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

Center for Public Affairs Research (CPAR)
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**Policy Briefs
Prepared for the
Planning Committee of the
105th Nebraska Legislature**

September 14, 2018

Overview

1. Local Government

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

2. Early Childhood Education for Children with All Parents in the Labor Force (2012)

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)

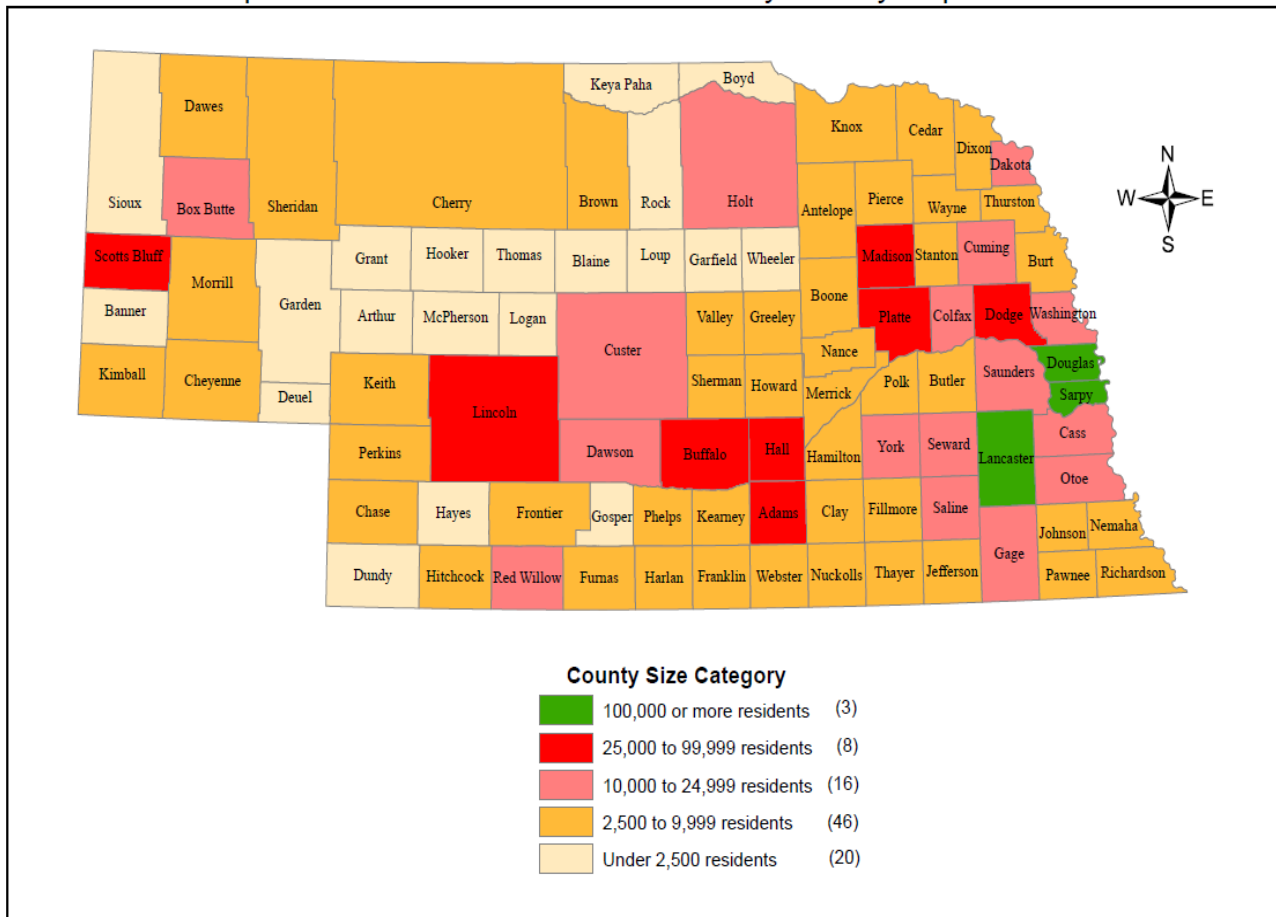
4. Water Quality

- a. Challenges for Water Quality Policy in Nebraska: Short- and Long-Term (2014)
- b. Policy Challenges for Drinking Water Quality in Nebraska (2014)

