

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 10, 2026
Rough Draft

KELLY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the Forty-First Day of the One Hundred Ninth Legislature, Second Session. Our chaplain for today is the Reverend Gregg Gahan, Craig-Alder Grove Parish in Craig, Nebraska; that's in Senator Hansen's district. Please rise.

GREGG GAHAN: Good morning, everyone. Let's bow our heads for a word of prayer. Father in heaven, prince of peace, we thank you for all the men and women here today, for all the responsibilities that they have to govern our great state. We pray for this legislative body as they discuss, debate, and work with each other to make laws to govern our state and delegate our state's resources. We ask you that you'll grant them the wisdom to do so wisely and with grace to one another. We pray that you will raise up people to make laws and protect our freedoms so that we can live peaceful and quiet lives in godliness and dignity. We pray against the divisiveness that plagues our land, and we humbly plead that in your strength, the members of this Legislature would work together in humility to serve their constituents for the greater good of our state. Grant them grace to face their unique challenges. We ask that you give them insight into the needs of their communities and discernment to make decisions to lead all their communities and this state in a way that glorifies you. We thank you again for everyone gathered here today, and we thank you that you are here with them. All this we pray in the name of our Lord and Savior. Amen.

KELLY: I recognize Senator Sorrentino for the Pledge of Allegiance.

SORRENTINO: Colleagues, please join me for the Pledge. I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

KELLY: I call to order the Forty-First Day of the One Hundred Ninth Legislature, Second Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

CLERK: There is a quorum present, Mr. President.

KELLY: Are there any corrections for the Journal?

CLERK: I have no corrections this morning, sir.

KELLY: Are there any messages, reports or announcements?

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CLERK: There are, Mr. President. Your Committee on Education chaired by Senator Murman reports LB1146 and LB1241 to General-- excuse me, and LB1243 to General File, all with committee amendments. Additionally, amendments to be printed from Senator McKinney to LB1135. That's all I have at this time.

KELLY: Thank you, Mr. Clerk. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR354. Mr. Clerk, please proceed to the first item on the agenda.

CLERK: Mr. President, General File, LB1071. When the Legislature left the bill yesterday, the-- pending was the bill itself as well as a-- an Appropriations Committee amendment. The Legislature had adopted AM2522 from Senator Hallstrom. There are additional amendments, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Clements, you're recognized for a two-minute refresh on the bill.

CLEMENTS: Thank you, thank you, Mr. President. LB1071 is the main budget adjustment bill this year, adjusting our General Fund spending. We have-- we had a shortfall of \$646 million; we're getting it down to a \$125 million shortfall. LB172 [SIC] will have part of that to play, but this is the general "forn" portion. And the committee has gone through all of the agencies and the governor's recommendations, and we've made adjustments on the, on the goldenrod book, page 4. The items we're dealing with now are mostly in line 21, 2026 session budget adjustments, and those would be the General Fund changes. The book has the detail of those on page 22, and following it agency by agency, if you want to see how the agency budgets have been adjusted in the, in the committee amendment. And I appreciate the discussion that we've had so far, and I would appreciate your green vote on the amendment and the bill. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Mr. Clerk, for amendments.

CLERK: Mr. President, Senator Conrad would move to amend with FA1036.

KELLY: Senator Conrad, you're recognized to open on the amendment.

CONRAD: Thank you, Mr. President, and good morning, colleagues. Just a quick point. Apologize for the hoarse voice. I seem to have picked up a, a little cold, either here or at home. I had a kind friend text me yesterday and said, "Wow, you're really emotional about the budget." I'm not. I actually just have a, a hoarse, a hoarse voice. I, I

definitely have strong disagreements with aspects of the budget, but just, unfortunately, I'm a, a little bit hoarse in regards to dealing with some stuffiness. So, colleagues, I would draw your attention to the floor amendment. It strikes a small increase in appropriation to the Nebraska Secretary of State's office. And I appreciate and understand that this small appropriation is not going to be a make-it-or-break-it in terms of the significant structural budget deficit that we find ourselves within. But I know one of the, the key points of contention that many members and many citizens felt in regards to how the Secretary of State has conducted operations in his office in regards to shenanigans on thwarting the will of the people, in regards to ballot initiatives, and so much so he had to be scolded by a concurrence of the Nebraska Supreme Court Justices, then-Chief Justice Heavican, and then Justice Miller-Lerman, after attempting to decertify a previously-certified measure in regards to school vouchers with no authority in the law. Additionally, the Secretary has changed course in regards to his predecessor, wherein when presented with a request from the federal government to turn over voter rolls, then-Secretary of State John Gale, exhibiting great statesmanship, looked at Nebraska law and was unequivocal in terms of ensuring voter privacy in regards to our voter registration rolls when requested in the first Trump administration, I believe, to, to turn those over the feds. Subsequently, there was a sharing of information in compliance with Nebraska law, but I, I do want to draw upon that past experience and the sharp contrast in regards to how now-Secretary Evnen has handled the privacy of our voter registration records and has not protected them from unwarranted federal reach. Myself, Senator Juarez, and many members have sent multiple pieces of correspondence to the Secretary of State's office over the interim, raising concerns about this request, sharing the concerns of our constituents with the Secretary of State in regards to voter integrity and privacy. I did appreciate the correspondence received back from the Secretary of State's office, wherein he kind of took a position that he was going to wait for state litigation on that matter to be resolved before honoring the request in whole or in part from the department-- from the federal, I believe, Department of Justice. That litigation, while ongoing, was unsuccessful in terms of preliminary matters at the trial court level. There was an emergency appeal with a split court that was trying to decide the best way to proceed in that regard. But in the meantime, the Secretary turned over our voter registration information while many of those key concerns and components have yet to receive full resolution by the Nebraska Supreme Court, and it's unclear whether or not the components of Nebraska state law which protect and

govern the privacy of our voter registration rolls were adhered to. So, I thought that this would be a good point to weigh in with what's happening, concerns about what's happening at the Nebraska Secretary of State's office. This is an important office in relation to trade, in relation to business matters, and of course, in relation to elections. And it's critical that we have thoughtful leadership to ensure even-handedness in carrying out those critical state functions. I think it's quite disappointing that now we have such a sharp partisan in that important role who's playing games with our elections and the privacy of our voter integrity. So, again, this is not going to be a make-it-or-break-it in terms of addressing our significant structural budget deficit caused by irresponsible billionaire and millionaire tax cuts, but I think it's important line in the sand to draw that says we're not going to be appropriating any additional funds to this office. Thank you, Mr. President.

KELLY: Thank you, Senator Conrad. Moving to the cue, Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. Good morning, colleagues. Sorry, I was on the other side of the room talking to the Fiscal Analysts. So, welcome back. So, this is the Secretary of State's budget that Senator Conrad is making adjustments to. I actually didn't see how much she was adjusting it by. So, we have-- we did, after the preliminary budget, take further cuts to the Secretary of State's budget, and he reached out to some of us and said-- or maybe all of us, I don't really know-- that he would appreciate us not doing that. But I'm, I'm cool with, with taking more money, because he gave our information to the feds, so, you know. Didn't have to do that. Didn't have to give away Nebraska citizens' private data to the federal government, and-- yeah. So, I don't think he needs all that funding if he's doing things like that. I think we should actually audit the office and see what else he's been up to. So, I support this amendment. So, it's on page 4, strike Section 9 and 10 on AM2162. For those following along at home, if you go to the legislative website and you put into the bill box "LB1071," and then it'll come up and it'll have pending amendments, and it will say FA Conrad-- or Conrad FA1036, which is floor amendment-- that's what FA stands for. AM is an amendment which has been-- gone through the drafting process with our bill drafters. So, this is page 4. OK. So then, if you go and you look at page 4 of the AM2162-- now, AM2162 is the Appropriations bill, for those that are following along at home, or even those in here. So, LB1071 is the governor's budget as introduced; AM2162 is the Appropriation Committee's budget, so it's the changes that we all

made, and they're reflected in the goldenrod book. And then, what Senator Conrad is doing is amending what we did as a committee to strike lines-- oh, strike Section 9 and 10. OK. Strike Section 9, which gives \$70,000 this year and \$173,000 in cash funds to the Secretary of State. And then, Section 10 gives some general funds to the records management. Yeah, that definitely-- you don't need more money for records management, you just gave the records away to the feds with personal information that was not necessary so that they can continue their assault on our undocumented friends and neighbors. So, not cool. Not cool. This budget still has a deficit, and we really do need to have some serious conversations as a Legislature as to what we want to see happen. And while the underlying budget that we're on right now is problematic, it's mostly just the cuts. It's not, like, specific, necessarily, in what the cuts are. The next bill that we get to this afternoon, LB1072, is going to be just, I think, what-- we would call it a hot mess of cash transfers. So, I may start talking about some of the cash transfers this morning, because there's a lot to talk about, and I don't think eight hours is going to quite be enough to get through all of that. So, that may be a shift in focus for me as we are discussing this budget, but there's a lot to get through, and in a limited amount of time. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Conrad, you're recognized to speak.

CONRAD: Thank you, Mr. President. Good morning again, colleagues. So, I agree with Senator Strommen. I think he gave a, a shout out to it yesterday. The Legislative Fiscal Office's directory, the Legislator's Guide to State Programs and Services and State Agencies is a goldmine of wonderful information about the operations of state government, and something that, that I refer to frequently. I wanted to just generally draw the body's attention to Agency 9. This is the designation for the Nebraska Secretary of State's office, and if you look on pages 49 through about 57, you can see a good overview of how the agency is structured and funded. And so, I think that if we were to go ahead and remove this small appropriation, it would not inhibit agency operations in any way, shape, or form. The agency itself has been spared, it seems, if you look at recent years, and there's a continuum showing appropriations and expenditures from '21-'22, '22-'23, '23-'24, '24-'25. A pretty consistent level of funding, and a pretty consistent level of staff in sharp contrast to the treatment of many other critical programs and services. But they have total operations with a combination of general, cash, federal, and revolving funds of about just shy of \$12 million, about \$11.8 million, with about 41

FTEs. So, I think it would be pretty easy to absorb these small increases in appropriations with existing resources, and that's something that we are asking a lot of state agencies to do: to figure out how to maintain current operations and do more with less. And I think that that should apply in regards to the operations of the Secretary of State's office in this regard as well. I don't know if somebody from the Appropriations Committee-- and I see Senator Clements is the queue-- might be able to provide just a little bit more information as to what that very small expenditure is in regards to, and whether or not the committee felt it could be absorbed by existing resources and staff within the Secretary of State's office, but that might be illustrative to our conversations and decisions today. The other thing that I wanted to lift up in particular, in addition to concerns raised by many constituents, many Nebraska voters across the state and across the political spectrum, in regards to the Secretary of State's handling of our private voting information including Social Security information was-- there was deep concerns by many Nebraskans who had their voter registration information essentially shielded from public-- the public rolls and disclosure, primarily due to domestic violence concerns and otherwise. And I know myself and other senators received a significant amount of correspondence from individuals who were impacted by that, who were trying to seek assurances that the sensitive the nature of their address and other information would be, would be protected in this transfer, and I don't know if we ever received specific information or assurances back from the Secretary of State's office in terms of how this small and discrete set of Nebraska voters' private information would be shared or not shared in relation to this sweeping federal overreach that's-- is seeking to grab voter rolls from each of the states to perpetuate what we all know to be the big lie that somehow or another--

KELLY: That's your time, Senator.

CONRAD: Thank, thank you, Mr. Pr--

KELLY: Thank you, Senator Conrad. Senator Hughes would like to recognize some guests in the north balcony from Seward County Leadership Academy. Please stand and be recognized by the Nebraska Legislature. Senator McKinney, you're recognized to speak.

McKINNEY: Thank you, Mr. President. You know, rise in support of the floor motion, FA1036 today. Just going through the budget and just trying to continue to wrap my head around the budget. And I got to the

Department of Correctional Services. In my opinion, it's the "Department of Punitive Services," but it is what it is. So, I'm looking at this for Program 200 operations, the Appropriations Committee approved a General Fund reduction of \$1.9 million in fiscal year '25-'26 and \$10.2 million dollars in fiscal year '26-'27. The agency requested these General Fund savings based on an agreement between the agency and federal government to convert the McCook Work Ethic Camp into an Immigration and Customs Enforcement detention facility. I have a lot of issues with this. I had a bill on this, I held, I held, I held a hearing on this. And my issue with it is why didn't we, as a Legislature, tell the administration and the "Department of Punitive Services" that they needed legislative authority to contract out one of our facilities with the Department of Homeland Security, or whatever it's called, and ICE. But constitutionally, the authority to approve or not approve that contract falls within our purview as a Legislature. The governor does not have the right, and the department did not have the right to agree to that contract. Go read the constitution and the statutes. I think if we would have just challenged this as a Legislature, we would have had-- we would've won the case. But it's just another example of us just caving to the executive branch and not doing what we should have did as a Legislature and say, no, you cannot just randomly say, hey, President Trump, hey, Department of Homeland Security, hey ICE, please take the Work Ethic Camp and turn it into a detention facility for ICE who has been terrorizing our country since our-- President Trump has been in office. But I guess people don't care. At least I-- every once in a while, I hear about, like, the institution, you know, not, you know, breaking the rules and all these things. But then, people pick and choose when they care about the institution, to care about a separations of powers, care about the constitution. But then, when it happens in a situation like this, nobody cares. Nobody wants to sign up and say, hey, you can't do that. No, because we signed a contract, and I think it's, like, a \$14 million contract. I think so far they've only received about \$4 million, so good luck on getting the, the other 10. If you look at what happened in Florida, I don't even know if they've been reimbursed completely yet for-- what is that, the alligator thing that they had that got shut down? It's, it's just wild to me. And then, the other problem with-- I have is the Work Ethic Camp, from everything I was told, and the purpose of it was to help individuals transition back out into our communities a lot better, get them out of the traditional facilities and get them to a space where they could begin their transitions and start just setting their minds in a different space, and those type of things. But we took that away,

and we have no replacement. So, people are going to transition out from hopefully community corrections, if it's not too crowded and doesn't have a wait list, or just the state penitentiary, or Tecumseh, or the other facility-- like, it's just-- wow. But I just wanted to point that out, that good luck getting the other \$10 million that we're hoping to get from ICE and DHS. Thank you.

KELLY: Thank you, Senator McKinney. Senator Hunt, you're recognized to speak.

HUNT: Thank you, Miss-- excuse me. Thank you, Mr. President. Those are good points raised by Senator McKinney. As I was sitting here listening to debate begin this morning on Senator Conrad's amendment, I was sort of ref-- you know, I have been all week. All week, what is it, Tuesday? You know what I mean. For a while. For many days as we lead up to this budget debate, I've been reflecting a lot on the budget debates of years past because, I don't know, I feel like the Appropriations Committee culture and energy used to be very different. Everything used to be-- like, it's so stupid to talk about what used to be different, because everything's always been different and everything will always be different. But I guess the reason I was thinking about it and the reason I say all this isn't to be going into the good old days or something like that, because there weren't any, but just to think about what I can learn from that experience to apply to this year's debate, as I'm not usually somebody who rises to the front of the conversation when it comes to talking about budget. I have been a business owner in my district for over 20 years. Budgeting is not something that's difficult or foreign to me, but in terms of, you know-- sorry, Senator Strommen, but I'm going to use your book-- in terms of the goldenrod book. You know, that's kind of on a level of abstraction that I struggle to understand sometimes. And so, it's easier for me to understand things on an issue-by-issue basis, on a policy basis, than sometimes on a dollars-and-cents basis, and I think that's true for, for a lot of us in here. It might be half and half in terms of folks who are maybe more math-minded and people who aren't. But that doesn't mean you can't learn, and it doesn't mean that eight years of experience hasn't taught me something. So, all of that front-loading and wind-up is to say, I've been thinking about the role of oversight of the Legislature, and how I expected the work of oversight as a state senator to be much more critical and much more of a feature of our work here. And the reason we're having a conversation about cutting the Secretary of State's budget request for this next fiscal year is pretty simple and obvious: it's that oversight, and it's the role of the Legislature, and it's looking at the actions

taken by other agencies, by other branches of government, and standing in our power as an independent branch of government that's closest to the people, that knows best the people that elected us because we're the ones that knocked the doors and we're the ones that decided to do it. And actually, on behalf of those people, having some accountability for the departments, for the branches of the government, for the people who are making decisions with your money, Nebraskans, that we just rubber-stamp every time. And I-- you know, I'm not saying don't stamp it, I'm not saying don't approve it, Nebraska Legislature. I'm saying interrogate it. I'm saying inquire about the reason, and have some reflection about the history of how those funds have been used and the policy decisions that have been "maken" by-- been made by the people who we have delegated those funds to, as a Legislature. When a constitutional officer like the Secretary of State, as in FA1036, takes an action that has profound implications for the privacy and security and democratic rights of Nebraskans, I think that that's something that bears conversation on the floor. And it really surprises me that we haven't talked about this voter file at all yet this year. And why haven't we talked about it? Because most of you are OK with it. But even so, I think that it's so newsworthy and so impactful to the people of Nebraska in terms of their privacy, their data security, talking about election integrity, all of these things that are central to democracy, that are the, the core ingredients that make people feel comfortable voting in the first place; that the changes to that have gone completely unremarked upon, whether you support it or not. The Secretary of State turned over a significant portion, all of Nebraska's voter file, to the U.S. Department of Justice during an ongoing legal dispute about whether that transfer should have even occurred. This was all done before the Nebraska Supreme Court even had the opportunity to hear the case that directly addresses whether the state law would even allow this.

