Policy Briefs Prepared for the Planning Committee of the 105th Nebraska Legislature

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Policy Briefs
Prepared for the Planning Committee of the 105th Nebraska Legislature

September 14, 2018
Overview

1. **Local Government**
   b. City-County Consolidation: Implications for Nebraska (2012)
   c. Pensions (2014)


3. **Addressing the Long-Term Care Needs of Nebraska’s Aging Population**
   a. Addressing the Long-Term Care Needs of Nebraska’s Aging Population through Expanded Assistance to Caregivers (2012)
   b. Cost Savings in Medical Care for the Elderly through Expanded Case Management (2012)
   c. Addressing the Long-Term Care Needs of Nebraska’s Aging Population through Home and Community-Based Services (2014)

4. **Water Quality**
   b. Policy Challenges for Drinking Water Quality in Nebraska (2014)
Local Government

b. City-County Consolidation: Implications for Nebraska (2012)
c. Pensions (2014)
County Mergers

Merging low population counties may improve efficiency.
### County Merger Administrative Cost Savings Realized

Up To 8,000 in Population

*South Dakota Counties three year average (1993-1995) costs per capita, $*

<table>
<thead>
<tr>
<th>Population Range</th>
<th>Total $ Per Capita</th>
<th>Admin. $ Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,500 and under</td>
<td>583</td>
<td>149</td>
</tr>
<tr>
<td>2,501 to 5,000</td>
<td>442</td>
<td>102</td>
</tr>
<tr>
<td>5,001 to 10,000</td>
<td>320</td>
<td>61</td>
</tr>
<tr>
<td>10,001 to 15,000</td>
<td>244</td>
<td>46</td>
</tr>
<tr>
<td>15,001 to 20,000</td>
<td>216</td>
<td>40</td>
</tr>
<tr>
<td>20,001 to 25,000</td>
<td>235</td>
<td>40</td>
</tr>
<tr>
<td>Brookings (26,000)</td>
<td>177</td>
<td>36</td>
</tr>
<tr>
<td>Minnehaha (134,000)</td>
<td>173</td>
<td>23</td>
</tr>
</tbody>
</table>

Note: Data Includes 58 of the 66 counties

Source: University of South Dakota 1997

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**County Mergers**

Does not account for costs in forming new governments and possible additional costs to residents

Local control and service quality likely to be impacted

If the costs of transportation are already high costs will increase
County Mergers

Other strategies may also reduce costs:
• Inter-local agreements, service sharing, special districts
• State assumption of service responsibility

Rapid advances in information technology have changed the appropriate scale of service provision. It is important to realize these opportunities to reduce costs and improve service quality.
## City County Consolidation

Nebraska has Greater Local Government Density Than National Averages

*Per 100,000 population*

<table>
<thead>
<tr>
<th></th>
<th>2007 United States</th>
<th>2007 Nebraska</th>
<th>2012 United States</th>
<th>2012 Nebraska</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>29.7</td>
<td>150.3</td>
<td>28.7</td>
<td>139.1</td>
</tr>
<tr>
<td><strong>County</strong></td>
<td>1.0</td>
<td>5.3</td>
<td>1.0</td>
<td>5.0</td>
</tr>
<tr>
<td><strong>Municipal</strong></td>
<td>6.5</td>
<td>30.0</td>
<td>11.4</td>
<td>51.1</td>
</tr>
<tr>
<td><strong>Town or township</strong></td>
<td>5.5</td>
<td>25.7</td>
<td>Unavailable</td>
<td>Unavailable</td>
</tr>
<tr>
<td><strong>Special districts</strong></td>
<td>12.4</td>
<td>73.1</td>
<td>12.2</td>
<td>68.4</td>
</tr>
<tr>
<td><strong>School districts</strong></td>
<td>4.3</td>
<td>16.3</td>
<td>4.1</td>
<td>14.7</td>
</tr>
</tbody>
</table>

City County Consolidation

Shared city-county services can be a first step toward consolidation, may realize benefits from economies of scale and greater professionalism without the political merger of two entities.

The most important implication is the potential for better coordination in economic development policy. This needs to be a salient issue, and voters need to see consolidation as a means to economic growth.
Public Pensions

Key terms

- Defined Benefit
- Defined Contribution
Nebraska Local Governments Have Varied Administration and Investment of Defined Contribution Pensions Plans

Average jurisdiction size provided for reference

<table>
<thead>
<tr>
<th>Plan Administration</th>
<th>No. Plans</th>
<th>Avg. Pop.</th>
<th>Target Date</th>
<th>Money Market</th>
<th>Stable Value</th>
<th>Bond Investment</th>
<th>Guaranteed. Investment</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single City Official</td>
<td>11</td>
<td>4,050</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
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<tr>
<td>Board/Commission</td>
<td>14</td>
<td>28,010</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>External Investment Company</td>
<td>11</td>
<td>6,437</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>External Insurance Company</td>
<td>16</td>
<td>8,692</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External Consultant</td>
<td>9</td>
<td>3,640</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Other/No Answer</td>
<td>20</td>
<td>28,423</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Survey Sample Totals</td>
<td>81</td>
<td>15,404</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: 2011 survey of Nebraska municipalities conducted by the Public Pension Funds Initiative at the University of Nebraska at Omaha
Public Pensions

- While defined contribution plans carry lower financial risk to government they increase the risk to employees and retirees
- Smaller governments are at higher risk for poor plan management
- Nebraska survey results provide further reason for concern:
  - Lack of education,
  - Oversight &
  - Knowledge
- Low participation rates

<table>
<thead>
<tr>
<th>Optional Plans Have Lower Average Contribution Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Consultant Plans</td>
</tr>
<tr>
<td>-------------------------</td>
</tr>
<tr>
<td>Mandatory Plans</td>
</tr>
<tr>
<td>Optional Plans</td>
</tr>
</tbody>
</table>

Source: 2011 survey of Nebraska municipalities conducted by the Public Pension Funds Initiative at the University of Nebraska Omaha
Early Childhood in Nebraska

Early Childhood in Nebraska

Nebraska Has A Greater Percentage of Children with All Parents in the Labor Force than the Average for the U.S.

Number of children age 6 or under with parents in labor force as % of total population

Source: U.S. Census Bureau, American Community Survey, 2005 to 2016 Census of Population and Housing; prepared by UNO Center for Public Affairs Research, July 2018
Early Childhood in Nebraska

Nebraska Consistently Ranks High Compared to Neighbor States for Having a Large Number of Children with All Parents in the Labor Force

*Children under 6 and 6-17 as percent of total population in Nebraska and benchmark states with 50 state ranking*

<table>
<thead>
<tr>
<th></th>
<th>Age Under 6</th>
<th></th>
<th>Age 6 - 17</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>Rank</td>
<td>%</td>
<td>Rank</td>
</tr>
<tr>
<td>United States</td>
<td>65.5</td>
<td></td>
<td>71.0</td>
<td></td>
</tr>
<tr>
<td>South Dakota</td>
<td>76.0</td>
<td>2</td>
<td>79.9</td>
<td>1</td>
</tr>
<tr>
<td>Minnesota</td>
<td>75.3</td>
<td>3</td>
<td>79.4</td>
<td>3</td>
</tr>
<tr>
<td>Nebraska</td>
<td><strong>74.9</strong></td>
<td>5</td>
<td><strong>78.9</strong></td>
<td>4</td>
</tr>
<tr>
<td>North Dakota</td>
<td>73.5</td>
<td>9</td>
<td>75.8</td>
<td>12</td>
</tr>
<tr>
<td>Iowa</td>
<td>72.9</td>
<td>11</td>
<td>78.9</td>
<td>5</td>
</tr>
<tr>
<td>Missouri</td>
<td>69.9</td>
<td>15</td>
<td>76.2</td>
<td>11</td>
</tr>
<tr>
<td>Kansas</td>
<td>69.8</td>
<td>17</td>
<td>74.7</td>
<td>17</td>
</tr>
<tr>
<td>Wyoming</td>
<td>63.5</td>
<td>39</td>
<td>74.5</td>
<td>18</td>
</tr>
<tr>
<td>Colorado</td>
<td>62.8</td>
<td>41</td>
<td>72.4</td>
<td>27</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau 2010, updated by UNO Center for Public Affairs Research 2018
Aging Population

a. Addressing the Long-Term Care Needs of Nebraska’s Aging Population through Expanded Assistance to Caregivers (2012)

b. Cost Savings in Medical Care for the Elderly through Expanded Case Management (2012)

c. Addressing the Long-Term Care Needs of Nebraska’s Aging Population through Home and Community-Based Services (2014)
Aging Population

Nebraska’s Population Age 65+ is Increasing

Percent of total population in gray, 2020 and 2030 projections

Source: U.S. Census Bureau, 2012 Census of Population, updated by UNO Center for Public Affairs Research, September 2018
Aging Population

Nebraska Population of Over Age 75 Surpassed the Population of Under Age 5 in 2018 and is Expected to Continue to Increase

*Age group population projections*

Source: UNO CPAR projections, June 2013
Prepared by: David Drozd, UNO CPAR
Aging Population

Living Circumstance of Nebraska Population Over 65

- 65 years and over
- 75 years and over

Living in nursing home
- 11977

Living alone
- 73530

Source: U.S. Census Bureau, 2010 Census of Population, updated by UNO Center for Public Affairs Research, September 2018
Aging Population and Cost of Long Term Care

• Medicare and Medicaid costs will rise with this growing population; however, efforts to support non institutionalized living could have considerable cost advantages.

• Three suggested options to address this issue:
  1. Expanded Assistance to Caregivers
  2. Expanded Case Management
  3. Home and Community-Based Services
Water Quality

b. Policy Challenges for Drinking Water Quality in Nebraska (2014)
Water Quality in Nebraska

Water is the most important natural resource for Nebraska. Concerns for quality and quantity exist.

- Key terms
  - Nonpoint source
  - Point Source
  - Contaminants

<table>
<thead>
<tr>
<th>National Primary Drinking Water Regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Microbiological</strong></td>
</tr>
<tr>
<td>Cryptosporidium, Giardia lamblia, Heterotrophic plate count (HPC), Legionella, Total Coliforms (including fecal coliform and E. Coli), Turbidity, Viruses (enteric)</td>
</tr>
<tr>
<td><strong>Disinfectants and Disinfection By-Products</strong></td>
</tr>
<tr>
<td>Chloramines (as Cl2), Chlorine (as Cl2), Chlorine dioxide (as ClO2) – Bromate, Chlorite, Haloacetic acids (HAAs), Total Trihalomethanes (THMs)</td>
</tr>
<tr>
<td><strong>Inorganic Chemicals</strong></td>
</tr>
<tr>
<td>Antimony, Arsenic, Asbestos, Barium, Beryllium, Cadmium, Chromium, Copper, Cyanide, Fluoride, Lead, Mercury, Nitrate, Nitrite, Selenium, Thallium</td>
</tr>
<tr>
<td><strong>Organic Chemicals</strong></td>
</tr>
<tr>
<td>Acrylamide, Alachlor, Atrazine, Benzene, Benzo[a]pyrene (PAHs), Carbofuran, Carbon tetrachloride, Chlordane, Chlorobenzene, 2,4-D, Dalapon, 1,2-Dibromo-3-chloropropane (DBCP), o-Dichlorobenzene, p-Dichlorobenzene, 1,2-Dichloroethane, 1,1-Dichloroethylene, cis-1,2-Dichloroethylene, trans-1,2-Dichloroethylene, Dichloromethane, 1,2-Dichloropropane, D(2-ethylhexyl) adipate, D(2-ethylhexyl) phthalate, Dinozof, Dioxin (2,3,7,8-TCDD), Diquat, Endothall, Endrin, Epichlorohydrin, Ethyleneoxide, Glypochloros, Heptachlor, Heptachlor epoxide, Hexachlorobenzene, Hexachlorocylopentadiene, Lindane, Methoxychlor, Oxamyl (Vydate), Polychlorinated biphenyls (PCBs), Pentachlorophenol, Picloram, Simazine, Styrene, Tetrachloroethylene, Toluene, Toxaphene, 2,4,5-TP (Silvex), 1,2,4-Trichlorobenzene, 1,1,1-Trichloroethane, 1,1,2-Trichloroethane, Trichloroethylene, Vinyl chloride, Xylenes (total)</td>
</tr>
<tr>
<td><strong>Radioactivity</strong></td>
</tr>
<tr>
<td>Alpha particles, Beta particles and photon emitters, Radium 226 and Radium 228 (combined), Uranium</td>
</tr>
</tbody>
</table>
Nitrates and phosphorus are harmful contaminants to water typically produced by agriculture. Nitrates have been found in more than 90% of water samples taken. Nebraska has a high toxic release to surface waters as compared to neighboring states.
Figure 4. Public water supplies on administrative order for nitrate-nitrite concentrations above 10 mg/L in 2011 (NDEQ, 2012).
Water Quality in Nebraska

• Communities with high levels of row-crop agriculture and communities with abundant ground water from shallow aquifers are most likely to have high levels of contamination
• Many in Nebraska (possibly 9%) have wells that are also at high risk for contamination
• Bacterial contamination on the rise
• Rural communities will have the most difficulties in financing the costs of maintaining drinking water systems (nationwide estimate of $384 billion, USEPA)
Water Quality in Nebraska

- Water quality is difficult to manage
  - Not practical or economic to treat drinking water to remove all contaminants
  - Monitoring is best method to manage safe drinking water
  - Coordination between management and users to achieve better balance between inputs of fertilizer to crops and yields also an effective option
  - Drilling deeper, installing high capacity pumps, are additional, but high cost, options
  - All have costs that will be passed on to water users