Local Government

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

Map 1: Nebraska Counties Classified by County Population Size



County Mergers

Merging low population counties *may* improve efficiency

Source: 2000 Census, U.S. Census Bureau

Prepared by: David Drozd, Center for Public Affairs Research, University of Nebraska at Omaha: April 14, 2006

County Merger Administrative Cost Savings Realized Up To 8,000 in Population

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

	Total \$ Per Capita	Admin. \$ Per Capita
2,500 and under	583	149
2,501 to 5,000	442	102
5,001 to 10,000	320	61
10,001 to 15,000	244	46
15,001 to 20,000	216	40
20,0001 to 25,000	235	40
Brookings (26,000)	177	36
Minnehaha (134,000)	173	23

Note: Data Includes 58 of the 66 counties

Source: University of South Dakota 1997

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

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

Source: U.S. Census Bureau, 2007, 2012, Census of Governments; 2012 calculations by Center for Public Affairs Research

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.



More six-figure pensions on the horizon for Omaha

By Matt Vogel / World-Herald staff writer / July 1, 2015



In Case You Missed It



Omaha City Council July Fourth fireworks

Before a plan for him to leave office fell apart, Omaha Fire Chief Mike McConnell was to receive a \$12,500 monthly pension, the largest for a city official.



ALL SECTIONS BUY & SELL CUSTOMER SERVICE
TODAY'S E-EDITION NEWSLETTERS #JOINOURSTORY

Omaha's unfunded pension gap will grow to \$876 million under an actuary's recommendation



ALL SECTIONS BUY & SELL CUSTOMER SERVICE
TODAY'S E-EDITION NEWSLETTERS #JOINOURSTORY

Omaha City Council will oppose bill that would change pensions for firefighters, police



Omaha fire chief will get \$630,000 pension payment at retirement; Stothert says it's a good deal for the city

By Greg Hahn / Staff writer / April 22, 2016



In Case You Missed It



Omaha City Council July Fourth fireworks



ALL SECTIONS BUY & SELL CUSTOMER SERVICE
TODAY'S E-EDITION NEWSLETTERS #JOINOURSTORY

FIRST IN THE WORLD-HERALD
State lawmaker proposes major changes to police and fire pensions in Omaha, Lincoln

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

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

Public Pensions

Most Nebraska municipalities offer defined contribution plans

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

Optional Plans Have Lower Average Contribution Rate

	No. of Plans	% of Consultant Use	Average Contribution Rate	Investment Expense Median	Admin. Expense Median
Mandatory Plans	33	47%	Employee 4.9% Employer 6%	0.73%	0.92%
Optional Plans	25	50%	Employee 2.9% Employer 3.8%	0.69%	0.62%

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

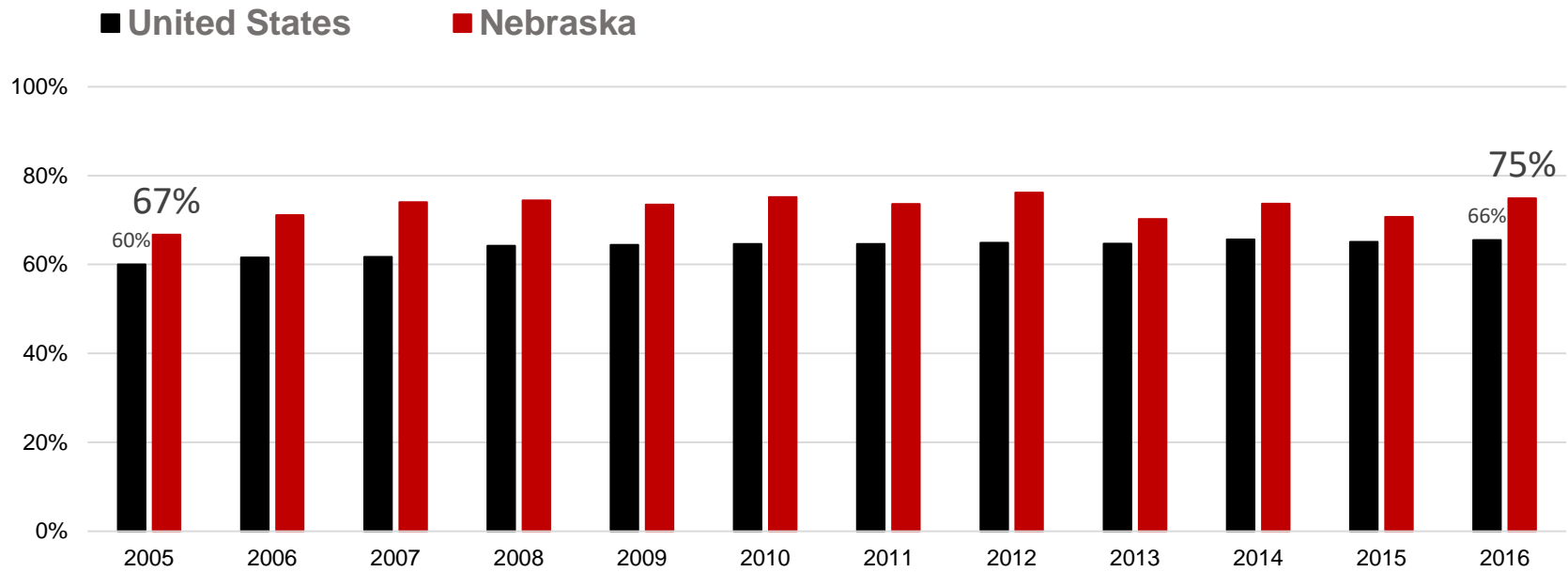
Early Childhood in Nebraska

- a. Early Childhood Education for Children with all Parents in the Labor Force (2012)

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

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

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

Aging Population

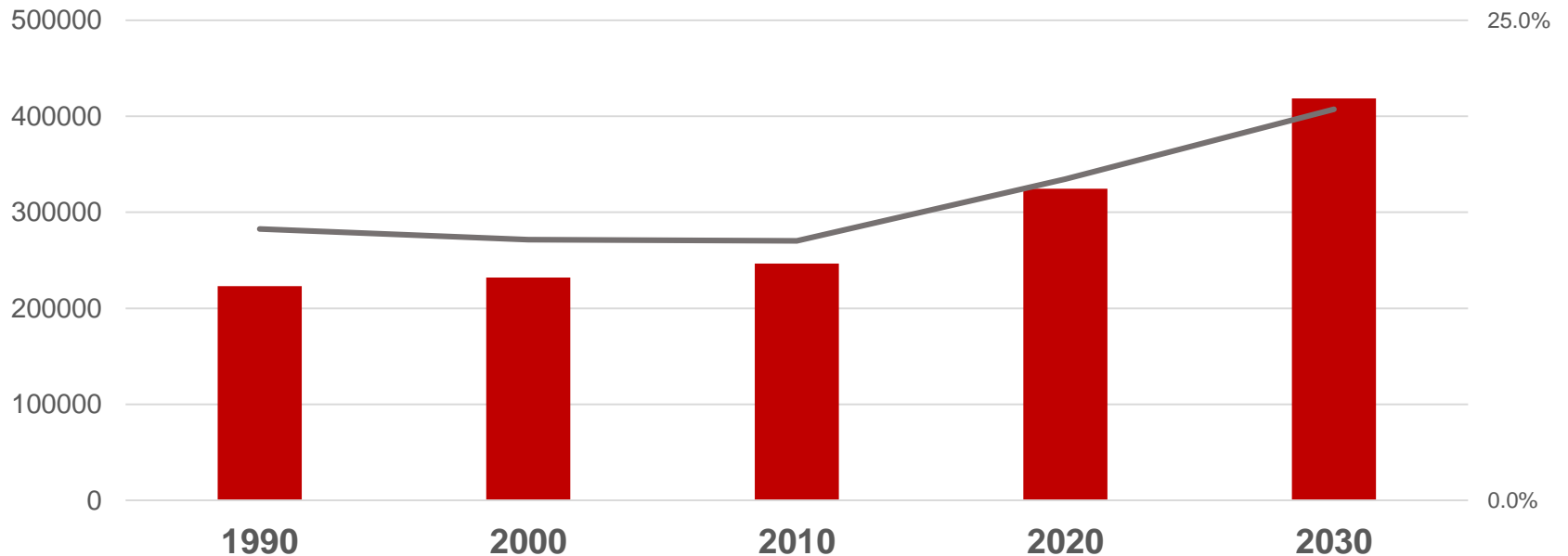
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Aging Population

Nebraska's Population Age 65+ is Increasing

Percent of total population in gray, 2020 and 2030 projections

■ Age 65 and Older — % of Total Population

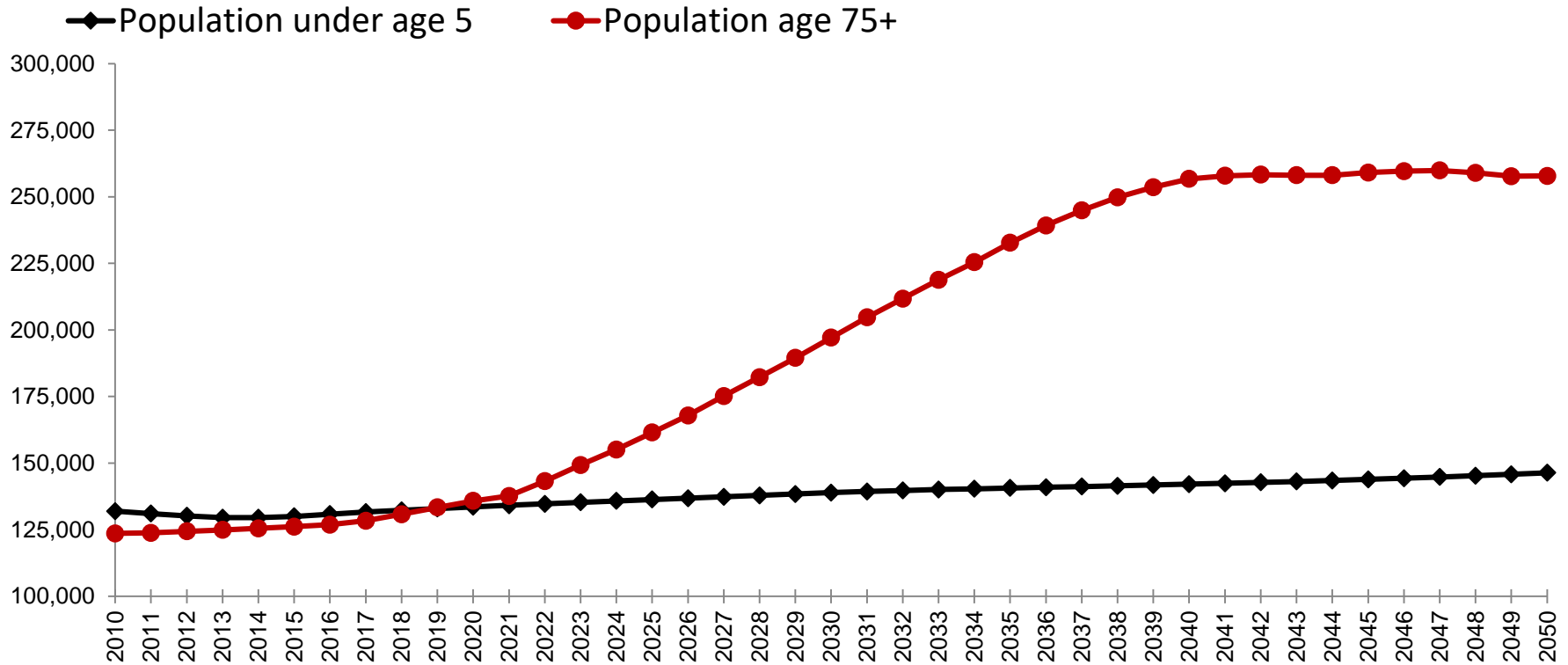


Source: U.S. Census Bureau, 2012 Census of Population, updated by UNO Center for Public Affairs Research, September 2018

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



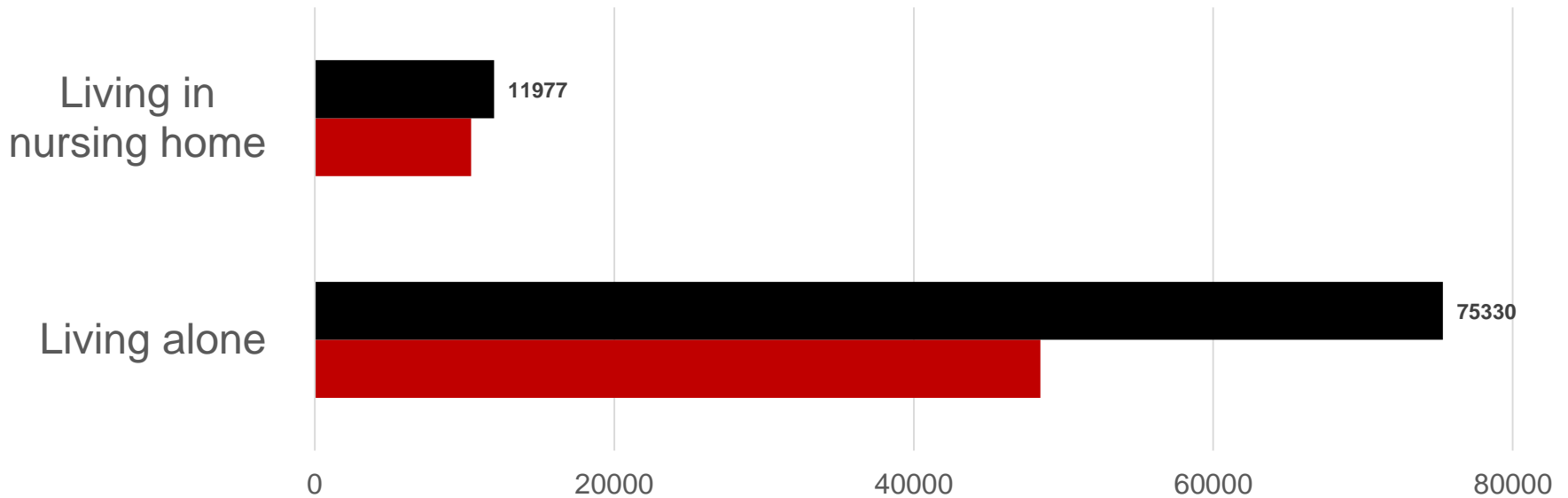
Source: UNO CPAR projections, June 2013

Prepared by: David Drozd, UNO CPAR

Aging Population

Living Circumstance of Nebraska Population Over 65

■ 65 years and over ■ 75 years and over



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

- a. Challenges for Water Quality Policy in Nebraska: Short- and Long-Term (2014)
- 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

National Primary Drinking Water Regulations	
Microbiological	Cryptosporidium, Giardia lamblia, Heterotrophic plate count (HPC), Legionella, Total Coliforms (including fecal coliform and E. Coli), Turbidity, Viruses (enteric)
Disinfectants and Disinfection By-Products	Chloramines (as Cl ₂), Chlorine (as Cl ₂), Chlorine dioxide (as ClO ₂) – Bromate, Chlorite, Haloacetic acids (HAA5), Total Trihalomethanes (TTHMs)
Inorganic Chemicals	Antimony, Arsenic, Asbestos, Barium, Beryllium, Cadmium, Chromium, Copper, Cyanide, Fluoride, Lead, Mercury, Nitrate, Nitrite, Selenium, Thallium
Organic Chemicals	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, Di(2-ethylhexyl) adipate, Di(2-ethylhexyl) phthalate, Dinoseb, Dioxin (2,3,7,8-TCDD), Diquat, Endothall, Endrin, Epichlorohydrin, Ethylbenzene, Ethylene dibromide, Glyphosate, Heptachlor, Heptachlor epoxide, Hexachlorobenzene, Hexachlorocyclopentadiene, 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)
Radioactivity	Alpha particles, Beta particles and photon emitters, Radium 226 and Radium 228 (combined), Uranium

Water Quality in Nebraska

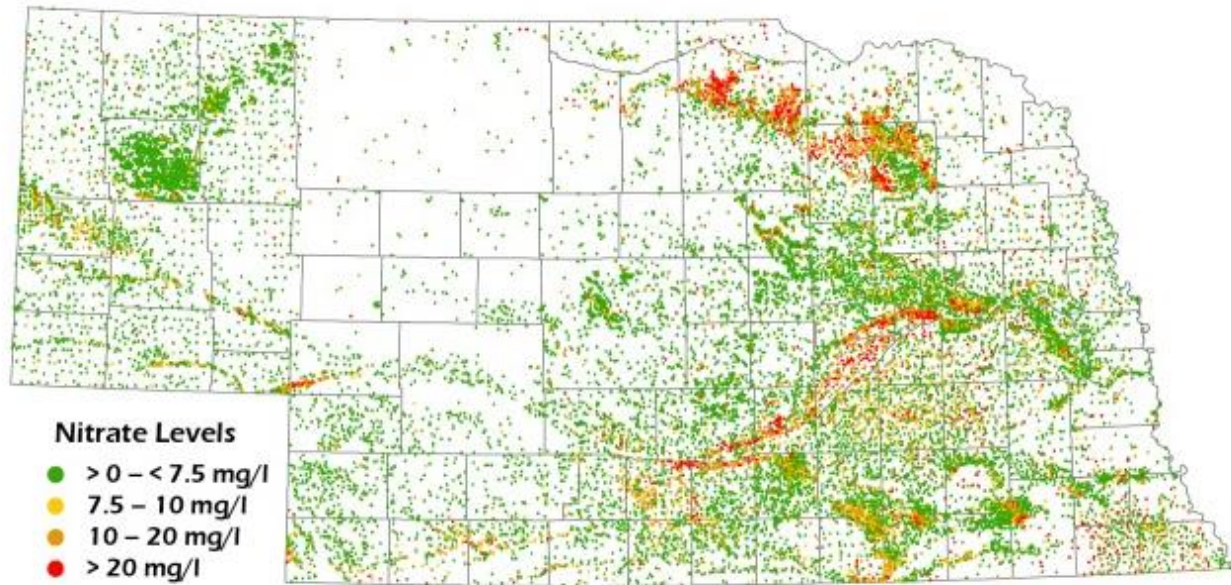


Figure 5. Last recorded concentration of nitrate from 1974 - 2011. (Source: Quality-Assessed Agrichemical Database for Nebraska Groundwater, 2012)

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.

Water Quality in Nebraska



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

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