KELLY: That's your time, Senator.

HUNT: Thank you, Mr. President.

KELLY: Thank you, Senator Hunt. Senator Clements, you're recognized to speak.

CLEMENTS: Thank you, Mr. President. I rise in opposition of FA1036. The sections that would be stricken with that would-- are put in there because of health insurance increases for the Secretary of State employees. It would reduce ability to pay \$243,000 of health insurance out of the Cash Fund and \$6,667 [SIC] out of the General Fund. His--

health insurance is a huge increase for all the agencies this year, and he needs authority to be able to pay those health insurance increases, and that's what this section of LB1071 does, giving him the authority to spend money that he has on hand and, and General Fund, General Funds appropriations. And so, there is a need for the \$249,000 to be approved for health insurance spending. The-- when we get to LB1072, you'll see that it shows \$4 million of cash fund transfers from the Secretary of State's two cash funds, and the Secretary has been very cooperative with the committee in offering money to help our General Fund position. And so, the budget-- the other budget bill will show \$4 million from his funds, this \$249,000. He has the funds for it, he just needs the appropriation. So, I ask for your red vote on FA1036. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Senator John Cavanaugh, you're recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. Good morning colleagues. Well, I appreciate the context and explanation from Senator Clements on the request here. And I just was doing the math, because in my mind, it didn't add up to 249, but I, I did do the arithmetic, and it came up about right on there. But-- so, I, I-- I'm still in support of Senator Conrad's amendment for all the reasons that have been articulated, but I did-- Senator Clements brought a point that made me-- something I have been thinking about as I've been sitting over here looking through. So, for those who are watching on television not following along, this-- Senator Conrad's amendment says on page 4, strike Sections 9 and 10. And then, Section 9 says Agency number 9, Secretary of State, Program 20, Services and Administration, and then it says-- has fiscal year '25-'26, fiscal year '26-'27, cash fund program total. And then, there's-- which is \$70,000, and then \$173,333. And then, Section 10, Agency 9, Secretary of State Program 86, Records Management, and then the same: fiscal year, '25-'26, '26-'27, General Fund, \$5,000 and then \$1,667. So, this is sort of a, a broader problem, I think, which is Senator Clements stood up and, and defended what the necessity for these particular appropriations were and what they going to, which says those are increased health insurance costs, which is another conversation we can have. But for folks watching at home, for us-- those of us even sitting here with the LFO directory, you can go in, in the LFO directory, it's Agency number 9, Program number 20, which I think is what I had open here. Program 20, Services and Administration, and-- which you can-- then you can turn to and read Program 20, and then it's made up of Program 22, Program 51, Program 53, Program 89, and goes through a number of things there. It

is-- I guess my point is, reading the budget, you know, we have a lot of conversations about oversight and under-- and people's ability to understand and interact with us. And I guess the question is, you are-- we are being asked to approve this budget, and there are parts in here that is very difficult for us to understand. We have to go across-- I've had an opportunity to walk over and talk to the staff here and ask them specific questions about which cash funds these, these funds are coming out of, what that program is, or where to find it. There are other things. You know, the average citizen, I don't think, has the LFO directory at their disposal, necessarily, and they certainly don't have the staff at their disposal to ask these questions of. So, there-- I guess my complaint is that this is an opaque process, and it's hard for citizens to understand what it is that we're doing here. Even if you can understand the programs and things like that, it, it-- it's as Senator Hunt was just sort of talking about, it's a little hard to understand. In this context, is \$70,000 a lot of money for this program? Is it a little bit of money? Is it-- you know, to me, \$70,000 is still a lot of money, as somebody who doesn't have a lot of money. But, you know, there's the old adage of \$3.6 million here, \$3.6 million there; soon, it adds up to real money. And we just had an opportunity to take out \$3.6 million yesterday, and we still need to find another \$140 million or so. But I, I think that there's a necessity or a need or a desire to have a little bit more explanation of what each of these things are. I know we have a, a global conversation, and I've just been going through and looking for all the parts where there's reapportionment in here, which is the time where money has been taken away and then re-- reapportioned-- or reappropriated, sorry. Reappropriated to other sections. And trying to just add up how much money we're saving or using through that, and of course, it doesn't get us to where we need to be. So, going to run out of time, but-- so, at the moment, I support Senator Conrad's amendment. I think there are probably other places in here where your average citizen and perhaps your average non-appropriator senator is not quite-- doesn't quite yet know what is the crux of the conversation or the budget here. So, I'll keep listening to what folks are saying. I think there's been some really good points being raised by everybody on this budget, and would love to hear more conversation and thoughts about other places people see concerns that then we can maybe drill down on and ask a few more questions on. So, thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Quick, you're recognized to speak.

QUICK: Thank you, Mr. President, and good morning, colleagues. I, I want to thank Senator Clements, too, as well, for bringing up the reason for the-- for that increase for the health insurance. And one of the reasons that I, you know, that I'm looking at this also is, you know, I talked yesterday about the, the increased healthcare costs that we're probably going to see coming down the road. And so, this is, you know-- this isn't even because of this, but I could see us coming back in a couple of years and having to increase the premiums and what we're going to put into health insurance for the state employees again, simply because of, of what's going to result from what-- what's coming from the federal government along with what we're doing in the state. And I talked yesterday a little bit about the, the, the-- with the subsidies not being approved on the federal government, the number of people who probably won't take marketplace insurance. That's going reduce the number people who will have insurance, access to insurance. Like I said yesterday, ending up going to-- using only emergency room care, which is the most expensive care. And then when they do get there, whether the hospitals seek to, you know, apply for an application for them for Medicaid. I'm going to guess some of them won't, won't qualify, so that expense would fall back onto them, which could result in medical debt. Or the hospitals may have to use charitable and, and just write those costs off, which-- in-- which will result in higher health care costs and then result in higher premiums for everybody who is anywhere from Medicare down to employer-based insurance and, and so on. I also talked a little bit yesterday about the zero look-back, and that's something I-- we absolutely have to pass here in the Legislature. So, when we go back to the-- at least do what the federal government says, the one, the two-- one- and two-month look-back would be more adequate. I also, you know, with the implementing the Medicaid work requirements, you know, I had a bill this last year that would have paused that. The federal government's requiring that on January 1 of 2027. The state, DHHS is-- they're wanting to implement it in May. I, I-- my bill would have delayed it until the federal government required that, and I think that would be another area where we should really be focusing on to delay that process until we see actually what, what the guidelines are. We haven't received all the guidelines for that. I know in some of the briefings we've had, they're-- they've, they've actually said they're-- that they haven't received the federal guidelines. So, we could implement something, then have to go back and, and fix that later, which could result in more costs to the DHHS budget. You know, I also think about the-- with the Medicaid work requirements, you know, most people are already working. So, the-- I think there was,

like-- I can't remember. It's in the 90 percent range, where people are actually already working who are on Medicaid, it's just that they don't make enough money. And now, we're looking at making cuts to child care, so now people won't have access to child care. They're on Medicaid, so what do they do? What are they going to-- I-- they're, they're probably going to have to quit their job and take care of their kids. So now, they won't even qualify for Medicaid, so they won't qualify for Medicaid, they don't have child care, so what are they supposed to do? I mean, I know there's-- I've-- you know, people have said, well, they can get a better job. Well, sometimes those better jobs aren't out there. It may be the same pay they're making now, or, or, or even, you know, maybe worse. A lot of people don't have the qualifications, you know, whether they, you know, haven't had the opportunity to go to college, haven't had the opportunity for education. They've been working maybe one or two jobs just to make ends meet, and so they struggle with that. So, I know DHHS has been looking at doing more in house, taking over, like, foster care, taking over some of these other programs for maybe developmental disabilities, and that's where seeing-- they're going to say they're going to see their cost savings. One of the things that I come across-- every once in a while, I'll bring a bill, DHHS will say, well, we're going have to add one or two employees to, to, to be able to do that process. I'm not sure with, with DHHS. I'm hoping they'll, they'll have people in-house that can do all this work along with all the work they're going to have to do with the, with the health care [INAUDIBLE]--

KELLY: That's your time, Senator.

QUICK: Thank you, Mr. President.

KELLY: Thank you, Senator Quick. Senator Guereca, you're recognized to speak.

GUERECA: Thank you, Mr. President. Good morning, colleagues. I would say I stand in support of FA1036. Certainly appreciate the explanation from Senator Clements on the use of part of the fund that's being stricken by the floor amendment. But definitely, I think one of my previous colleagues talked about the, the symbolism of striking some of the administrative costs when they were abdicating some of that administrative responsibilities to the federal government, and that's what I wanted to talk a little bit about this morning. Our founders envisioned a decentralized system for a reason. It was an inherent distrust of executive power that caused our founders to write our

democracy in a way that, again, that spread that power around, that spread around that responsibility. And the running of the elections in our country was-- fell into that line of thought. We need to decentralize the running of our elections and, and empower the states to set the time, place, and manner. We find that in Article I, Section 4 of the Constitution. Step below that, that running of the election is even further decentralized to county commissions that at a local level administer and run their elections. And in that decentralization, in that decentralization actually adds a layer of security. So, when I hear these arguments of, well, we need to centralize and we need aggregate all of that data to make it safer, well, to me that argument doesn't pass the sniff test, and it further begs the question of what is the reason that we want to centralize all of this election data. I laugh whenever I hear that, oh, there's large-scale voter fraud. Our elections are designed in a way to help prevent that very thing. In that decentralization, you have, you know, 49-plus, however many states and territories running their own elections. And then, at a, at a [INAUDIBLE] layer below that. You know here in Nebraska, all of our counties run their own elections and do it in their own way. That's how it should be done. That's how it should be done. Because the challenges of Arthur County are different from those of Douglas County, and the folks at the local level know best on how to run their elections. So, I, I, I do take offense when there was the request for all the state Secretary of States to turn over the voter rolls, to turn over that information to the federal government in an almost symbolic show of submission. So, I-- I'm disappointed in the Secretary of State for doing that, for giving up the power that-- given to him by the founders of his-- of this country. You know, a lot of times when we have discussions of the referendum process, we hear, well, we're a representative republic. Correct. And every time the Congress cedes power to the executive, every time this legislator [SIC] cedes power to executive, we fly in the face of the intent of the founders of our great country. So, I am disappointed in the Secretary of State for turning over that information, and I think as the people's representatives, we need to question why that was done. Thank you, Mr. President.

KELLY: Thank you ,Senator Guereca. Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. Senator Guereca and I just-- we have been on a roll of getting in the queue right next to each other, so it's just kind of funny. So, in the goldenrod book-- I don't know why I look at the cover. I know that it's goldenrod. I've been

going through rereading some of the things that are in the budget. So, if you look at page 11, that has General Fund transfers out. Now, one of the things in here is the cultural preservation endowment fund. And if you look at that, you see that there was a million dollar transfer out. That means we, we gave a million dollars to that fund in '24-'25. And then, in '25-'26, '26-'27-- that's the current biennium-- there's zero, and then it's back to \$1 million in '27-'28 and '28-'29. So, we did not transfer in anything into that fund. And in fact, we are taking money out of that fund. We're taking \$5 million out of that fund. Now, this is a fund that is not constitutionally protected, but it is set up and is called an endowment. So, how an endowment works is that usually there's, like, a large gift that is given, let's say, to cultural arts or to a university. The university has lots of-- the university foundation has endowments, and that money is protected; they don't touch the principal, they only touch the interest, and it grows over time because it's building up interest. Now, sometimes it'll take a dip because there'll be less interest from year to year, depending on the market, et cetera. But that's the idea, is that you are working off the interest, and oftentimes, a percent of the interest. Not, not the entirety of the interest. So, it's-- it creates more certainty for whatever the thing is that you are endowing. So, when the, the arts community and philanthropic community, and "legislatives" members created this endowment, I don't even know how long ago-- well, a while ago. At least 20 years, probably more. What they did was create as best they could-- because you can't actually create an endowment in the Legislature or in our budget, so they created sort of guardrails, et cetera. And so, we've been giving them a transfer to the actual cultural endowment, not-- so the cultural endowment fund is just the cash fund that the state has, and then the cultural endowment that we give money to is, like, Nebraska Arts Council, and then they administer grants. We give them, I think, \$600,000 annually. And then, there's matching funds that go into this fund from philanthropic community, and that is kind of how this, this fund operates. So, so that's one of the issues that I did not agree with in the budget this year. I did not think that we should be taking money out of the endowment fund because it's an endowment fund, and, and we should be honoring our obligations, and I don't think that taking money out of an endowment, which is clearly-- you're not supposed to touch the principal-- is not honoring our obligations. So, that's a cash fund that I would like to see some changes to, which we will get to in the next bill. But as I said, there's lots to talk about in the cash funds. So, I'm going to start on this bill by talking about the cash funds, so. I see I'm almost out of time.

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There's-- the Education Future Fund is something that I'd like to discuss as well, and that might be something that bring up in my next time on the microphone. So, thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Conrad, you're recognized to speak. This would be your final time before your close.

CONRAD: Very good. Thank you, Mr. President. Appreciate the, the heads up there. Colleagues, I know that we initiated debate on the mainline budget bill for this year's budget adjustments yesterday. There was some good general dialogue and play-setting about where we are with our financial status, and then some of the specific and discrete items that, that the Appropriations Committee has put before us with their proposal. And then of course, once that emanates from the committee, it's up to the body as a whole to decide what works and what doesn't work, where we need to make adjustments upward or downward, where need to look at other cash components if need be. And yesterday, I think we started a robust debate in regards to a key public policy issue as to whether or not public funds should be diverted to private schools in contravention of, of our state constitution's non-aid provision, and then also as evidenced by the will of the people through multiple votes in modern history, including decisively and recently just two years ago. As I started to dig deeper into the budget and just kind of working through the committee amendment in AM2162, I noticed that there were a host of sections lifting up important issues that were deserving of additional attention and deliberation. I know it looks like Senator Cavanaugh and Senator Roundtree have also filed substantive amendments to help guide our discussion for some part-- for maybe the remainder of the, the morning session. But I think folks have brought forward a lot of really good points here. There's definitely been a bad taste left in the mouth of many Nebraska voters who feel like the Secretary of State has treated their voter registration information carelessly and had acquiesced to radical federal government overreach on these precious components of our democratic system in order to perpetuate a, a big lie. And that's not outside of context. Of course, the Secretary of State urged and participated in litigation to overturn the, the 2020 election. He's been before the Legislature multiple times parroting big lie rhetoric and seeking to suppress voter participation. And then, this most recent kind of adding insult to injury, in terms of those radical propositions of cooperation with the Trump administration in contravention of key issues in state law, and in sharp contrast to how his predecessor handled these matters. It's definitely a point of concern. Myself, Senator Rountree, Senator Raybould, Senator Spivey,

Senator Cavanaugh, Senator Juarez-- again, many others had engaged in a series of correspondence with the Secretary of State's office over the interim period detailing our concerns about these issues, and again, we appreciated his responses back. Additionally, whenever new information appeared in publications in regards to the Secretary of State's treatment of this request from the federal government, we would follow up with additional concerns and considerations. So, in late 2025, it was reported that Nebraska was one of at least a handful of states that was negotiating a memorandum of understanding with the Trump administration in regards to the request for voter records. So, we asked the Secretary of State to confirm whether or not that news report was true, and he indicated in response to state senators January 6, 2026 that it was not; he was not in negotiations with them considering an MOU regarding the sharing of voter registration information, and yet, just a few weeks later, sent off that, that information after initial matters in related litigation had concluded. So, I, I do want to lift that up. I also, just on the final point, want to lift up that, of course, health insurance--

KELLY: That's your time, Senator.

CONRAD: Thank you, Mr. President.

KELLY: Thank you, Senator Conrad. Senator Dover would like to recognize some guests in the north balcony from Madison High School. Please stand and be recognized by the Nebraska Legislature. Senator McKinney, you're recognized to speak.

McKINNEY: Thank you, Mr. President. I'll continue my conversation about the "Department of Punitive Services" and them signing our state up to run an ICE detention facility. So, I had a hearing about this, LB963, and the director of the department, he said that they have authority-- they had authority to do so under Nebraska Revised Statute 83-171 and under, and under Article IV, Section 6 of the state constitution. So let me read Article IV, Section 6. Supreme executive power: the supreme executive power shall be vested in the governor, who shall take care of the laws, be faithfully executed in the fair-- and the affairs of the State efficiently and economically administered. Don't see authority there. Then I look at the statute 83-171, Department of Corrections; created; duties. There is here-- there is hereby created a Department of Correctional Services, which shall maintain and administer facilities required for custody, control, correctional treatment, and rehabilitation of persons committed to the department, and for the safekeeping of such other

persons as may be remanded to the department in accordance with law; develop policies and develop-- develop policies and programs for the correctional treatment and rehabilitation of persons committed to the department; (3) supervise parolees who have been committed to the department; (4) administer parole services in the facilities and in the community; and (5) maintain all records and files associated with the board of parole including relating to individuals subject to lifetime commitment supervision under Section 83-174.3. So, what I'm highlighting here is that they did not have the authority, and they do not have the authority. So, I sent the director an email outlining this, telling him that the statute 83-171 does not explicitly authorize the "Department of Punitive Services" to contract for the operations of an ICE detention facility. Article IV, Section 6 does not independently grant new contracting authority to the governor or the executive branch. But there is one. Article IV, Section 19 reserves the control of penal institutions for the Legislature, which means they should had went through us before signing that contract. There is no express authority for permitting that action. Under the Nebraska separations of power principles, executive agencies may not exercise powers that have not been granted by statute. Consequently, neither the governor nor the-- nor NDCS had the authority to enter into these contracts with DHS without legislative approval. So, I just wanted to highlight that this morning. And then he talked about a decrease in population of our institutions. One, I don't think he created or implemented any new policies that decreased the population. I would argue, and I would more than likely be right, that the passage of LB50 and LB631 is the reason for if there is a decrease in population. But because over the last couple years we've turned into a felony factory, I think the population is going to rise, because if we need to pass all these felonies because our communities are that unsafe, that means the already-projected overcrowded new prison will be overcrowded because we keep passing new, new felonies. So, I just wanted to throw that out there, too. So, if the population is decreasing and we need more felonies because our communities are unsafe, you can only assume the population will be even more overcrowded, especially in the men's population. They don't like to differentiate, but if you look at the men population, it is very overcrowded. Thank you.

KELLY: Thank you, Senator McKinney. Senator Ibach would like to recognize some guests in north balcony: they are fourth graders from Overton Public Schools. Please stand and be recognized by the Nebraska Legislature. Senator Hunt, you're recognized to speak.

HUNT: Thank you, Mr. President. I was saying on my last time, I was, I was getting into my points about the Secretary of State, about the matter at hand here with FA1036 from Senator Conrad. The Secretary of State recently, in February, turned over Nebraska's voter file to the federal government, to the U.S. Department of Justice while there is this legal dispute ongoing about whether or not that transfer is even legally allowed to occur. And the question has been given to the Nebraska Supreme Court, and before the Supreme Court has even had the chance to hear that case directly, the Secretary of State turned over the file, and so now, the U.S. Department of Justice, which has been "DOGEed," which has been, you know, administratively hamstrung in so many ways by this administration has all of your voter data. So, according to reporting on this, the things in the voter file includes a voter's county of residence, voter identification number, registration status, their full name, address, date of birth, and then either the last four digits of their social security number or a driver's license or state ID number. So, that's personal identifying information that belongs to hundreds of thousands of Nebraskans who trusted their state government to safeguard that information. And once information like that leaves the control of the state of Nebraska, it cannot be retrieved if something goes wrong. If, if something happens again, like Elon Musk and his little college DOGE boys want to take that information and sell it or do something to profit off of that, nothing can be done to take that back and, and stop that from happening. And as attorneys in the case have said, once the data is released, the bell can't be unrung. The people whose information is contained in that file did not consent to having it transmitted to a federal database during a political and legal dispute over election administration at the federal level. Those people registered to vote because participation in democracy requires maintaining a voter roll, but they didn't sign up for their personal identifying information to be used as part of a national political fight over-- political fight over election systems. And what's so concerning about this is the timing of the decision, because the Supreme Court didn't even have the chance to weigh in on this yet. They agreed to hear the case about whether or not the state law in Nebraska actually allows this disclosure, and that hearing is scheduled for later this month, but the highest court in our state, before they could even weigh in on the legal questions involved, the Secretary of State made the decision to send this voter information to the Department of Justice before they even had a chance to hear the case. And that decision that Secretary Evnen made completely bypassed the spirit of judicial review that is now underway, that is important to oversight in our system. And when

the courts are considering if something is lawful, if it's something they're actively over-- you know, undertaking, I think the prudent thing to do is to wait for that process to play out instead of taking the irreversible step of throwing all of Nebraska's voter data into the black hole that is the U.S. Department of Justice. Oversight, colleagues, is literally our job, as Senator McKinney has been saying about our corrections facilities. When an action affects the information of hundreds of thousands of Nebraskans and is currently being challenged in court, it is entirely appropriate for this body to ask questions, and I think it's remarkable that that hasn't even happened once yet this session. This Legislature is asleep. Senator McKinney is explaining things, and nobody's even listening. This Legislature is asleep. Is it the time change? You don't like "Hunt Standard Time" that we're in right now? I'm liking the extra daylight, but the mornings are kind of hard. So, we know that the Department of Justice has been asking all of the states for their voter data. Some states have complied, like Nebraska did. But lots and lots of states, both Democratic and Republican-led states, declined to hand over that information precisely because of these concerns I'm sharing about privacy, security, and the precedent it creates, saying that the Department of Justice can just demand the voter data of everybody in a state,--

KELLY: That's your time, Senator.

HUNT: --and that we're all supposed to hand that over without asking any questions. Thank you, Mr. President.

KELLY: Thank you, Senator Hunt. Senator DeBoer, you're recognized to speak.

DeBOER: Thank you, Mr. President. I'm going to change directions here a little bit. I have questions for Senator Clements. Senator Clements?

KELLY: Senator Clements, would you yield to questions?

CLEMENTS: Yes.

DeBOER: I almost asked you-- I almost asked you, "Senator Clements, will you yield?" because I'm used to being up there in the chair. Senator Clements, I wanted to talk some general budget things, and then, I know I just now gave you the heads-up that I want to talk about pro-- or, Agency 78, and I understand that you may not have had a chance to look through that specificity yet, but I wanted to ask you

some general crim-- questions about the budgeting process. So, my understanding, from when I first started here, is that it's not that you all start with zero dollars, OK, we're going to put five into prisons, five into HHS, five in-- and then you keep building it until you are done. My understanding is that you start at a particular point, and then there's discretion after that point. Can you explain that process?

CLEMENTS: Yes. The-- a year ago, we went through all of the agencies, although we start with the, the prior year's budget amount and then adjust it for the current budget. But in last year, and, and you'll see on page 24, total General Fund of \$5,500,000,000 of '25 session-- 2025 session, what we had enacted. And so, what we review this year is just changes to that. Let's say agencies were asked to find 10 percent, we would-- but I think they were asked to find at least 5 percent. So, 10 percent would be \$500 million. We may have reviewed \$250 million of the \$5 billion. So, it's 5 or 10 percent is probably all that we really considered was-- as far as making changes.

DeBOER: So, within that 5 or 10 percent, how much of that is changes that the agencies themselves suggested to the committee?

CLEMENTS: A lot of it. We had agency suggestions, and we went through those. HHS is probably a large one with the efficiencies they found. Then, the next part is governor recommendations on new items that weren't on an agency request. Some agencies request more. I was looking; we had 20 agencies that have reduced in this budget in '27 that are either level or went up. Most of the-- a lot of those were level, but there are some increases in budget items for agencies that really needed a specific purpose.

DeBOER: So, let me, let me clarify. Did you just say you had 20 agencies or so that did not change their appropriation down?

CLEMENTS: No, that are lower than last year.

DeBOER: That are lower.

CLEMENTS: Yes.

DeBOER: And so, there's a large number that are not lower, is that right?

CLEMENTS: Correct, there are 75 agencies all together.

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DeBOER: OK. So, if it's approximately 20 that are lower, of those 20, which is the most lower?

CLEMENTS: That'd be on page 22 of Agency 25, DHHS. You'll see in the first year, -\$14 million, and in the second year, a -\$100 million.

DeBOER: In the second year, or the second biennium?

CLEMENTS: Second year of the biennium.

DeBOER: So, in 20--

CLEMENTS: Fiscal year '27.

DeBOER: In '27, which begins in '26--

CLEMENTS: It starts July 1 of this year, yes.

DeBOER: OK. So, in-- from July 1 of this year until next year, we're going to cut \$100 million from DHHS.

CLEMENTS: They are finding savings.

DeBOER: Can you give me an example of what a savings in DHHS that would add up to \$100 million looks like?

CLEMENTS: We've been told not a lot of detail, but we-- they had providers that were contractors that had employees that didn't get paid as nearly as much as we paid the provider. They've hired those and [INAUDIBLE]-- hired 150 employees directly as state employees rather than having them be going through a provider that takes some off of the top. Then nurses who were contract nurses, they've hired them as state employees and not having to pay through a temporary agency.

DeBOER: That sounds like a good--

KELLY: That's time, Senators. Thank you, Senators DeBoer and Clements. Senator Kauth, you're recognized to speak.

KAUTH: Thank you, Mr. President. I just wanted to give some clarification about the concern, because the Secretary of, of State lawfully cooperated with the Federal Department of Justice. The Department of Justice requested the voter rolls from every Secretary of State, citing the National Voter Registration Act, the Help America Vote Act, and the Civil Rights Act. They requested the date of birth

and either the last four digits of the social security numbers or a driver's license. Our attorney general evaluated the request and deemed it lawful. Common Cause, which is a very progressive organization, filed a lawsuit to stop this legal action, and their case was dismissed. They then appealed to the Nebraska Supreme Court with a motion to pause the Secretary of State from being able to comply with this legal request. The motion to pause was dismissed by the Supreme Court. So, when Senator Hunt says before they could even weigh in, that's factually inaccurate. They weighed in by saying this doesn't deserve to be paused. Secretary Evnen fulfilled the responsibilities of his job, complied with a lawful request. He used the date of birth, and he used the last four digits of the social security number and not driver's license numbers. And just, just a note for anybody who doesn't already know, the federal government knows your birthday, and they're the ones who issued the social security numbers, so they know your social security number as well. Anybody can get these voter lists without that identifying details with it as long as it's not used for commercial uses. The implications that the Secretary of State is acting improperly is, I, I think, more wishful thinking and general irritation with voter integrity measures coming from the progressives in our body. And thank you.

KELLY: Thank you, Senator Kauth. Senator John Cavanaugh, you're recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. Well, I, again, rise in support of Senator Conrad's amendment. Well, I, I would say in response that people's frustration with the aggregation, compilation, collection of voter data is that it is not in service of voter integrity, and that the, the hand-wringing and "upsetness" about the fact that there is some risk to voters in this country is a manufactured thing that people like to raise in an attempt to create hurdles, erect hurdles to voters being able to gain access to the ballot box. And it has happened because there are certain people, particularly the President of the United States, who are upset that voters don't share their views, that voters voted against them, and have thrown a fit because outcomes of elections did not go the way they wanted them to. And so, collections of data have a chilling effect. People do not want lots of information about them compiled in places that are unnecessary, and people should rightfully be suspicious of that. We've had many conversations about data collection. We just had one last week about computer apps collecting data for age verification because there is-- while there is some necessity to have verification and information, it needs to be very

carefully protected and guarded away from misuse and abuse. And the concern is that this aggregation of all data at the national level is not an attempt at any altruistic protection of voter integrity; it is intended as a way to scare people, it is intended as way to have a chilling effect on people voting who those in charge do not like, or do not agree with the opinions. And so, the-- that's what the opposition is here, and the Secretary of State, who I have agreed with a number of times but I disagree with in this capacity, and I disagree with a number of other things he has done this year, and I do think that some of it is in service of heading off challenges from folks who believe in some of these conspiracies. I sit on the Government Committee, I heard some of the hearings. People come in and espouse things that have been demonstrated to be false when they come in and advocate for voter suppression techniques. And we had a hearing where people came in and repeatedly referenced the number of people who voted in a different state in one specific county in an election six years ago as justification for voter suppression in the state of Nebraska. And it is nonsensical, it is unsubstantiated, it is unjustified, and it is designed to have a chilling effect. And so, I am somebody who I think you all know have a different opinion than a number of people in this body. I have never attempted to undermine or try to make it harder for your constituents to vote because I disagree with the positions that some of you have taken. I think there's a lot of people here who have repeatedly stood up for your constituents' ability to vote, to prevent voter suppression, even though those constituents have repeatedly voted for someone whose-- who I disagree with. So, support for a functioning democracy has to do with ensuring that everyone has the right to vote, everyone has access to the ballot box, and that the government is not harvesting your data in an attempt to have a chilling effect and to scare you into not voting. So, that's the opposition to the Secretary of State sending data to the national government. There are other things that are, of course-- that have been raised by Common Cause, who is interested in ensuring election integrity, safety, accountability, and campaign finance. And so they, they have a good common cause. So, again, I will support-- I support FA1036, AM2162, or--

ARCH: Time, Senator.

J. CAVANAUGH: Thank you, Mr. President.

ARCH: Senator Quick, you're recognized to speak.

QUICK: Thank you, thank you, Mr. President, and good morning, colleagues. I do appreciate Senator DeBoer's questions of Senator Clements on some of the cuts to DHHS, and, and, you know, he did refer to that they saw the-- some of these not so much as cuts, but as savings. I still question maybe some of that, because some of those bills became-- came before us in the HHS Committee. I know that some of them were-- they were going to do more in-house with some of the-- like foster care, like I said, with the A&D waiver. I think there was-- well, maybe not the A&D waiver. I can't remember. I know there was a couple programs that they were going to do in-house instead of allowing the providers that we had there before. And they said they would be able to do it without increasing number of employees and without, felt like, without increasing any costs. I'm also going to-- you know, I finished up last time talking a little bit about the hair-- health care transformation funds that are coming to, to Nebraska from the federal government. There's \$218 million. I know we've had a couple briefings on those, and I know DHHS is working hard on that as well to try to get that application process. One of the things that people probably don't know is, is that-- so, the funds are-- I'm not sure if they're actually here yet, but they're on the way here. They're putting out applications for different-- there's, like, I want to say maybe seven different areas, maybe. I probably don't have that exactly right-- that the monies will be spent in, those dollars will be spent in. The problem that I see is that there are a lot of restrictions that come along with that. So, there's no-- you can't build something new. I'm not sure if you can actually expand something you have. It has to be a new program that you would implement. So-- and I could have that-- some of that wrong. But I know on some of the briefings that we've went over, we've talked about, along with when applications will go out, when they'll be back. But the money has to be obligated by October, and I want to say it's October 1. So, it's a really short timeframe to get \$218 million out to different-- whether it's healthcare-- I know there's going to be some more, like, community healthcare worker education, getting more community healthcare workers in place. The hospitals maybe get a little bit of the money for different-- but they're restricted in what they can spend it on. And then, there are-- there's, like, healthy foods, things like that. And so, those are all part of those, that healthcare transformation. And that's also work that DHHS is doing to try to work with the applicants, the, the different health care organizations or facilities who are applying for those funds. So now, I'm going to go back on-- a little bit on the behavioral health, cuts to behavioral health. And I really have-- take issue with that,

because, you know, we're trying to help some of these people who are in need of, of-- whether it's mental health, substance abuse, behavioral health includes a whole array of, of things that affect people. I would say ABA services are also under that preview. This last year they cut the ABA rates, Medicaid rates in half. We saw a loss of Medicaid, a, a loss of, of kids receiving ABA services who were on Medicaid. I believe there was 15 in, in our area that were receiving that in Hastings. And for those of you that maybe don't know a lot about ABA, it's, it's for kids with autism. And so, through no fault of their own, these kids struggle with it. Depending on where they're at in the spectrum, they could be a lower-needs, they could be higher on the spectrum and have higher needs. And ABA helps them adapt and be able to be successful in society, helps them to acclimate more, helps them, maybe, to go into the school system and be able to be in the, the same classroom with other kids. And I think it's really important, because if children aren't receiving these, these type of services, these are the same kids that maybe end up-- if they're higher on the spectrum and they have issues where they're, you know, hitting people or kicking or acting out, these are same kids and maybe are removed from the home or put in a foster care system, or maybe end up in jail at some point. So, I'll continue this later, but thank you, Mr. President.

ARCH: Senator Machaela Cavanaugh, you're recognized to speak, and this is your third opportunity.

M. CAVANAUGH: Thank you, Mr. President. So, going back to the cash funds. I was talking about the Education Future Fund. So, on page 11 of the goldenrod book, we have a transfer into the Education Future Fund of \$250 million-- well, that was previously, in '24-'25, and then going this biennium, it's \$242 million each year, and then goes back to \$250 million. And I know we've all talked about how this is not a sustainable fund. Not really sure what the long-term plan is with this fund. But it is a little problematic that we created it to begin with, and then we funded special education through this fund, and when we took special education and funded it through this fund instead of how we were funding it previously, we created a new what's called maintenance of effort. So, the federal government has a maintenance of effort requirement for federal matching funds. And the state, when we decided to create the Education Future Fund and fund special education, it was the governor's intention, and I think it's fair to say also the Legislature's intention, to fund 80 percent of special education at the state level. So, it had previously been about 20 percent at the state level and 80 percent at the local level. So, we

were trying to do a shift there where we were taking more responsibility for special education and taking that off to offer some property tax relief. What we did was change our maintenance of effort at the state level, which is fine, but that means that we have to maintain at a certain level. So, we are-- in the current budget, I believe we are no longer at 80 percent; I believe we are at 78 percent. Now, the tricky thing here is, what does maintenance of effort actually mean? Does it mean a dollar amount, or does it mean the percentage? I think it means the dollar amount. I think we cannot spend less than we spent the year before on special education. But we are already immediately going back on our commitment to fund 80 percent of special education at the state level if we don't increase the dollar amount to keep up with the costs, and we all know that costs for everything are on the rise here and across the country. So, wanted to highlight that for colleagues, that that is a concern in the budget. We did make cuts that lower us below the \$80 million-- or 80 percent, and I think that's something that we should be discussing and potentially revisiting funding for that. Then, we have our property tax credit funds. We have Tier 1 and Tier 2. So, there's the Property Tax Credit Fund, and the School Property Tax Relief Fund. So, the amounts transferred to the two property tax credit funds, the reductions account for investment earnings in the funds as well as amounts to be returned to state due to unused credits from credits used in '25-'26. There's no change to the minimum amount of relief provided under either property tax program, and it is estimated the transfers provided-- even with the reductions, will provide sufficient funding to meet the minimum credit amounts under the law. So, I've talked about those funds a lot. One of them has been in existence for quite some time, and that's the Tier 1, and that shows up on your property tax statement. And now, I believe both are going to show up on the property tax statement because we changed how Tier 2 is given out. It used to be that you had to apply for that credit in your income tax filing, which meant that a lot of people were not applying for it and it was underutilized, which is why there's money from previous years that we can sweep back. So, we have to-- oh, I'm out of time.

ARCH: Time, Senator.

M. CAVANAUGH: Thank you, Mr. President.

ARCH: Senator Juarez, you are recognized to speak

JUAREZ: Thank you very much. Good morning, everyone. And I wanted to get up and speak for a few moments today in regards, obviously, to our budget topic that we're focused on. And one of the issues that I wanted to bring up, which I have brought up in the past, is in regards to a bill that I introduced in my first session which is trying to increase the alcohol tax, and my bill has never made it out of committee. And I want you to know, on the history of this, in case you forgot, is that I actually was approached by a youth council that invited me to come and listen to them about their proposal to increase this tax. And the youth have not given up on this topic; they've been to my office again this year, still trying to get this tax raised. And I know that I went down in the percentage from when I first introduced the bill, and on my revision in December of 2025, it's now at eight-and-one-half percent on sales of alcoholic liquor. And honestly, in my opinion, I think we should have a separate tax on high-end wine that-- on the good quality stuff. You know, bottles can easily cost \$300. Obviously, high-income folks have the money to spend on alcohol at that price, and I think that we should even have a separate tax on the high end of our alcohol. And I've been trying to take a quick look here at what's going on in other states, and I have here for state spirits, Iowa, our wonderful neighbor, has per-- this is dollars per gallon-- they're at \$6.40. We're only at \$3.75, and this is based on 2014 rates, is what that data is from. For our beer excise tax, now, here, we were on the high end because ours was 31 cents per gallon, but Iowa was only 19. And we know now with the stadium allowing the alcohol sales, just think about the revenue generation that we can get just during football season alone if we would be willing to increase this tax. As I emphasized before, we've been in search for this higher revenue, and yet I can't get this increase in alcohol tax to go anywhere. I have down here for wine excise tax, again, 2014 data-- which I know is a little old, but it's what I've got to work right now-- Iowa was at \$1.75, \$1.75, and we were only 95 cents. So, I think we have some room here to increase this tax, and I wish that it would be given some serious consideration when we have the deficit that we're facing. And I wanted to point out how I was having the distribution of this tax go. Of course, there was going to be 50 percent to the General Fund; 10 percent was going to go to an excessive alcohol consumption and treatment fund; 35 percent was going to go to the Education Future Fund, and that, that is a fund which is decreasing in the budget. So here, I have this bill that's gone nowhere, where we can put money into it instead of taking it out for our deficit needs, or at least look at it in the future as a way to

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replenish the funds we're taking. And then another 5 percent was going to go to the, to the Nebraska State Patrol Liquor--

ARCH: Time, Senator.

JUAREZ: --Control Enforcement Fund. Thank you.

ARCH: Senator McKinney, you are recognized to speak, and this is your third opportunity.

McKINNEY: Thank you, Mr. President. I also have a, a bill to do something similar to what Senator Juarez was speaking of. I think it raises \$8 million the first year and 24, \$25 million a year after. It deals with alcohol and tobacco sales in qualified census tracts, and the money from that revenue would go to federally-qualified health centers, I think child care, re-entry services, homelessness, and something else slipping my mind. Which I think would be very important. I think considering, you know, we're making cuts to, cuts to programs like that, we're having discussions about where do we get revenue for our childcare providers. I think Senator DeBoer has a bill she's working on. I think everything should be on the table, you know? You know, the hearing was interesting, because I'm-- was attempting, and if it passed, it would tax liquor stores and tobacco-- well, liquor stores, convenience stores, gas stations in federally-qualified census tracts which, you know, are, you know, predominantly not economically well-off communities in our state. And I got to ask the question about, you know, whether those-- not the question about whether they were good, but they might leave the community. And my position on that is, I think my district, for example, is oversaturated with liquor stores. There's definitely a, a big debate on social media currently with many members from our community about the saturation of liquor stores and the negative impact that they have on our community. So, I don't think we need more liquor stores in north Omaha. I also think that if they're going to be in our community profiting off people and other things that come along with that, then they should pay an extra tax and give back to the community, because I don't think in my lifetime I've ever seen a liquor store do anything positive for the community. Maybe I'm wrong. Maybe I missed it. Maybe they donated to something that I don't know about. But I can't think of anything. Nothing public-facing that said X company is doing a community something, to give back to the community. All I see is take, take, take, take, take. I go to areas in my community, and all I just-- it, it just-- it's not a good sight, you know? And it's just funny. I was having a conversation, I was doing an interview

yesterday, and it was a conversation about the liquor stores, but also the over-saturation of nonprofits in north Omaha too, which has been a discussion I've continued since I've been in the Legislature. So, we have an over- saturation of liquor stores, and we could think of all the negatives you could think of about those liquor stores. You can even go by ZIP code and look at our prison population and look at the ZIP codes where all these liquor stores are at, and attribute it, potentially, to our prison population. You can or you can't, but I think it's worth looking at. But then, we also have all these non-profits that are supposed to be doing all these amazing things. Nothing against them, because a lot of them are good. You know, I've worked for some, and they do good things. The problem is, I don't think it's solving the problem. I, I thought the "mishing" of a nonprofit was to work yourself out of a job. But it doesn't seem like that happens ever, or often at all, honestly. So, it's just-- when, when people ask me why do I vote certain ways and do certain things, it's because of things like this. All these liquor stores, all these nonprofits; the kids in my community and the parents in my community don't really like the schools because, when you look at the statistics, our kids haven't done well. When you look the suspension rates, it's predominantly kids from our community. So, don't ask why did I do something if you know the reality, or you're ignoring the reality. But I just wanted to get up and talk about that, because I think it's important, and I do think that if people are, are negatively impacting our communities, they should pay for it. Thank you.

ARCH: Senator Fredrickson, you are recognized to speak.

FREDRICKSON: Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraskans. So, I rise today-- I've been listening to the conversation about the-- so currently, ahead of us is FA1036 by Senator Conrad. You know, I was listening to her introduction on that and some of the conversation that has been had on that measure, and interestingly enough, this is-- the, the voter data has been something that has brought up to my office quite a bit by constituents, so I've gotten both a number of phone calls, emails, but I also hear a lot from voters on the doors about concerns about that. So, I, I-- I'm, I'm appreciative that that has been entered into the conversation here. But I also really appreciate what Senator Clements shared with us, which is that the costs that this specifically would be covering would be related to healthcare costs for, I believe, the staff of that office. So, with that, I do not feel like I'm at a place to support FA1036, but I do certainly appreciate the conversation that's been had

about that. Senator DeBoer asked Senator Clements a few questions about HHS, and specifically some-- or, excuse me, DHHS and cuts related to that. And I, I got in the queue because I wanted to shed a little bit more light on that as a committee member of Health and Human Services. And there's going to be, I'm sure, plenty of time to talk about that as we get into budget debate further. But this is one area that I think we should be really focused in on as, as a, as a body. You know, this is something that we could argue certainly impacts every single Nebraskan, regardless of where you live, what your socioeconomic status is, et cetera, is, is certainly health care. So, we've had a number of hearings in the HHS Committee this year as it relates to some of the proposed changes, whether that's secondary to H.R. 1, the federal legislation that passed, or other cost-saving initiatives from the department. And I would encourage members of the body who are curious to look at the transcripts of a lot of those hearings, specifically when the department is in the chair and being questioned by committee members about the fiscal notes that have been presented to our committee. There are a lot of very significant numbers on those fiscal notes and a lot of-- you know, I, I-- if I'm being generous, sort of unclear paths to exactly what-- how we get those dollar amounts. And, and frankly, when pressed further under questioning by committee members, oftentimes, what we learned is that the projected cost savings that are reflected in these fiscal notes are, are not actually cost savings at all. In fact, they're just moving the cost or shifting the costs towards Nebraskans, or either towards hospitals or providers. A perfect example of this would be, you know, with some of the-- we had a hearing on the 1115 waiver, the application that the state was proposing to do to bring our retroactive coverage to-- I'm sorry, it is incredibly loud out there, so. But it, it-- the 1115 waiver down to zero-day coverage. And one of the things that we found when we were speaking with the committee and, and, and the department was that those dollar savings that they were projecting on the fiscal note, they came out saying that they were expecting or anticipating that hospitals would just either absorb those costs, and so that would be considered-- I forgot the exact terminology for it, but it's something like a, like a community write-off, for example. Or that, that-- so, so it would-- it'd be in-kind care, essentially. And, and hospitals do a great job of doing this already. They, they do their best with this. But those are really significant dollar amounts for our providers and our hospitals to be expected to absorb, should we move forward with that. So, yes, the department is projecting this as a cost savings in-house, but they're just passing that cost on to hospitals or organizations. The other

thing that became really clear in a lot of these hearings is that they're also relying on Nebraskans just to lose healthcare coverage. So, you know, in order for a lot of these cost savings to be realized, people are going to have to fall through the cracks as it relates to Medicaid. And so, that, again, is a, a concern because that to me is not really-- at the end of the day, that-- that's, that's not a cost saving because people are still going to health care needs. Just because you lose your Medicaid coverage does not mean that your health care needs are all of a sudden just gone. So, those costs are going to be-- have to be made somewhere, whether that's in cost-- you know, medical debt for the individual, whether that's expected for hospitals to absorb those costs, but the reality is those things don't just disappear or, or go away. So, there's a lot more. I've got plenty of notes. I see I'm almost out of time here, but happy to talk more about some of the proposed cost savings.

ARCH: Time, Senator.

FREDRICKSON: Thank you, Mr. President.

ARCH: Senator Hunt, you are recognized to speak, and this is your third opportunity.

HUNT: Thank you, Mr. President. I think I timed it perfectly, because I think I can get through all the rest of the points I had on this last five minutes I get on this motion. I'm, I'm eager for the next amendment that's coming as well. I-- it's a, it's a substantive one that, that I'm eager for the debate on that. But I wanted to respond to Senator Kauth's, oh, thoughts on what I said about the, the ethics, I guess, of the Secretary of State giving up Nebraska's voter data to the Department of Justice. You know, she said the federal government already has this data, they have your social security number, they have this and that. And that's true. But you know that there's so many departments and silos of where that data lives, and I think it's very important to people's security that that stays where it belongs. Her argument is completely misunderstanding my point, and misunderstanding the problem and the whole issue. The question isn't whether pieces of this information, your address, your social security number, your voter registration, your birth date, you know, whatever else is on that voter file-- the question isn't whether the federal government already has that information; the question is whether the state of Nebraska should voluntarily assemble all of that information and transmit a consolidated voter file with personal identifying information about our vote-- our voters to an entity that has already

been shown that they can't be trusted with that data. They can't keep it secure. I'm still hung up on what Elon Musk did with everybody's social security numbers and the Department of Government Efficiency, DOGE, and the little intern college kids he had working for them. They slashed all the accountability, they slashed all the security measures, and that data was leaked. Gone are the days, colleagues, when you can trust the federal government with your data. I sound like, you know, one of these tinfoil hat people. I sound like, you know, one of these fluoride people or something. But, like, it's not what it used to be. It's not a lockbox that they have up there where they're really respecting your data. They're selling it, they're moving it. The president is profiting off of all of this as much as he can, and Elon Musk is helping him. And I, I know how conspiratorial that sounds, but look at the reporting. It's literally happening. It's not something I'm making up. There's a difference between information that exists in separate places across government systems and a state government deliberately compiling and sending a structured dataset that links identity, registration status, identifying information all in one place, and sends it to the Department of Justice. Why? At a time when election integrity is such a politicized issue, there's a meaningful change about how that data is handled. And what our colleague Senator John Cavanaugh said was exactly right. It's not that they need the information, it's that they want it so they can chill voting. The impact it has on the way people feel about the security of elections is the point. So, the issue isn't whether the federal government has ever seen your driver's license number before or whatever; the issue is whether Nebraskans expected their voter registration information to be handled this way when they registered to vote. Whether-- when, you know, my grandmother, Lynette Hunt, who won't use a credit card online because she doesn't want her information stolen, when she registered to vote, which is her right as an American citizen, if she thought that that data would then be transmitted without her permission to the federal government, to the Department of Justice for political reasons during an ongoing federal, political, legal dispute about election administration-- once the state sends that file, that decision is permanent, and that's why the courts, the privacy laws, the oversight that we should have here in this Legislature exists in the first place. Even if somebody believes that the federal government is going to handle their data responsibly, the precedent still matters. Voter data exists because people are exercising their constitutional right. That information is collected by the state for a specific purpose, and I think voters should have the expectation that that data stays secure, and that it doesn't get,

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you know, handed to some college kids in the federal government who got hired because the President liked them. When governments expand data sharing without guardrails, without accountability, and without oversight like we are unwilling to give as members of this Legislature, it completely changes the relationship between citizens and their state and the way that they interface with democracy--

KELLY: That's your time, Senator.

HUNT: --and that's what the concern should be. Thank you, Mr. President.

KELLY: Thank you, Senator Hunt. Senator DeBoer, you're recognized to speak.

DeBOER: Thank you, Mr. President. When last we left the conversation, I was talking with Senator Clements about the Department of Health and Human Services and cutting \$100 million or so from the Department of Health and Human Services for the next-- next fiscal year. I wonder if Senator Clements would yield to some questions to continue talking about that.

KELLY: Senator Clements, Senator Clements, would you yield to questions?

CLEMENTS: Yes.

DeBOER: Senator Clements, we were talking about how some of the money in the \$100 million that we're cutting for the next fiscal year from HHS comes from savings from moving contract employees to actual employees. Some of that savings, however, would probably-- I would ask if, if this is correct in your mind-- be eaten up by the fact that insurance costs would have to be higher now. And so, some of the savings we might have expected before insurance costs went up would be eaten by now having to provide insurance for those contract-- or, those employees.

CLEMENTS: Yeah, there would be some of that.

DeBOER: So, of the total \$100 million savings that we are expected to find in Health and Human Services, about what percentage would you say belongs to this efficiency piece where we're moving from contract employees to employees?

CLEMENTS: They've asked us-- I see on page 63, converting contractors to full-time employees. In about the middle of the page, you'll see PSL, personal service limit, \$25.8 million increase in '26 and fiscal '27. So, that's-- it's \$51 million of-- over two years.

DeBOER: Over two years. So, 25--

CLEMENTS: 25 per year.

DeBOER: Since we're doing \$100 million in one year, 25--

CLEMENTS: 25.

DeBOER: So, we still have 75 more. I was interested in what Senator Fredrickson [SIC] was saying about ABA cuts. There's a child in my life with autism who has ABA treatments, and I was wondering if you could talk to me about how much money we are cutting the autistic kids in the state from their ABA treatments.

CLEMENTS: Well, that's the line on page 65 called "rate corrections," and it's not just ABA, but I think a, a-- you know, probably a lot of it is. The 2026 is negative \$12 million, but in 2027, \$23.6 million of rate corrections, which I'm told makes us more in line with other states.

DeBOER: OK, well, regardless of that in line with other states piece, because you know what I always say is what my mom always said: if other states are jumping off a bridge, does that mean you're going to do it?

CLEMENTS: Right.

DeBOER: I want to know-- OK, so it sounds like we're cutting about 12 or 13 million dollars a year from services to autistic kids. Is that right?

CLEMENTS: Of general-- well, that's, that's a portion of that number, yes.

DeBOER: Of the rate--

CLEMENTS: Yes.

DeBOER: What other, what other services are we cutting?

CLEMENTS: We haven't been given that detail, or I haven't been.

DeBOER: So, in the Appropriations Committee, when, when folks come in and say we're going to cut services for a particular thing, or we're going to do this rate cut which is going to cut services, the Appropriations Committee does-- I've just never been in on those agency hearings. Maybe I should have sat in there, but I've been sitting over in Judiciary or TNT. You don't know what they're-- what programs they're actually cutting or which Nebraskans they're actually going to affect?

CLEMENTS: Our analysts would have more detail that-- or, that we probably got from our analyst, the Fiscal Analyst. Got four pages here with maybe 20 items on a page, so remembering that specific item, I can't tell you what it-- how it breaks down.

DeBOER: Absolutely. And I, and I didn't mean to put you on the spot on that. I'm asking if you at some point may have had that information.

CLEMENTS: Hey!

DeBOER: Look at that.

CLEMENTS: The analyst shows me applied behavioral analysis, \$11 million reduction in '26 and \$12 million in '27.

DeBOER: So, there was 11 or \$12 million reduction in ABA services.

CLEMENTS: Yes.

DeBOER: Am I understanding that right?

CLEMENTS: Yes, that's what it looks like.

DeBOER: OK. And I am-- Senator Clements, please, I do not mean to be putting you on the spot. That's why I tried to kind of talk to you, but of course, it's hard to--

KELLY: That's time, Senators. Thank you, Senator DeBoer and Clements. Senator Hughes would like to recognize some guests in the north balcony. They are fourth graders from McCool Junction Public School. Please stand and be recognized by the Nebraska Legislature. Senator Guereca, you're recognized to speak.

GUERECA: Thank you, Mr. President. I-- on my way in-- I stopped to say hi to someone on the way in. My predecessor Senator Vargas' wife, Lauren Vargas, who is behind the glass right now, and she's in to talk

about the YRTC, we'll call it-- well, it's a shifting-around, but it's a closure. So, I guess take a little moment to talk about that. Senator Juarez and I actually took a tour of YRTC Kearney right before the beginning of session this year. Went through, stopped by on a Sunday, had a nice conversation with some of the parents that were there to see their kids. Parents were very appreciative for the fact that myself and Senator Juarez were there to, you know, look in on the kids and see how the, the program was being ran. One of the mothers actually got emotional when she was thanking me. Very humanizing moment. I think a lot of times, you know, we get so fixated on the facts and the figures, we get so fixated on the politics of it all. But there-- there's human impact there, and any time when we can take a step back and remember the humanity of the actions that hap-- that happen here, what those consequences are, how they affect our constituents and the constituents of our colleagues all across the state, I think, is important. Certainly was important I was able to stop by the Dahlman Neighborhood Association meeting last night, dropped in on them unannounced. We had a great conversation towards the end of the meeting, but I came in a little late. And like any great neighborhood association meeting, we had a representative from Omaha PD come in, there was some concerns about, you know, folks getting run over. There, there was a couple pedestrian and bike deaths in the vicinity of the district. That was a concern. People speeding down 10th Street, down 13th Street, going from downtown to the interstate. Things that I heard when I was campaigning, because, including myself, people do love to speed going from downtown to the interstate. So, I'm talking about the human impact. Let's circle back to YRTC. At the Kearney facility, they're, they're in the process of building out a new-- I think it's 50- or 60-bed building. But the difference from the vast majority of the kids of YRTC, right now, there are-- I think it's four or five buildings that the kids live in, and they live in dorm-style sleeping arrangements. And the new building, which I think 50 or 60 beds, would give each kid their own room. And in that room, they would have the privacy and the security of being able to get through a good night's sleep without fear of beating-- being messed with. There's that stability, that, that humanizing aspect that would help these kids along the path to, you know, bettering themselves, rehabilitating themselves, the purpose of YRTC. So, I'm disappointed that the state's solution, instead of spending the money to fix YRTC Hastings, is to shuffle everyone about; send the girls from Hastings to Kearney, send the boys from YRTC Kearney, which is an environment to promote rehabilitation, into a youth prison, and take those kids into the adult prison. Humanizing.

KELLY: That's your time.

GUERECA: Thank you, Mr. President.

KELLY: Thank you, Senator Guereca. Senator Quick, you're recognized to speak. This is your final time on the floor amendment.

QUICK: Thank you, Mr. President. Good morning, colleagues. I'm going to talk a little bit more about the ABA cuts. And, you know, we're looking at decreasing costs in the short term, but what happens is, is it's going to-- I still believe it's going to increase cost over time. You know, some of these kids, if they're not receiving a service to-- the-- you know, whether it's directly in the classroom or if it's at a facility for, you know, kids struggling with autism or having autism. These are the same kids-- we just voted on a bill to suspend kids from school. This could, this could be a kid who has those behavioral health issues in school and is suspended from school. This could be, possibly, a kid that ends up in the foster care system. This could be a kid who could also end up in juvenile justice system at some point, and really through no fault of their own, and, and in the end, maybe eventually end up in a facility which is the highest cost of care. And so, you know, I really think we need to be mindful about what we're making cuts to, whether it's any type of behavioral health. We don't have enough providers, we don't enough facilities in any of our districts to care for people, whether they're struggling with substance abuse, whether they're struggling with mental health issues. I know in the Grand Island area, the closest place for a facility for someone is Richard Young in, in, in Kearney, and they have a limited number of beds, so a lot of times, people who are in crisis have nowhere else to go. I know I've talked to veterans in the past who maybe have struggled with-- had a crisis. One veteran told me that the best they could do for him, law enforcement would make sure he wasn't a-- if he was a danger to himself, they would take him somewhere, maybe to the hospital first. Hospitals really don't have the, the type of care to provide for them. They might spend the night in jail just to protect themselves from harming themselves because they didn't have-- they couldn't-- they had no place for him at Richard Young in Kearney. And so then, they'd be released the next day and go right back, you know, to doing whatever they did until the next time they had another crisis. I think that also leads us to the fact-- and I know Senator Guereca talked a little bit about the YRTC moves. I'm not sure it's part of this budget bill, but I know it's a part of the Health and Human Services savings that they figure that they're going to have with moving all these juveniles to different facilities. I do

take issue with it. I worked on the YRTC, YRTC issues my first four years I was in the Legislature. We had what happened in Geneva, moving the girls to Kearney, closing the Geneva facility, and then eventually moving the girls to Hastings to their own facility. One of my biggest concerns with this YRTC move is-- especially the, the Whitehall here in, in Lincoln, and you have-- these are the sex offenders and substance abuse juveniles, and they're going to-- or, they want to, I think, eventually move them to Hastings, to the Hastings campus. And one of the issues I see with that is that the staff isn't going to follow them there. And these are, these are juveniles that really need specific care, they need a specific type of counseling, and I'm not sure you're going to find providers that can help or staff that can help with-- in those areas, in Hastings, Nebraska. Nothing against Hastings. I just think it's a smaller community, you have more access to, to staff in, in the Lincoln area. And then-- so, I see this as being a real issue for me as far as, far as the YRTC moves. I know talking and visiting the YRTC campuses the first time around, I got to talk to staff, I talked to management there. I think one of the biggest issues, really, was staff training, moving staff through, training too fast, putting him into the, to the-- with the juveniles too soon. Those first four years, we had staff assaults. This time around, I think there's some-- been some sexual abuse in the facilities. And so, there's always seems to be that issue, but I think it goes back to staff training. And I know the education piece is another piece. I mean, that, that in-person education is so important for those juveniles, and now we're looking at going to more of an online model. And I think that those juveniles-- if you're not having that in-person education piece, they're not going to be successful. They're not going to be able to come out--

KELLY: That's your time, Senator.

QUICK: Thank you, Mr. President.

KELLY: Thank you, Senator. Senator Juarez, you're recognized to speak.

JUAREZ: Thank you very much. I actually am going to talk about two different topics. I did want to continue providing some comments in regards to the alcohol increase tax that I have proposed that's being ignored for potential revenue generation in our state where we have our huge deficit. I'm hoping that someone is going to listen and try to get that out of committee so we can have it provide the desperate revenue dollars that we need for our state. I wanted to mention here some of the stats for Nebraska on the health burdens of alcohol. The

short-term impacts of excessive alcohol consumption include injuries, violence, alcohol poisoning, and reproductive risks. The long-term in-- impacts include chronic disease, at least seven types of cancer, learning and memory problems, mental health conditions, social problems, and alcohol dependence. Over 1,000 alcohol-related deaths annually, and 22,000-plus years of potential life lost each year between 2020 and 2021. That's a CDC stat. More than 9,000 alcohol-related hospitalizations in 2021; that was a Nebraska DHHS stat, and that's only-- that's since 2024, so that's pretty current as far as statistics goes. 704 people were killed in drunk driving crashes between 2010 and 2020. And I do notice that when we're driving in on the interstate, they do post the number of deaths that we have in Nebraska. And mind you, it's only March, right? And there's already, I think, 38 is what we-- I was thinking that I saw last on that board. And it's, it's amazing to me to think that we've had that number already in our own state in this early part of the year. We're barely getting through the first few months here. Nearly 40 percent of alcohol-impaired driving facilit-- fatalities are victims other than the drinking driver. So obviously, the alcohol consumption does have an impact. It is been shown that when we increase the tax, it does have an impact on consumption, and that's why the youth brought me this idea to increase the tax. It says here, alcohol taxes reduces alcohol consumption in heavy drinkers. However, I will be transparent in saying that alcohol taxes are shown to disproportionately affect low-income drinkers. Alcohol taxes also reduce drinking in underage populations. So, there is some impact in trying to decrease the alcohol consumption in our state if we would just get that tax increased, and I'm going to continue to advocate for this as long as I'm serving in this facility, serving to represent District 5. On another topic, I wanted to get back to the topic that Senator Dunixi was discussing in regards to our youth facilities and the relocation plans that are in-- going to be put into place. You know, it's really hard for me to understand that Nebraska youth in Omaha are going to be moving to the adult prison in Lincoln. And I'm, I'm really concerned about this move, and to me, I feel that these moves are not appropriate. It's-- we're trying to make these moves due to budget constraints instead of thinking of good management of our prison population, especially our, especially our youth. And the Kearney folks are come--

KELLY: That's your time, Senator.

JUAREZ: Thank you.

KELLY: Thank you, Senator Juarez. Senator DeBoer, you're recognized to speak. This is your third time on the floor amendment.

DeBOER: Thank you, Mr. President. It's very rare that I get to three times on an amendment, so. I was apparently having a little difficulty understanding the ABA cuts, and Senator Armendariz very kindly came and talked to me about them since I was last up on the microphone. My understanding is that this is a provider rate cut, not a cut of services. I was wondering if Senator Armendariz would answer some questions.

KELLY: Senator Armendariz, would you yield to some questions?

ARMENDARIZ: Yes, I will.

DeBOER: Thank you, Senator Armendariz. So-- and thank you for coming up and talking to me in the last few minutes. You told me that this is a provider rate cut to those providers who provide ABA services, and that leads to that \$12 million or so. Is that right?

ARMENDARIZ: That is right. So, I, I was a little concerned that you were saying we're cutting services, ABA services. We're-- the-- nothing further from the truth. We're not cutting any services for ABA. We're reducing the rate, because it was exponentially-- and I don't have those percentages right off my-- top of my head, but I can get them for you. Several times higher than any other state in the country for those services for con-- in 2020, we were paying just over \$4 million for those services; in 2024, we are paying \$85 million for those some-- same services. And you-- lot of constituents probably saw a lot of stores fronts pop up for those services. It was because our state was an outlier by far for the other states.

DeBOER: So, we cut the provider rates. Are those still higher than the states around us, to try and keep providers in the area?

ARMENDARIZ: Yeah, thanks for asking that. We, we did want to make sure that we made-- that the providers wouldn't leave, so we are still higher than our surrounding states. We just brought it closer to the national average rate.

DeBOER: So, my concern, I guess, would be-- and, and you can speak to this because maybe you know-- would be, are we going to, even with those slightly higher than the national average rates, are we going to lose some of the providers, especially in the rural areas?

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ARMENDARIZ: We have not heard any feedback-- and I will-- I'll preface this that I meet with HHS every week and have for over a year now. So, I have learned in detail about the process. And when, when HHS in the summertime was presenting the rate cuts, we did get a lot of email over that. We haven't received any since it's taken effect, and I believe it was July, July 1 or August 1 it took effect, and haven't had any feedback of lack of service in any part of the state as a result of those rate cuts.

DeBOER: And do you think-- do we need to-- I guess, do we have enough service providers right now to provide the service to all the people in the state who need it?

ARMENDARIZ: We have not got feedback that we do not have enough providers in that area. We spend a lot of money on behavioral health and services of that type. As you know, you've been in this Legislature, we've appropriated a lot money toward those areas, and as a result, we haven't got feedback that we don't have enough.

DeBOER: OK. So, that, that helps me understand that one. Since you're on the mic, I was wondering if you would answer a few more questions about HHS in general, the cuts, because that would be 25 plus 12-- you know, we're looking at 37 or so of the cuts of the \$100 million. What is the sort of biggest chunks of the remainder of cuts to HHS?

ARMENDARIZ: So, I don't have that list with me of what they propose, but they do have a couple of ideas. So, the look-back for Medicaid, they did, they did want to put a zero-day look-back. I, I don't believe they have the support to do that, so we'll pass a bill instructing them to do a 30-day look-back on the expansion population and a 60-day look-back on the regular Medicaid population. Right now, that's a 90-day look back, so that'll be a little bit of savings off that look-back. And then, there's also a nursing home bill that'll take place and we've worked very hard on to get all the parties very comfortable with the position we're going to take on that one, and it should be a savings as well.

DeBOER: So, the medic-- the Medicaid look-back that's in AM2162, that's that 30-day, 60-day? Is that right?

ARMENDARIZ: AM2162?

DeBOER: The committee budget.

ARMENDARIZ: So, what, what we did was alloc-- we allocated the savings to the department. It will be a bill that comes to the floor on how we direct HHS to have a look-back or not have a look-back.

DeBOER: So, the--

ARMENDARIZ: Our time's up.

KELLY: That's time, Senators. Thank you, Senators DeBoer and Armendariz. Seeing no one else in the queue, Senator Conrad, you are recognized to close on FA1036.

CONRAD: Thank you, Mr. President. Good morning, colleagues. I will be as brief as I can because I know we have other amendments pending, and some are incredibly substantive and important to get to. Appreciate the dialogue on this particular floor amendment, and would urge your favorable consideration. I also really appreciate the points that many members have raised in regards to concerns about the legality, policy, and practicality of a host of different-- what I believe to be "impermissible"-- impermissible cash fund sweeps in the next bill that are also appropriated to respective agencies in this bill. There are also in this bill some pretty deep and concerning cuts to our social safety net. There are a host of issues that we need more debate and dialogue on, from the new voucher program to those Health and Human Services issues. And the last piece I'll leave you with in regards to this particular issue is that I appreciate and understand that the Secretary of State's office, as all state agencies and families and businesses, are grappling with increasing and skyrocketing health insurance costs. We're seeing these health insurance costs really just ramp up by, by significant increases over the past decade, and particularly in, in recent years and recent months. And we have seen, say, for example, about 140,000 Nebraskans lost their Medicaid coverage in the most recent unwind process; now, about 136,000 Nebraskans who previously were utilizing the ACA marketplace to help cover premium increases will see the loss of that, and are facing really exorbitant costs and jumps in terms of their health care plans. And I guess my point is this: if we are asking Nebraskans to do more with less, if we're asking Nebraskans to cover the exorbitant increases in health care costs without stepping forward to address safety net issues in this budget, but in fact exacerbating them, without stepping forward to put reasonable caps on medical debt or otherwise, as many of our sister states have done, including in red states-- if we're asking businesses and families in Nebraska to do

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more with less to cover skyrocketing health insurance costs, then the Secretary of State can do the same. Thank you, Mr. President.

KELLY: Thank you, Senator Conrad. Senators, the question is the adoption of FA1036. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

CLERK: 8 ayes, 29 nays, Mr. President, on adoption of the amendment.

KELLY: The amendment is not adopted. Mr. Clerk.

CLERK: Mr. President, items for the record. Your Committee on Enrollment and Review reports LB1001 and LB1001A as correctly engrossed and placed on Final Reading. Additionally, your Committee on Enrollment and Review reports LB847, LB1235, LB150-- excuse me, LB1155, LB985, LB835, LB1205, LB1101, LB967 to Select File, some having E&R amendments. Your Committee on Urban Affairs chaired by Senator McKinney reports LB1135 to General File with committee amendments. Your Committee on Education chaired by Senator Murman reports LB507, LB1164 to General File, both having committee amendments. New LR, LR359 from Senator Clouse; that'll be laid over. Amendment to be printed from Senator Meyer to LB1126. As it concerns the pending bill, Mr. President, Senator Rountree would move to amend with AM 21-- excuse me, with FA1039.

KELLY: Senator Rountree, you're recognized to open.

ROUNTREE: Good morning. Thank you, Mr. President. Good morning, colleagues, and good morning to those that are watching with us online and across Nebraska. I rise to introduce FA1039. FA1039 will strike Section 70 on page 38 of AM2162. That particular portion was proposed to take \$800,000 from the tobacco cessation program, and I rise to, to strike that out because I received an email from one of the members who was a senator here, former Senator Don Preister down in Bellevue, at the time this program was implemented. He reached out and said for the budget LB1071 debate, I've attached a one-pager, which I'll talk about on that. That one-pager is "Tobacco-Free Nebraska: Progress and Impact," which goes over program priorities, outcomes, key program components, and return on investment of the tobacco quit lines. But he says, our nationally-recognized Nebraska program has been a wise investment for the Legislature since 2000, when we first appropriated a portion of the payments from the Tobacco Master Settlement Agreement for a comprehensive tobacco e-cigarette prevention and cessation. Please do not cut \$800,000 of these master settlement funds from this

important program. Appropriate the full intended amount of this impactful health program. Thank you. On senate-- former Senator Preister served here from January 1993 to January 2009, and so this was his implementation. I've often said that no one loves your baby like you do, and this was his baby. And it's amazing that he has followed this process throughout all of these years, and even now staying involved. So, that tells us that when we leave the Legislature, that we still don't totally sever all ties, but we follow because we're still impacted by the things that are going on. So, just to talk a little bit about this tobacco-free program, "Tobacco-Free Nebraska: Progress and Impact." We recognize that tobacco use is the leading cause of preventable death and disease, and so the program priorities were to prevent youth and young adults from ever starting to smoke, support quitting among adults and youth, eliminate exposure to second-hand smoke, and to reduce health disparities linked to commercial tobacco use. Last week, we debated LB1124; we talked about raising taxes on cigarettes, and we had some very lively debate on that. I think Senator Holdcroft mentioned that-- one of the things he was mentioning, the place that we could get free tools and free items that, that would be able to help us in that cessation program. We have funds that are coming in from this master settlement agreement that will allow us to increase the impact of "reachout"-- outreach to our individuals and help them in that cessation. Since this program has been in progress, I want to talk about some of the things that we have seen. Our current youth smoking has gone down from 24.1 percent in 2003 down to 1.9 percent in 2023. There's been 32,850 fewer students that are smoking. I'm like Senator Hunt, now; there's a lot of noise over to this side. But we'll go on. Youth who have never-- ever tried smoking has gone down from 60.2 percent down to 10.3 percent, 73,720 fewer students. The current youth e-cigarette use has gone down from 22.3 percent to 7.4 percent, 22,025 fewer students. And adult smoking has gone down from 20 percent in 2011 to 12.1 percent in 2023. That's approximately 118,907 fewer smokers. And so, when this program was implemented from this settlement, it was asked that \$20 million a year be attributed to the cessation program. But currently, this year, we have 2.5, almost \$2.6 million in this program for 2026, even though the CDC recommends Nebraska designate \$20.8 million to tobacco cessation and to controls. So currently, based upon those, Nebraska is receiving 12.4 percent of the recommended funding for this particular program. So, with that, I would like to ask if Senator Clements may yield to a question.

KELLY: Senator Clements, would you yield to some questions?

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CLEMENTS: Yes.

ROUNTREE: Thank you, Senator Clements. As we have-- and I want to still thank the Appropriations Committee and our Fiscal Office for the great work that's been done on putting the budget together. But in this particular area, we're looking at taking \$800,000 out of the cessation program. When we debated LB1124, we talked about some of the funds that would be used from the increased cigarette taxes going to this program or for these purposes. Do you know what the average amount of spending has been on this program over, say, the last few years, and what brought it--

CLEMENTS: I could--

ROUNTREE: --to the point that we could reduce that?

CLEMENTS: I could get it from an analyst. I don't have it off the top of my head. The, the reason for the reduction, we were told that's-- those are funds that haven't-- have not been spent. The-- we're-- we preserved the amount that they've been averaging each year, but those were excess funds that were not being used.

ROUNTREE: OK, so as we then looked at LB1124, LB1124 with the proposal to use increased cigarette taxes to go back and to increase this particular program, could we not go back to the users of the program and say they could be more efficient or increase from what we're already getting from an outside source, versus taking it out of our state here?

CLEMENTS: I'd be willing to review that again, but I'd have to take a look at the analysis.

ROUNTREE: All right. Thank you so much, Senator Clements. And so, with that, Mr. Speaker, my, my proposition on this floor amendment is to strike that particular session-- that section, and let the \$800,000 that were proposed to be removed remain in the account for utilization for the tobacco cessations program. Thank you, Mr President.

KELLY: Thank you, Senator Rountree. Senator Conrad, you're recognized to speak.

CONRAD: Thank you, Mr. President. Good morning, colleagues, and thank you to my friend Senator Rountree for bringing forward this thoughtful amendment, FA1039, which I rise in support of, which would modify the committee amendment and underlying mainline budget bill as presented

to, to us today in LB1071. Just a quick refresher, just in terms of process. This, at General File, and of course at Select, will have an opportunity as well, if the budget it can move forward in its current form. But this is the time when the vast majority of members, 40 members, those of us who do not have assignments to the Appropriations Committee, first get a chance to weigh in on the overall budgetary package. And it is commonplace for senators to bring forward amendments to increase appropriations, adjust transfers, or decrease appropriations based upon their personal legislative agendas, perhaps what was left out of the Appropriations Committee package that they felt that was important, or because they felt strongly about one of the recommendations and, and wanted to fight those potential cuts or provide increased investment in critical programs and services. And in this process, as the body has an opportunity to weigh in with what they think is important, we can get a better sense overall of what this means for our bottom line, both in terms of revenue and in terms of budget. We know that there will be additional significant proposals coming forward. I think the Appropriations Committee is meeting over the noon hour today to look at additional deep cuts and cost-saving measures as our budget as it stands today and as presented by the Appropriations Committee is generally out-of-balance by well over \$100 million. And so, we have a lot of important and hard work to do in a very, very short period of time. I think it's very important that my good friend Senator Preister, who I had an opportunity to serve with, flagged this issue for us, and I thank Senator Rountree for bringing it forward. I know there has been some discussion from really involved stakeholders in the public who were concerned that there was not an emphasis on smoking cessation and youth prevention in regards to our recent budgetary debate and revenue base related to increases in vaping taxes and cigarette taxes. There was a great deal of time talked about the mechanics of that proposal and the regressivity of that proposal, but there was a significant amount of discussion in that lengthy debate talking about other options, other policy solutions that help to better effectuate the laudable public health goals of reducing smoking, reducing tobacco use, reducing vaping for all Nebraskans, but particularly amongst youth as well. And as part of that discussion, what myself and other senators kept lifting up was a need to increase investments, or maintain investments at the very least, when it came to our education and prevention and cessation approach; a more holistic, a more proven, a less punitive measure to address tobacco use and tobacco-related products other than a regressive punitive tax. If you look at the research, you can see that this proven health method, this more holistic approach, has helped to

dramatically improve and reduce levels of tobacco use amongst adults and amongst kids. And so, we really need to listen to that proven public health option, and we-- now is not time to be walking back an obligation or investment to help prevent smoking, reduce smoking, and assist those who, who have utilized tobacco products with cessation efforts. So, if the money itself has been allocated and is not being fully utilized, that should be a point of inquiry. We need to make sure it's going out to the stakeholders that provide those programs and services, whether that's through non-profits or public health or DHHS itself. And that would be, I think, the better--

KELLY: That's your time, Senator.

CONRAD: --option to address the goal. Thank you, Mr. President.

KELLY: Thank you, Senator Conrad. Senator Guereca, you're recognized to speak.

GUERECA: Thank you, Mr. President. I do rise in support of FA1039. I know I was one of the primary voices in opposition to the tobacco tax that we debated-- got to that last week, but it's time anymore. But I do rise in support of FA1039. Like I stated in, in that conversation, I'm not in support, necessarily, of tobacco products. And if folks want to be able to quit, there should be resources to them, resources that we know help folks kick the habit. One of the reasons that I stood in opposition to the cigarette tax is that we didn't see an increase in the amount of spending going towards programs that we knew stop smoking. It actually-- it's-- it was concerning to hear that one of the reasons that the \$450,000 this fiscal year and the \$450,000 taken out next fiscal year was because those programs weren't being used. The CDC pay, based on the amount of cigarette tax we're collecting, estimates that we should be spending-- I think it's either 20.5 or 20.8 million dollars in programs to help folks kick the habit. So, based on the amount of money we're collecting from smokers, that's how much this state should be directing that funding to programs that are proven to help folks kick that habit. That number, in actuality, is \$3 million. From 20 to 3. And now, we're being told that actually, that number is more like \$2.5 million. So, if anything, the situation is much more dire than previously reported. If we are looking at programs, and, you know, we want to pass legislation to change social behavior, one of those is, well, like if-- again, when we were having the, the, the debate over the cigarette tax, a third of folks were saying "We have to stop folks from smoking;" the other third were saying "We have to offset the cost to Medicaid." And then the last

third just said, "No, we need the money to fill the hole in the budget to pay for tax breaks for billionaires and millionaires." Well, that's fine. But we are in a budget crunch, so let's make the fiscal argument of why keeping that \$450,000 is actually a good thing. So, the primary program for Tobacco-Free Nebraska, which is DHHS's main tobacco cessation effort, is the Nebraska Quitline. So, it's a free counseling service with trained professionals who will teach you how to, how to quit. They'll talk you through programs. It's a web-based and chat-- they have a web and chat-based option. That's great. Text-based support. Support in over 200 languages, and actually provides free nicotine replacement therapy for eligible participants, which-- open that up to everybody. And that number is 1-800-QUIT-NOW. That's great. If we invest in programs like the Quitline, per DHHS's own estimate, for every dollar we spend on these types of programs, we save between \$6 and \$10 in healthcare savings down the road, just on the Quitline. According to the feds, if for every \$1 we spend we see roughly \$55-- this is according to the CDC-- \$55 in health care cost savings, so. Let's be-- let's send a message right now. Let's say we're serious about helping folks stop smoking. Let's keep the \$450,000 this year, \$450,000 next year, and let's save \$55 for every \$1 we spend now. Thank you, Mr. President.

KELLY: Thank you, Senator Guereca. Senator Sorrentino, you're recognized to speak.

SORRENTINO: Thank you, Mr. President. Good afternoon. Good morning. Would Senator Rountree yield a question, please?

KELLY: Senator Rountree, would you yield to questions?

ROUNTREE: Yes, I will.

SORRENTINO: Senator, your FA1039 is opposition to the cutting of the \$450,000 designated for smoking cessation, which, I agree, smoking cessation is very important. We wouldn't have had to bring the bill last week because we would have those Medicaid costs. But my question is just very specific. Can you specifically tie the funding of the smoking cessations program at \$450,000 this year and next year, money that is being taken away to balance the budget-- can you tie those funds directly to the, the numbers that you're saying? We're having great success cutting smoking, but is there a logical nexus between people stopping smoking and this \$450,000? Or is it perhaps due to social norms or other factors that might be causing a smoking cessation?

ROUNTREE: It could be in a number of things, Senator Sorrentino, so I appreciate that question. And my documentation comes from our "Tobacco-Free Nebraska: Progress and Impact" report. And basically, what I stated here on this significant progress that we're making is basically, from this particular program, we have outreach; we're looking at current youth smoking is down, youth who've ever tried smoking is down, adult smoking is down, current youth e-cigarette use is down. And looking at state funding, that's been a continuous program, so I would say based upon the documentation here that it would be correlated and related.

SORRENTINO: Thank you. I have no further questions.

ROUNTREE: Thank you so much, Senator.

KELLY: Thank you, Senators Sorrentino and Rountree. Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. I rise in support of FA1039. Thank you, Senator Rountree, for bringing this amendment to reinstate the smoking sensation [SIC] money from the master settlement. I think that as we had a robust discussion on LB1124 about smoking and who that impacts, and I think it's important that we keep that top-of-mind and, and make sure that we are funding-- fully funding programs that help individuals that are interested in quitting smoking with that, by having the smoking sensation [SIC] program funded appropriately. So yeah, there's that. I'm going to go back to TEEOSA. I did something I swore I wasn't going to do and I asked questions. Bill, our fiscal analyst, answered my questions, and now I know more about TEEOSA than I did this morning, and I'm very disappointed in myself because I thought I could get out of here without ever learning TEEOSA, but I guess I just can't help-- I'm a learner. OK. But I did misspeak. Prior to the Education Future Fund, the state portion of special education funding was 43 percent. And the Education Future Fund was partially created to increase our funding to 80 percent. It's likely to dip down to 78 percent based on the amount that we have allocated for this next year-- just get back in the queue there. So, there's-- I'll-- just going through items that are in the Education Future Fund, it is not sustainable. So, if people are interested in looking in the goldenrod book, on page 44 is the table of the cash flow for the fund. And the top part, the revenues, show that we do a transfer into the fund every year of \$250 million. However, if you go down to the bottom, the total expenditures are approximately \$420 million annually. So, that's, that's a big difference, almost \$200 million difference. So by

'28-'29, we will be at a deficit of \$25 million for the Education Future Fund. So obviously, we can change that by increasing the appropriation into the fund, but, but something's going to have to change on that in the future for the Education Future Fund. Things that are funded through the Education Future Fund, special education is-- oh. "Extraordinary increases in special education." I'm not sure exactly what that means, but that's an item. Teacher Apprenticeship Program, Teacher Recruitment and Retention Act, special education estimated at 80 percent. 24 percent of foundation aid is through the Education Future Fund. And-- learning about foundation aid against my wishes, but I did it myself by asking questions, so I have no one to blame about learning but myself. Well, I'll blame Bill, too, because he answered my questions. So, foundation aid is funded through TEEOSA and outside of TEEOSA, and this is 24 percent of what is partially funded outside of TEEOSA. And then, there is the career and technical education aid, and then the operations, aid to ESUs for regional coaching training, operations for that, dyslexia research grant, which was apparently just a one-time fund, and then the menstrual products pilot program, which was also a one-time fund. So, those last two are no longer being funded through that. But we transferred in \$8 million into the-- from the General Fund in 2025, and it looks like we are going to have to-- and we have investment income. But we have a list of additional transfers to help stabilize the fund, which-- I think people should take a look at page 45. These-- it's a lot of cash funds. So, I know we will be getting to the cash fund bill this afternoon, but I have some very significant concerns about what we are doing with our cash funds. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Mr. Clerk, for items.

CLERK: Mr. President, some items. Amendment to be printed from Senator Jacobson to LB525, and a priority motion. Senator Quick would move to recess the body until 1:30 p.m.

KELLY: Senators, you've heard the motion. All those in favor, say aye. Those opposed, nay. The Legislature is in recess.

[RECESS]

KELLY: Good afternoon, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber. The afternoon session is about to begin. Senators, please record your presence. Roll call. Mr. Clerk, please record.

CLERK: There's a quorum present, Mr. President.

KELLY: Please proceed to the agenda.

CLERK: Mr. President, General File, when the Legislature recessed, pending was the bill itself, the committee amendment, as well as an amendment from Senator Rountree.

KELLY: Returning to the queue, Senator Quick, you're recognized to speak.

QUICK: Thank you, Mr. Speaker. And good afternoon, colleagues. I know-- before we left at lunch, I know there was some-- I think Senator DeBoer might have been asking Senator Armendariz about-- had some questions about maybe ABA services and if there had been any loss of services in rural Nebraska. And one of the things I think I'd already pointed it out a little bit earlier in one of the comments I made, but in Hastings, Nebraska, we have a, a provider, they provide ABA services for kids with autism. And after the rate cuts were put in place, they weren't a-- unable-- they lost-- weren't able to-- unable to take care of 15 children who-- on Medicaid, receiving ABA services, so we did recei-- you know, have-- see a reduction in services for rural Nebraska. The other part of that is, is that there are other providers in our area, whether it's Kearney, Grand Island, Hastings, they don't provide ABA services. Now, they provide some types of services, for people with autism or developmental disabilities, but it's not-- they don't specifically do ABA services, which are really required for, you know-- main-- mainly for children and younger ages to help them acclimate to maybe, maybe going to school or dealing with behavioral issues. And so, most of the other services in our area are, are mostly for adults, so-- adults and maybe, maybe some teenagers. And, and they have like, day services in their clinics. So, we have seen that reduction in rural Nebraska. I don't know how many ABA providers are in rural Nebraska. I just-- you know, I had the opportunity to visit their clinic, so I knew of one in our area, which was in Hastings. And I also thought I'd bring up, too, my son was an RBT in Omaha, so he worked directly with a student in the Omaha Public School System. He wa-- he worked for a provider that provides the ABA services, so he was in the classroom every day with that child, in kindergarten, and then through first grade. And he actually saw progress at that ti-- in that time. And my son said he'd come home with more bruises than he ever thought he would have. It takes special people to work as a, as a, a behavioral health technician. And I think people maybe don't understand that-- I know-- I think my son, at that

time, maybe he was making like \$25 or \$26 an hour as an RBT, and it was mainly because he had a degree also, in psychology, which made-- moved him up maybe in the pay steps a little bit. But recently-- well, in the last couple years, he switched over to being a para in the O-- O-- OPS system, and he works in the classroom with special ed for kids with developmental disabilities, kids with autism, so there's probably like 15 students in that classroom. And he actually-- there is an RBT that comes into that classroom, and I think he had discussions with her. And since we cut the rates, what's kind of happened, too, is they also cut the wages for RBTs. So I think this person-- I don't know what she was making before, but Michael said she was cut to like \$20 an hour or something like that, which was quite a reduction in her wage. And had that happened to my son, I know he would have struggled to make ends meet if he had continued working as an RBT in Omaha. So not only maybe are there a cut to services, but there's also these-- the cuts that are being made to the employees who actually work with the children, whether it's in a clinic setting or whether it's in the, in the school setting. So, so I think it's important to remember that when we do these things, it does have real consequences. And I think, like I said before, some of these children, if they're not receiving these services or the, the resources to maybe help with their behaviors, there's, there's no way to correct that. And as they get older, it just gets harder and harder. So I want to just make sure that we're doing the right thing when we, when we take money from Health and Human Services or reduce that budget. I know the department is saying it's going to be OK, that everything is going to work out fine, but I just have my questions about that. So with that, thank you, Mr. President.

KELLY: Thank you, Senator Quick. Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. Good afternoon, colleagues. I hope everyone had a nice lunch hour, hour and a half. Appropriations met to continue to find money to balance this budget, slowly, inch by inch, and yeah. It's taking, it's taking time. It is taking time. So thank you to Senator Quick, for his comments about the ABA services. That's another cut that we have. DHHS has a lot of cuts that concern me. And the issue, though, with these cuts is we have them, they're reflected in the bill, because any code agency that said we want to cut-- we'll cut X, Y, and Z, well, even if we appropriated the money to them, they wouldn't use it because they work at the behest of the Governor. And if he doesn't want them to use the money, they're not going to use it. So the cuts are what the cuts are, and the only way

we can do anything about that is to pass legislation, which is why we've all been talking about my bill, LB777, because HHS, one of the cuts that they had was the savings that the state would have in the Medicaid lookback. And those savings weren't just for the state. If we don't do a lookback, then we are also lo-- losing out on federal funds. So hospitals and health care entities that take Medicaid patients aren't just losing the state reimbursement, they're losing the federal matching reimbursement as well. So it's, you know, problematic. So that's why LB777 is so important to move forward and, and help make sure that we have the one month lookback that is federally allowed. My other bill out of HHS is for developmental disabilities. So, many of you have heard, if not all of you-- I actually would be surprised if anyone in this body has not heard from constituents about the DD, that's the Developmentally Disabled, and the A&D, Aged and Disabled waivers, and the changes that HHS has been making to those waivers or are seeking, seeking to make to those waivers. They are submitting, it's called an 1115 waiver, to those waivers, which allows them to make changes. And the thing about when you do an 1115 waiver, the feds say that it has to be budget-neutral. Now, that sounds like, OK, budget-neutral. They're going to make changes and it's going to be budget-neutral. Budget-neutral means it can't cost more. It can cost less. So the changes that DHHS initially announced to make that would be budget-neutral were actually going to be massive cuts to supports through the DD and A&D waivers. So the budget, we took those cuts, those savings, and they're, they're accounted for in the General Fund, so we're assuming that they're going to save the money that they say they're going to save in Disability for Aged and Disabled and Developmentally Disabled. It's a lot. I don't know the amount off the top of my head. I'm sure I will find it and bring that up later. But the problem is that in addition to right now being Developmentally Disabled Awareness Month, we should not ever be cutting our services to our most fragile populations. And really, advocating for the disabled community is the entire reason I'm even here, so I will be seeking to rectify that to the best of my ability over the coming days and weeks. And I hope that you all will join me in that effort so that we can protect our most vulnerable Nebraskans. I see I'm almost out of time, so I will find that amount that we are saving in my next time. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Storm would like to recognize guests in the north balcony. They are fourth graders from David City Public Schools. Please stand and be recognized by the Nebraska Legislature. Senator Brandt, you're recognized to speak.

BRANDT: Thank you, Mr. President. So yesterday, we came up 2 votes short on eliminating the tuition for private schools. Sure, I'm disappointed, but that was just the first round. I am willing to vote for cloture today to give the Appropriations Committee the time it needs to fix this problem. If that does not happen, either through that method or another method, I will be a red on all of this, from here on out. Thank you, Mr. President.

KELLY: Thank you, Senator Brandt. Senator John Cavanaugh, you're recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. Well, I always appreciate Senator Brandt. He and I have sat next to each other on the floor for 4 years or so, and then we were, we were row-- rowmates my first 2 years. So, appreciate Senator Brandt and also, like him, will be a no on this, but I'll be a no today, as well as when it comes up next time. I do think that we need time to come to a solution. There-- this bill is-- the budget is unbalanced. Moving this forward without fixing the problems first I think is a mistake. And the thing about the budget is we-- you know, can come back up again, even if we don't advance it. So unless we make some substantial changes here, the next hour and a half or so is-- that we're on this bill, I'm going to be a, a red vote. And certainly, if it continues in that vein going through Select File, I'll continue to be a red vote on the-- on this budget. I stand in support of Senator Rountree's amendment, so I appreciate him bringing FA1039, and having this conversation about smoke-- smoking cessation funding, I think is what this is about here. And the-- you know, we've had a wide-ranging conversation, a lot of people talking about a lot of different things in this budget, and it just sort of depends on what you're wanting to talk about. And I think there's a, a number of ways, things to focus on, and I do think it is a great opportunity for people to stand up and talk about the things that they're concerned about. And I, I continue to be concerned about the places we're choosing to make cuts. I, I, I actually think it's in the cash transfer bill coming up, but concerned about the cuts to medical research funding at the University System. I think it is really important that we invest in the future. And we can see pretty clearly the dollars that that has brought into the state of Nebraska, and is a great example of an investment, where we put a little bit of money into a, a program or project, and then it yields funds back. This bill has a portion that is-- Senator Hallstrom amended yesterday for the tourism department, but the underlying part had, I think it was \$170,000 for an international volleyball event. I question whether that is, you know, in this budget crunch where we're talking about all

these different places where we are going to be cutting funding from different projects, whether that is the smartest place to be spending \$170,000. But I also understand that putting \$170,000 into that, if it yields what I imagine it's attempting to yield, which is probably a big event where people are going come, stay at the hotels, fill up maybe the-- well, I call it the Quest Center, but I think It's got a different name now, CHI Center-- fill up CHI Center for a few days, a bunch of travel, a bunch of people going out to dinner, hotels, and things like that, could probably yield more than the amount of money that we put into it. So it is, perhaps, a smart investment, though it seems sort of special in, in the way it's drafted. Not that it's special legislation, but that it is specific to a project, and so-- which raises red flags. But again, it's an investment that we hope we'll bring more money, just like Senator Hallstrom's portion, which is to do some work, I think, on a tourist attraction that, that hopefully will bring in more folks. And so that's what I, what I think about things like biomedical research, is putting money into the University to bring in high-paying, high-- high-quality jobs that then create other high-paying, high-quality jobs that then create more investments, and it pays dividends into our community, and those are the things we should be looking at. In terms of what we're cutting, when we're cutting something, we should make sure we're not cutting something that brings more benefit than it costs, and we need to be smart about that. I'll push my light again to talk some more, because there are other things to say about that, but there's-- sol-- we're going to cut our way out of this, either. I know there's a lot of people who don't want to increase taxes. I'm one of those people who doesn't want to increase taxes. I voted against a number of our tax cuts in this state because I thought they went too far, and have said all along that I won't vote for tax increases to balance the budget because of the, the cuts in revenue that have happened. I do think there are reasonable conversations to be had about other places where we can--

KELLY: That's your time, Senator.

J. CAVANAUGH: Thank you, Mr. President.

CLERK: Thank you, Senator Cavanaugh. Mr. Clerk.

CLERK: Mr. President, the Judiciary Committee will have an exec session at 2:00, in room 2022. Judiciary Committee, now, in 2022. That's all I have at this time.

KELLY: Senator Guereca, you're recognized to speak.

GUERECA: Thank you, Mr. President. Good afternoon, colleagues. Welcome back from lunch. I rise in support of FA1093, and if, because we're all stating where we're at, I will be voting against cloture for LB1071. There's numerous reasons why I rise in opposition. I appreciate the conversation regarding the school privatization vouchers that were talked about earlier. Ideologically, I'm opposed to them. And this is certainly an arena where the philanthropic community can definitely step up to help those kids make that transition to bridge, I think it was the word that was being used. Again, that's a community that-- an ideological community that has stepped up on many cases, and spent a good deal of political money. So they can find several million dollars to dump into legislative races. I have no doubt they can help out that-- those kids. But a budget is a moral document. It's a reflection of a community's values. Earlier on the mic, I talked about attending a neighborhood association meeting, the Dahlman Neighborhood Association, mostly around Little Italy, just south of downtown. Great group of folks. We had a conversation about the budget, the hole that we had to fill in our budget. Gave a little bit of background and context of how we found ourselves, as a state, in such a substantial budget deficit. Provided a little background on, you know, the, the, the reduction in, in the, in the corporate and income tax rates. And pretty quick, [INAUDIBLE] that sort of left us having to fill this hole. And I had a constituent ask me, well, when you're looking at that sort of hierarchy of needs, when you are looking at how or what you are going to prioritize, what-- what's that going to be? What's, what's going to be sort of the, the thing that you put ahead of everything else? And what I said was definitely, our children, the, the special education cuts to our schools. That, that funding's an issue. And absolutely, the, the cuts within the Department of Health and Human Service-- Services, specifically to the, the disabled community. I said that I would look after our kids, and I would say-- I said that I'd look after those who are most vulnerable among us. And they seemed satisfied with that answer, or they-- because I think that's, that's a good place to start. It's a good guiding. I don't-- north star is kind of a cheesy term, but it's a moral document folks. And, and for that reason, I, I have a problem with the budget, and would like-- you know, we're having a great conversation. And to, you know, specifically to the floor amendment at hand, had a conversation with some of the fiscal analysts, and we talked about where that reduction came from. And it was, it was something that, that Chair Clements had said, that those funds weren't

being used by the department. And that-- that's so disappointing that already, we were allocating a fraction of what the Center for Disease Control said we should be spending on these programs. And the Medicaid allocation and the, the Health Care Cash Fund allocation were being used to half of what, what got allocated by this body. So not only were-- are we not spending at the level, the department isn't even spending at our measly appropriation. They're not even, not even using all the money, and that is incredibly concerning and incredibly disappointing that this money is being used to provide folks resources to better their lives, to, to get ahead. They're not being spent.

KELLY: That's your time, Senator.

GUERECA: Thank you, Mr. President.

KELLY: Thank you, Senator Guereca. Senator Quick, you're recognized to speak.

QUICK: Thank you, Mr. President. And I thought I'd talk a little bit about that-- the Rural Health Care Transformation Act. And, and I did-- went back to my office and I found one of the sheets from one of the briefings that I'd went to. Now, this is dated back-- it was updated February 17, so this one's been a little while ago. I know, at one point, they had kind of talked about the amounts for each of the 5 initiatives that, that they had put in as part of Nebraska's plan. And I believe they-- when they formed the plan, they had to submit it to the federal government for them to approve their plan, if I remember-- if I recall correctly. So-- and I know a lot of those-- these dollars are divided up in different ways. There's, there's 5 initiatives. And under each initiative, there's, there's maybe 3-- 2-3 different areas of where they would actually-- people could apply for, apply for these funds. So one of the initiatives is to Make Rural Nebraska Healthy Through Food and [SIC] Medicine. So there's different programs, like the School Kitchen Modernization Grant. Another one is the Regional Food Pantry Development, Farm-to-School Procurement, and then there's Nebraska Kids Fitness and Nutrition (Day), and so, there would be different dollar amounts appropriated for each of these-- the 4 sub-- subheadings of the main initiative, and then different groups could apply for those funds. There was also-- the next one was the Regionalized Rural Access and Navigation. One was EMS Regionalization, Rural Jurisdictional Stockpiles was another one, and then Community Health Worker Networks. And the Community hel-- wor-- Health Network-- or Health Worker Networks was probably the most one, the most talked about that I, that I can remember. They talked about your local health

departments, and we might even have had a bill on Health and Human Services on that, where they would receive training-- like it could be anything from a, a volunteer to a nurse to an EMS, someone who maybe would consider being paid as a health worker that would maybe go into the community, maybe make in-home visits to see if someone was doing OK in their home. And, and then, if they needed any type of medical care, they could maybe help them contact a doctor, or something like that. The third initiative was Rural Workforce Acceleration. So-- and then under the, the subheadings, there was Rural Provider Recruitment and Retention Incentives, and that was-- that went through the individual healthcare providers. And then there was-- the other heading under that was the Rural Healthcare Workforce Incentive and Sustainability, and they worked with the local governments, In-- Indian tribes, institutions of higher education, or other eligible organizations in rural Nebraska who can meet the requirements of a SNAP or E&T training program. The fourth initiative was eHealth and Mobile Care. Oral Health Care for teeth, that also went through the local and tribal health departments. Chronic disease management, rural clinics, federal qualified health centers, they all fall-- Certified Community Behavioral Health Clinics, they all fall, fall underneath that, to provide chronic disease management. And then the fifth initiative was Rural Emergency Behavioral Health. And so modification of existing clinics, facilities, or crisis stabilization centers. I know along with that they talked about a lot of the restrictions that went along with that, which I think there was-- I could be wrong in this, but I do have wrote-- written down here that there was a cap of \$400,000, and I don't know if that was for each provider, that they could go up to \$400,00 or how that worked. But I knew there's a total of \$218 million that would have to be distributed or have to be obligated before October. So we have now in between October to get that money obligated for different projects. They also have to be approved by the DHHS, and then if there was some type of, if the federal government didn't agree, I don't know if they can come back and claw the money back or how that would work. They probably also talked about that, but that meeting's been quite a while ago. So, I know that they talked about how they were meeting with healthcare providers to see about distributing this money. I'm not sure it's going to probably do exactly what they want it to do, but I'm hopeful that it will be somewhat helpful. You know, a lot of that money, we were hoping would go to-- mostly to the hospitals.

KELLY: That's your time, Senator.

QUICK: Thank you, Mr. President.

KELLY: Thank you, Senator Quick, Senator Machaela Cavanaugh, and this is your third time on this amendment.

M. CAVANAUGH: Thank you, Mr. President. So I was talking about the A&D and the DD waivers when I was last on the mic, and I was trying to remember exactly how much we were saving by the changes to the waiver. And I found the rate corrections from the agency. So on-- I think it's the two waivers together that I have right here. It is in 20-- '25-26, it's \$12,138,777-- 7-7-7. It's a theme. And, and then, there's \$15 million in federal. And then in '26-27, it's a \$23.6 million savings. So my bill, LB958, just codifies in statute what DHHS says they are doing. They say that they are appropriately assessing members of the DD community, and some of them are being lowered in, in their assessment that they don't need as high a level of care. Apparently, about \$23 million of state funds less. I find that to be hard to believe. But if that's true, then my bill will create more transparency around the process for the families that are involved in this situation, and then I guess we'll see if, if this is really what's happening or not. So that's just a little primer on what LB958 does. It creates-- it codifies what the process is that they use for their assessment, and it clarifies and creates transparency so that families can actually know what is happening, how they're being assessed. Because right now-- and I'm sure you've heard from your constituents who are having their family member, who's like 24-hour care needs is knocked down to that they don't need 24-hour care, but they do, and they don't know how they were assessed. They don't know what a, a part of the assessment meant, or indicated that the, the family member needed a lower level of care. And so this makes it possible for families to actually have that information, to understand what their child or their family member, how they are being assessed, and, and then hopefully have an avenue to rectify the situation when it needs rectifying. So that's what my priority bill does this year, and I look forward to it coming out of HHS. I hope that it gets execed on soon. It is sitting there waiting to come and be debated with all of you, so yeah. So Appropriations were meeting over the lunch hours to look at additional things to cut from wherever, and it-- apropos of what we're talking about right now, we're taking more money out of the Master Tobacco Settlement Fund and putting it in the General Fund. And so that fund was created-- I don't even know why that was created. I mean, it was created because it was the settlement fund, but that fund goes to fund the Health Care Cash Fund, which we also are taking a lot of liberties with this year. You might notice that we are paying for the director of dentistry at DHHS, his,his, his or her-- their salary

is now going to be paid through the Health Care Cash Fund. I'm not sure why that one person's salary is through the Health Care Cash Fund, but it is. So a little history about the Health Care Cash Fund. Oh, I'm going to run out of time. OK, well, it was created in 20-- was it created in 2014? Might've been created in 2014. Might've been earlier. No, way earlier, 1998, I think. It's way earlier than 2014. So anyways, it's-- was intended for some specific uses. We are moving away from those intended uses, including the biomedical research, which I find to be very concerning. So I think that we should be revisiting a lot of these items and thinking about some harder choices that might not be politically expedient, but are better choices. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Ibach would like to recognize guests in the north Balcony from the Nebraska College of Technical Agriculture in Curtis, Nebraska. Please stand and be recognized by the Nebraska Legislature. Senator John Cavanaugh, you are recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. Good afternoon, colleagues. Well, again, in favor of FA1039, opposed to AM2162 and LB1071. And so, I was talking a little bit last time about just the general path forward. And one of the things to think about is we have the green sheet, which I know you all here have, but the folks at home don't have the green sheet, necessarily. We get it every day. It tells us where we're at, based off of bill-- bills that have been passed and bills that are pending. And so we have-- there's the difference in the variat-- variance from minimum reserves. Right now, it's \$125 million. And then in the out years, so the next biennium, so by the end of '28-29, we're at \$874 million in variance, meaning we are \$874 million under budget or over budget, I guess-- short, we'll say. And so then, if you look at the back page of the green sheet, it has bills that have moved on to Select and where-- how they will affect the green sheet going forward, and some of those we've moved will raise some revenue. And so, you can see there, on the variance from minimum reserves, so it still has the 125 on there-- although it's slightly different. I'm not sure. I'll have to find out. Maybe-- oh, there's a bill on Final Reading that changes it a little bit, but basically, \$125 million. And then, there's-- if we pass the bills on Select, which are-- get it down to \$86 million. So there's some revenue raisers on Select, and the thing then to look at is in the out year biennium, the amount from variance is \$758 million versus \$874 million. And so, the hope, of course, is these revenue raisers then, will continue to raise revenue in the outgoing years. Obviously, some

of those shortages have to do with the fact that we're still short now. I think our explanation to, to us was if you cut the \$125 million, then it just cuts that direct amount. I guess what I'm trying to say is cuts, maybe, will get us to the place where we need to be right now, which I think is important to do, but then we'll be back here and-- trying to find more places and-- just cash transfers are one time, and you can't transfer more money out of the Cash Reserve when there's no money left. We can't transfer money out-- continue to transfer money out of any cash account, once we've depleted it completely, and so can-- have advocated in the previous years from-- against balancing our budget based off of just cash transfers, which, again, is going to be the next bill, but may as well talk about it now, since we're talking. And so, there are these bills that have already moved that raise some revenue. And I know folks have proposed other revenue raisers, that I've opposed, on some of these things. And there are many different ways to find the-- raising that revenue. I think it has to be a combination of a lot of these things. And I think that having that conversation as we're going forward is to figure out how to bridge that gap that will put us in a strong finan-- financial position for the rest of this biennium, and then going into the next biennium, without wrecking all of the services of the state. And so I was talking last time on the mic, about the desire not to cut the funds out of the biomedical research, because I think that is an important function. I think it's something that really brings in more money than goes into it. I think it's important that we not take money from places that have specific intended purpose and are funded by things associated with that purpose. So things like tobacco funds, the tobacco funds are specifically come in as a result of tobacco and that should go to things like cessation and health-related programs. So support Senator Rountree's amendment, because I, I think we need to be making sure that still-- even though we need to find cuts, we need to be smart about where those cuts are. We need to not cut things that bring in more money, we need to not cut things that serve a specific purpose and serve a specific community, and we need to find ways to balance this budget that doesn't undermine the work that we are asked to do by the people. So thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Riepe, you're recognized to speak.

RIEPE: Thank you, Mr. President. This afternoon, I may find myself in the position of being a necessary 33rd vote for cloture on LB1071. Yesterday, I voted for Senator Brandt's amendment to remove the \$3.5 million voucher program in the final budget for private education. I

have received a number of constituent calls in support of removal of the \$3.5 million voucher program and in support of my opposition vote. This afternoon, I will support moving 10-- LB1071 to Select, to support efforts of compromise and to keep the budget process going forward. Should the \$3,5 million not be removed on Select, I will not vote for cloture, nor will I vote to advance LB1071. Thank you, Mr. President.

KELLY: Thank you, Senator Riepe. Senator Conrad, you're recognized to speak.

CONRAD: Thank you, Mr. President. Good afternoon, colleagues, and appreciate the comments from my good friends, Senator Brandt and Senator Riepe. And I think, perhaps, it's a, it's a good moment to just kind of reassess, reaffirm where we are. So as is pattern and practice with our budget deliberations and our related revenue deliberations, there's a lot of moving parts and it seems like there's a significant amount of concern from members about the controversial voucher component of this mainline budget bill in the budget adjustment year. There's a significant amount of concern and consternation for some of the critical human services cuts, including the smoking cessation cuts that my friend, Senator Rountree, have put back before the body, in regards to looking at this floor amendment. There are a host of components in this particular budget bill, which look a little bit different than-- or a lot bit different perhaps, than how the budgetary packages usually came forward many years ago, during my time on Appropriations. But there's a lot of very contentious, hot-button things in the next bill, the cash transfer bill, things like-- that have been grabbing a lot of headlines-- raiding the Cultural Endowment, raiding the Environmental Trust, sweeps of other programs and services and dedicated cash funds, from Game and Parks, to homeless assistance, et cetera, that kind of make this budget package, I guess, work, from the Appropriations Committee perspective, to look at it in its kindest light. But what is before us in this bill, in LB1071, is actually an appropriation of many of those cast sweeps and grabs and transfers, so it is a little, a little confusing in that regard. And we do have a host of substantive amendments, either pending or that are making their way through technical review from Legislative Fiscal Office and the Bill Drafters, to try and put a finer point on some of the things, like getting a record vote on some the deepest human services cuts, whether that's in regards to developmental disabilities, or healthcare services, or behavioral health, or autism services, and things of that nature. I know there's been a lot of dialogue amongst members who are getting

questions and concerns from their constituents about those very issues, and we are working to get substantive amendments put forward in that regard. We know that the Appropriations Committee was working hard over the noon hour to look at additional, perhaps, budgetary adjustments or cuts, as we remain, you know, north of \$100 million out of balance, in terms of the goal for this biennial budget adjustment. And we know, essentially, based upon the placeholder put forward by some members that essentially, through this debate over the next many days, we have about a week to figure out if we can find a consensus path forward before that, that really, really critical inflection point on perhaps cloture, next week on Select File. And so as we're building a record, getting record votes, and debating the finer points of some of these floor amendments and other amendments that are coming forward, there's a lot of negotiation happening. There's-- everybody's got out their pencils and papers and their calculators and is trying to figure out how to make it work, based upon budgetary cuts, based upon revenue options, and, and, and trying to figure out if there is a way that we can move forward together and hit that, that right balance that members can be comfortable with some sort of consensus or compromise. That being said, I, I do think Senator Rountree has an important measure before us. I also did want to let folks know I talked to members on the Appropriations Committee about this, and I, I, I think they're in a tough position. When they see money like this that's sitting out there, unutilized, the worst thing that can do is to have it just sit in a bank account and do nothing. So I understand their desire to perhaps sweep this, but I think in this instance--

KELLY: That's your time, Senator.

CONRAD: The body really needs to send a message to use that cessation money. Thank you, Mr. President.

KELLY: Thank you, Senator Conrad. Senator Raybould, you're recognized to speak.

RAYBOULD: Thank you, Mr. President. Good afternoon, colleagues. I stand in support of Senator Rountree's concerns with the sweeping of those funds. You know, I had a discussion with Senator Clements yesterday, and it just doesn't sit well with me, either, because when we talk about smoking cessation products and smoking prevention, that's important to fellow Nebraskans as they struggle to pay the \$10 per pack cost for cigarettes. And lots of people want to quit. They just don't have the resources or the mechanism. And so, you know, I kept going back-- we shouldn't be swiping those funds. Bottom line.

Period, and that's why I, I support Senator Rountree's. Now, I want to do a little bit of cleanup for some concerns. Senator Jacobson and I had a discussion yesterday about our mutual favorite topic, Perkins Canal, and you know, he asked me a really important question. Have we ever gone out and bonded, either for highway or for another wa-- water infrastructure project? And the answer is yes, we did. Yes, we did it as recently in 2003, in LB727 as amended, and we went out for a \$450 million State Highway Commission bond for road improvements, and so I just wanted to, to clear that up. Yes. It's a bonding mechanism that we should be using and using as often as we reach an impasse, or we need additional highway road work improvements all throughout our state, as well as water infrastructure like the Perkins Canal. The next item that I want to talk about that I sent to my colleagues via email because I'm sure they're getting tired of me giving them so much paperwork-- and I can't thank the pages enough for their willingness to make all these copies. You know, in, in the LB1071 that we're dealing with and the appropriations budget, there's a huge sweep of \$42 million. And it is from the Bureau of Educational Land Funds that are held in trust for public schools. And, you know, it seems that the Legislature is somewhat cavalier about raiding funds like the Environmental Trust Fund, our Cultural Heritage and Arts Fund, Veterans Funds, without thinking or blinking their eye on the legality of it. And I also sent you the 2007 Opinion that was from Attorney General Jon Bruning, saying that you can't do that. You absolutely can't do that. And, and in 2007, they were stopped from doing that. This year, they've become-- come up with a very creative interpretation of income, earned income, et cetera, to be able to swipe the \$42 million to help deal with our budget deficit. So I'm just going to-- I emailed you the statutory language, but I'm just going to read it out loud so the viewers in the state of Nebraska can make that decision, if they think it is as straightforward, legally, as I do. So this is in section-- Article VII, Section 7. Perpetual funds enumerated. The following are hereby declared to be perpetual funds for common school purposes, including early childhood educational purposes operated by or distributed through the common schools, of which the annual interest or income only can be appropriated. Then it goes on: second, all money arising from the sale or leasing of sections number 16 and 36 in each township in this state, and the lands selected, or that may be selected, in lieu thereof. Legislative act providing for offsetting of capital gains against past capital losses. Those are just administrative cleanups on that. But here's the section. Section-- Article VII, Section 9. The following funds shall be exclusively used for the support and

maintenance of the common schools in each school district in the state or for early childhood education operated or distributed through the common schools as provided in subsection (3). Income arising from the perpetual funds. Only interest or income on such early childhood education endowment fund may be appropriated as provided. All funds belonging to the state for the common school purposes, including early childhood education purposes, operated or by distributed for the common schools, the interest and income whereof only are to be used shall be deemed trust funds. Such funds with the interest and income thereof are hereby solemnly pledged to the purposes for which they are granted and set apart, and shall not be transferred to any other fund for other uses. The state shall supply any net aggregate losses thereof realized at the close of each calendar year that in any way may accrue.

KELLY: That's your time, Senator.

RAYBOULD: Thank you, Mr. President.

KELLY: Thank you, Senator Raybold. Senator Quick, you're recognized to speak. This is your final time on this floor amendment.

QUICK: Thank you, Mr. President, and good afternoon, colleagues. You know, when I was first elected to come down here, when I went door to door, I talked to people about wanting to be a voice for working families. And one thing people should keep in mind, working families can come from any background. I mean, they can be wealthy. They could be middle class. They can live in poverty. We have working families who have health insurance. We have working families who don't have health insurance. We have, we have working families who are on Medicaid, who are on SNAP benefits, and we just have to remember that the people with the-- when you have less resources, when you don't have-- when you're struggling, when you don't have a, a job that pays you well enough to get by, a lot of these programs that we're looking at, at cutting, especially with the--on the health care side, they're going to-- they can affect-- greatly affect people who, who don't have the resources. And why should their children or why should they be put in a, in a situation where they can't receive some of the, the same care or the same treatment for their child as someone who has, who has that access to care. So, you know, really, that's really important for me to be that voice for them, and to fight for them. You know, on revenues, I know at some point there is some middle ground somewhere to find some revenues, and I think that's what we're going to have to do in order to take care of some of these cuts. I know there are--

there's-- on each side, there are some revenue resources that are not going to be available just because people don't want to give them up, but there's got to be some middle ground somewhere, where we can find those revenues to maybe fix at least part of this budget, and hopefully maybe help in future years, too. You know, I would say, you know, for me, property tax exemptions, especially if it affects working families, probably isn't going to be something that I can support. I know, on the other side, the-- you know, the income tax-- lowering income tax brackets is a no-start-- is a non-starter for them. But somewhere in that middle, we can find that, that-- a way we can maybe come up with some revenue sources that will, will, will help at least alleviate some of this for this year, and maybe going forward help, help with that. Somehow, we have to figure out how we're going to grow our state, economically. I think that's the most important part, trying to figure out how we are going to bring businesses into our state. You know, we've had some meetings over the summer, on the-- I'm on the Planning Committee. And I know they talked to us about one of the things that probably prevents more employers from coming here, especially larger employers, is the fact that we don't have a workforce available. It could be because of housing. It could be a, a variety of areas, but one of the things was-- is that-- you know, everybody thinks it's because of property taxes or it's because of income taxes or not enough tax incentives, and maybe they do play a small part. But somewhere in there, there's, there's also, we have a low, a low unemployment rate. You know, we always-- we're proud of that. But in some aspects, employers, larger employers from other-- that want-- maybe want to come to our state, look at that and go, you don't have enough employees to fill all the roles that we have. And we would love for them to come here, but somehow, we have to fix that and address that. You know, I've worked a lot with trying to figure out, you know, regional, regional economic development, going to meetings on that and how, you know, maybe communities in rural Nebraska need to work more together to bring, bring their communities together. You know, I hate to say it this way, but, but so what if it gets built in another town, as long as those-- as we're providing employees and, and providing employment in that area of our-- of rural Nebraska? And I know each, each community, once, you know, they have their own economic development, people that work in those areas-- and, and I know the one in Grand Island does a great job. They do a great job for our city. Our city has grown greatly, through some of our economic development packages and some of the things we've-- that we've done in the-- in recent years. And so-- but sometimes maybe we have to look-- and, and look at how we can work with other communities to maybe bring

more regional employment to our, to our-- to rural parts of Nebraska and maybe bring up some of those wages that are maybe lower wages, and provide more job opportunities for working families. So with that, