appropriations Committee, my name is Charles Brooks, C-h-a-r-l-e-s B-r-o-o-k-s. I am the past president of the Nebraska Weed Control Association and a member of the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

Nebraska Weed Control Association legislative committee. I'm also chairman of the Riparian Vegetation Management Task Force. And my day job, I'm the Phelps County weed superintendent at Holdrege, Nebraska. I welcome this chance to talk to a new committee that kind of falls outside of our boundaries when we're talking about noxious weed control. I also mind myself in a little different position as to opposing the Department of Agriculture's recommendation to follow the Governor's request on cutting inspectors from our program. Usually an agency that we walk lockstep with all the way. So I guess I'm in support of restoring the funds for the Department of Agriculture's noxious weed department. Being not privy to their budget, you know, we don't know where their money goes. But we feel that inspectors are a very defining part of the program and the successes that it has. And, you know, we of course can't control if they're buying computers or trucks or going on tours or attending seminars, but we know that we fall within that 15 percent of their discretionary duties. And therefore when it comes down to tight spots, we're the ones that are being cut. I based my testimony today off of the preliminary report by the Appropriations Committee and the line items that Director Ibach talked about. I also added in on some of my figures at the end the one position that was sunseted, the riparian vegetation management programs operations, which is the administration of that. And we feel that we know that we have LB98 out there, but nothing is a done deal and we know that the department's administrator worked underneath the riparian task force and that was his wages. So there's another \$80,832 or somewhat in there that we feel jeopardizes. And say that LB98 wouldn't go through because of the budgetary restrictions we have this year, we find that he might have to go back into the Department of Agriculture underneath their budgeting and we could actually lose two inspectors out of this deal instead of just the one that's been recommended to the Governor's budget. So that's kind of where I've been basing my testimony on today. I would say the Nebraska Weed Control Association along with the Department of Agriculture shares equal responsibility for the implementation of the Noxious Weed Control Act. The partnership that has developed between the two entities resulted in quality noxious weed control program being administered in Nebraska. Nebraska's program revived and revised by LB49 sponsored

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

by Senator Dierks is truly the envy of our neighboring states. The benefits of this consistent coordinated program are illustrated by the following statistics, and it says: in 1990 that we had a little...3,900,000 acres of infested land in the state. And by 19...in 2007 with five additional weeds we've got that program down to 1,500,000. And on the first page of my handout you can see a chart that kind of demonstrates that fact, and truly what we consider an outstanding coordinated effort and only because of a strong...from the top down. But I also, on the second page, put in another chart of Canada thistle, one of our primary noxious weeds. In fact, it was one of the first noxious weeds in the state of Nebraska back in the early 1900s. And as you can see today, we're still battling 400,000 acres of it. And we start and it we get it to coming down and we think that's pretty good, and then all of sudden we see a rise, you know, due to mother nature, maybe more rain, more water, more plants get established. So I just wanted to say that even though we've had some outstanding results, we still have a lot of work to do in being watchful because these weeds are persistent and can come back with a vengeance. The noxious weed program, which at one time received 100 percent General Funds as its funding source, now receives approximately 15 percent of its total dollars from the General Funds. The Nebraska Weed Control Association believes that the citizens of Nebraska understand the need for noxious and invasive plant control and will support funding to maintain the infrastructure of the Department of Agriculture noxious weed department. The noxious weed program with one administrator and five inspectors oversees the 93 county weed control programs ensuring that each weed control authority maintains a viable program. The inspectors meet with each control authority at least once each year and present an evaluation of weed superintendent's programs and work with weed superintendents to help them achieve the goals outlined in the county control plan. As I speak here today, three counties--Fillmore, Greeley, and Thayer--are interviewing for new weed superintendents. These new weed superintendents will begin their positions too late to receive Nebraska Weed Control Association training to guide them in their duties as weed superintendents. Nebraska Department of Ag inspectors will be their first contacts and inform them of Nebraska's noxious weed laws and the proper implementation of these laws. In 2008, nine

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

counties--Boone, Wheeler, Harlan, Gage, Butler, Seward, Logan, McPherson, Banner, and Dawes--employed new personnel as superintendents. And we find that that 10 percent turnover is pretty general every year. The inspectors met with these newer superintendents throughout the year to assist with inspections reports, records, plant identification, and meeting with persistent noxious weed law violators. Inspectors also physically inspect 1 percent of each county's land to ensure that a viable noxious weed program is in effect. And on the back of your handout I put a map of the inspectors and their regions that they have. And I realize that it's easy to say, well, you've got five, it's tough economic conditions, we can absolve one and everybody can take two or three of those counties and no harm done. But what I wanted to point out was that the large geographical distance that this inspectors are having to travel to meet with these boards, inspect this land, what you get is you get a loss of efficiency, you get a loss of those extra contact points with the counties, with the county authorities. And so what would happen is the program, I feel, gets weaker. And so that's why the Nebraska Weed Control Association fights so hard to keep the numbers of inspectors that we do have out there because we know that strong programs are able to have effective control. The Nebraska Weed Control Association and the Nebraska Department of Agriculture have demonstrated the of having strong weed programs in place when LB701 was implemented to protect our riparian areas. Thirteen weed management areas were in place to provide leadership in utilizing \$4 million of the state's dollars to reduce invasive vegetation so our rivers could freely flow through the state. And one question I get asked a lot or what I hear getting asked a lot is, what are we going to do after we get the programs, after we get the initial spray programs done on the Platte River and the Republican River? And who's going to maintain that infrastructure that the state has spent so many of the dollars on? And that's why I like the answer, weed superintendents, county weed superintendents. Everyone of these areas borders a county. And if we have a strong county weed superintendent and we've controlled the majority of the vegetation, we feel then it's up to that weed superintendent to be able to work with those landowners to stop those infestations from reoccurring and getting us in a position that we got into. You know, the weed Phragmites just exploded upon us and

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

we reacted too slowly. So hopefully once we get our LB701 projects and hopefully our future LB98 projects, weed superintendents will be able to step in there. And as these weed management area projects are established, the weed superintendents are establishing contract with the landowners because we have all the landowners sign agreements allowing us to spray their property and participate in the program. So we do have...it's an education and it's a contact-type program. And so that's another reason why we want to maintain strong county weed programs. And we think inspectors are vital to that. In summary, the Nebraska Weed Control Association requests the Appropriations Committee to restore General Funds of...and I based it on \$134,356 based on the administrative position and the Department of Ag inspector to the Department of Agriculture for noxious weed personnel who provide oversight throughout Nebraska of all 9 noxious weeds and 17 watch list invasive species. Thank you. I'd be happy to answer any questions you may have. [AGENCY 18]

SENATOR HEIDEMANN: Senator Hansen. [AGENCY 18]

SENATOR HANSEN: Thank you. Mr. Brooks, ask you a question I asked an earlier testifier. How many miles of river is there in the state of Nebraska? [AGENCY 18]

CHARLES BROOKS: I'm sorry, I cannot answer that. [AGENCY 18]

SENATOR HANSEN: We'll have to find that out. What percentage of Nebraska, within the boundaries of Nebraska are covered by cities and roads? [AGENCY 18]

CHARLES BROOKS: I'm sorry, could you state that again, please? [AGENCY 18]

SENATOR HANSEN: What percentage is covered by cities or roads or what's not covered by cities or roads? That's what the weed management divisions take care of in the state. [AGENCY 18]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

CHARLES BROOKS: I'm sorry, I'm not able to answer that question for you. [AGENCY 18]

SENATOR HANSEN: I didn't know the answer to the first one, but I think I know the answer to this one. It's about 4 percent of all the land mass in the state of Nebraska is covered by cities and roads. So the weed districts have about 96 percent of the lands mass to watch out for noxious and...the primary noxious and the noxious and the invasive species, so. I think you guys are doing a good job. [AGENCY 18]

CHARLES BROOKS: Thank you. [AGENCY 18]

SENATOR HEIDEMANN: Seeing no further questions, thank you. Welcome. [AGENCY 18]

ROB SCHULTZ: (Exhibit 9) Good afternoon. Senator Heidemann, members of the committee, my name is Rob Schultz, R-o-b S-c-h-u-l-t-z, currently the Hall County weed superintendent and president of the Nebraska Weed Control Association. I'm here today representing the Hall County weed control office. You've already heard some testimony from the Nebraska Weed Control Association. Weed control authorities were set up by the Nebraska Legislature in 1965 and continue to be a big asset to the state of Nebraska. I am here today on behalf of the Hall County weed control office to testify in support of restoring funds to the Nebraska Department of Agriculture noxious weed program. The Nebraska Department of Agriculture noxious weed program has five full-time regional inspectors with a full time program manager. The regional inspectors cover all 93 counties divided into five regions, which you've seen the map on. Testimony has been given on the decrease in acres of noxious weeds, even with the addition of the five new noxious weeds. The decrease in the number of noxious weeds goes back to good county weed control programs, and good county programs come from the strength of the noxious weed program at the state of Nebraska. These regional inspectors provide critical training and assistance to new weed superintendents, as well

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

as keeping the current and new weed superintendents up to date on the Noxious Weed Control Act, noxious weeds, mapping, recordkeeping, and new invasive plant species. The inspectors work with all counties to promote uniform programs across the state. The inspectors are required to report back to the local county weed control board or county board the results of their annual program due January 31 of each year. The Noxious Weed Control Act protects many landowners who do not want noxious weeds on their property, but their land may become infested if the neighboring property is not properly controlled. Weeds can be spread by many ways: wind, wildlife, water, hay, equipment, recreational vehicles, and many other ways. I've been the Hall County weed control superintendent over 10 years, and in that time have observed how the inspectors have assisted and trained new weed superintendents in the areas. And I was there once, and the regional inspector that I had was a great asset for me for knowledge and assistance relating to invasive plant species. And I would just ask that you restore the funds to the Nebraska Department of Agriculture budget to retain the current noxious weed inspectors. If positions are lost, the possibility rises that some counties noxious weed infestations could rise, and that could in turn lead to lost revenue on farms and ranches within the state of Nebraska. Thank you. [AGENCY 18]

SENATOR HARMS: Thank you, Mr. Schultz. Do you have any questions? [AGENCY 18]

SENATOR MELLO: Is the superintendents...are all weed superintendents part of NACO as part of a...is it a county office? [AGENCY 18]

ROB SCHULTZ: Yes. [AGENCY 18]

SENATOR MELLO: Okay. I just didn't know how you guy's structure, if you guys were part of that organization. Thanks. [AGENCY 18]

SENATOR HARMS: Any further questions? Thank you, Mr. Schultz. Do we have

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

anyone else who would like to speak in favor of agency 18? [AGENCY 18]

KEITH WILLIAMS: (Exhibit 10) Good afternoon, committee members. My name is Keith Williams, K-e-i-t-h W-i-l-l-i-a-m-s. I'm with the USDA Department of Agriculture Market News Service, and I'm here to testify on behalf of the Nebraska Department of Ag Market News Services. Our objective within the Market News Service, we cover feeder cattle auctions throughout the state. We have 12 barns that we cover with three different state contract employees or reporters. And we gather information on feeder cattle, the sex, weight, and price, and we disseminate a report based on individual auctions and weekly reports for the whole state of Nebraska. And this information is used by ranchers, producers, and the Chicago Mercantile Exchange for the feeder cattle index. You'll see some information on the handout indicating where Nebraska ranks as far as the use of the information that is provide through the sale barns by the Chicago Mercantile Exchange. And we provide an unbiased report for producers so they can get price discovery for their livestock. And that is pretty much what we do. You can see the budget is not that expensive as far as what you can get for the services that we provide. And that is basically it. [AGENCY 18]

SENATOR HARMS: Thank you, Mr. Williams. (Cough) Excuse me. Do we have any questions for Mr. Williams? Well, thank you very much for your testimony. Do we have anyone else that would like to speak in favor of Agency 18? Seeing none, do we have any people here who would like to speak in opposition to Agency 18? Do we have any people here who would like to speak neutral for Agency 18? [AGENCY 18]

LARRY WILLIAMS: Good afternoon, Senator Harms and members of the Appropriations Committee. My name is Dr. Larry Williams, W-i-l-l-i-a-m-s. I live here in Lincoln, and I'm here today to present neutral testimony as a representative of the Nebraska Veterinary Medical Association. And I appreciate this opportunity to speak in their behalf. Although we're speaking in a neutral position, we do have one primary concern and that deals with the FTE, livestock inspector that amounts to about \$53,000

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

for those two years. This is a bit of background as to the working relationships, the NVMA and Department of Agriculture Bureau of Animal Industry have with the livestock industries of the state. The Department of Agriculture was created in the early 1900s and charged with the duties of protecting the health of livestock in Nebraska, and those duties shall be exercised through the Bureau of Animal Industry. Unfortunately the work is not done. There have been several diseases that have been eradicated throughout the years, and since my 40 years in veterinary medicine there have been something like six or seven that have been eradicated from the Nebraska herds. But of those diseases that have been eradicated from our state, there are still some that are present in the United States. And the primary ones that are causing us a problem now are bovine tuberculosis and brucellosis. TB has cleared up in recent years and found in several states. Originally it started in some cattle herds in Michigan. Those herds were exposed to TB in deer. Next outbreaks came from souther states that TB broke out in the dairy herds. They've always had a problem keeping those dairy herds cleaned up along the Mexico border. And brucellosis still is evident in...to quite a great extent in the Yellowstone bison herd and Rocky Mountain elk herds. The bison herd is estimated to be something like 40 to 50 percent infected. And there have been...recently in the past three or four years there have been herds that pastured along the park that became infected because they were exposed to those infected animals on the park. So as long as those threats exist in the United States, it's critical that the Nebraska animal agriculture maintains its regulator disease agencies. We're concerned that losing one field position would be detrimental to the livestock industry. The NVMA fully understands the importance of fiscal responsibility, especially during these times that we're facing today. And we understand that no one wants to lose their programs, and we understand that it's up to you folks to make the hard decisions and don't envy you that at all. However, we're concerned that VAI's budget is reduced at this time it could have a dire effect on the Nebraska livestock industry. Some consequences of losing an FTE position would require that the veterinary supervisor in that area...and currently there are five veterinary supervisors in the state, and each one had a livestock inspector in this area. One of those inspectors retired a few months ago and that position has not

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

been filled, so that leaves the regulatory responsibility to the field work to one person. And those areas are generally in the neighborhood of 18 to 20 counties, so there are large areas. And much of the VAI work is determined by the daily disease reports. It's not something that they can plan from one week to another, from one month to another, it varies from day-to-day. And those reports are generally...there's many time they are situations which require the inspectors to do what they call trace back investigations. They might be a slaughter animal that was traced for brucellosis and tested positive or it might have had lesions for TB and in those cases those results come back to the department and it's up to the field staff to do the trace backs to determine what the source was and the potential exposure. And some of those trace backs are very simple. They can be as simple as checking auction market records or they can be very complex involving days and weeks to contact neighbors, numerous herds in multiple states along with the paperwork that's associated with that. All trace backs are important and they may be the most single important duty that VAI performs. This work is not immediately obvious to the general public. And for that reason sometimes there a misconception that because the diseases have been eradicated from the state that possibly that there's not this great of need for inspectors as there was during the time when those programs were active. However, that's...I don't believe that is the case. I think it's important that we trace back these animals. And those trace backs need to be done in a timely manner. Having to travel great distances to conduct a trace back investigation is not a cost-effective measure. In fact, NVAI is delayed in taking action because a trace back cannot be done in a timely manner, the result could be that multiple herds could be put at risk. After the United Kingdom's foot-and-mouth disease outbreak in 2001 and the attack on the World Trade Center later in the fall, state and federal government rushed to place Homeland Security plans in place. Federal funds were made available to develop plans and NVAI was a recipient of many of those funds over the past eight or nine years. However, those funds are decreasing and now it's up to the department to determine if it will continue funding the emergency response planning and exercises that are necessary for the state to be ready if that disaster ever occurs, foot-and-mouth disease. Even with federal funding, a catastrophic even such as foot-and-mouth disease

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

would quickly overwhelm the capability of the Department of Agriculture and likely would overwhelm the capabilities of the entire state emergency system as well. So there would be...it'd be necessary to have other funding from (cough) excuse me, from federal government to shore up that response. So we are concerned that that position would be a detriment to the department, losing that position. We have one other concern that we'd like to address. We do appreciate the Governor's funding of the veterinary incentive portion for the next two years. However, the NVMA has a concern that if the program is only funded on a biennium basis, then it's not likely that many veterinarians will participate in that program because they need to have funding throughout the four years in order to go into a veterinary deficit area. So Nebraska is a veterinary deficit state, especially in food animal practitioners, and this funding would help to fill some of those vacancies out there. So with that, I appreciate your time and if you have questions, I'll be... [AGENCY 18]

SENATOR HARMS: Thank you, Dr. Williams. Do we have any questions for Dr. Williams? Dr. Williams, thank you for your testimony. Do we have anyone else who would like to speak in a neutral position for Agency 18? [AGENCY 18]

PETE McClymont: Thank you, Vice Chairman Harms, members of the committee. My name is Pete McClymont, P-e-t-e M-c-C-l-y-m-o-n-t. I'm vice president of legislative affairs for the Nebraska Cattlemen. And you've had a long day, I'll try to make it short. We are here in a neutral capacity for the two previous testifiers, Mr. Williams, and Dr. Williams. We are very supportive. In fact, we even have policy on the feeder cow price reporting program. That is a very important program because it goes into the mix to the Chicago Mercantile's feeder cattle price reporting. So when our ranchers are losing a lot of money, 70 percent of our members are ranchers, they need to have the full ability and transparency of knowing what prices are out there. So it's a very good program. I would urge continued support. In fact, we are even hopeful that we could possibly increase that program. But with the downturn in the economy we knew that was unrealistic. Also too, we are supportive of LB1172. Last year, Senator Dierks on that bill.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

We are a very large deficit of food animal veterinarians in the country right now, just like much of the western half of the United States. So obviously you've got to make cuts, and so it would be nice to see that program continue as it was passed last year. But nonetheless, to see it continue is very important. In the last part of my testimony to Dr. Williams point, I won't add anything more. He did so on the field inspector for the state veterinarian through the Department of Ag. That's an important part. We recognize that there has to be budget cuts, but nonetheless I would conclude my testimony. Be happy to answer any questions. [AGENCY 18]

SENATOR HARMS: Thank you for your testimony. Do we have any questions?
[AGENCY 18]

SENATOR MELLO: Mr. McClymont, thank you for testifying today. I guess my question is not so much about the budget, but maybe more if you could share some insight maybe of how the cattle market right now is operating under these kind of uncertain economic times, and where do you see some challenges maybe over the next couple of years? [AGENCY 18]

PETE McClymont: Very good question. Unfortunately, bad answer. Our ranchers are losing at least \$100 a head. And so where they're fixed cost operators, like Senator Hansen can tell you, they don't have any way to pass on their costs, so for them it's tough. In terms of the feedlots and the fat cattle market, their average losses would fall between \$150 and \$350 per head. So unfortunately they're going to try to buy them cheaper, which means the ranchers are going to get less. So that hurts everybody in the whole process. So from that standpoint, the outlook doesn't look good, at least for the rest of the year. And beyond that we're just like everybody else in the economy. You see a lot of hamburger being eaten, but you don't see the high end cuts. And so as Director Ibach indicated, exports will rarely help in that regard too. So it's going to be a challenging year. Last year was bad. This year is going to be worse. [AGENCY 18]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Appropriations Committee
March 09, 2009

SENATOR MELLO: Thank you. [AGENCY 18]

SENATOR HARMS: Do we have any other questions? Senator Hansen. [AGENCY 18]

SENATOR HANSEN: Thank you, Mr. McClymont. Obviously you don't have any remedies for the beef prices that we're going through, so do you know how many miles of river there are in the state of Nebraska? (Laughter) [AGENCY 18]

PETE McCLYMONT: No. [AGENCY 18]

SENATOR HANSEN: That's all right. Walk it and tell me. Thank you. [AGENCY 18]

SENATOR HARMS: (See also Exhibit ____.) Any further questions? Thank you for you testimony. Do we have anyone else who would like to testify in a neutral position? If not, then Agency 18 is now closed. [AGENCY 18]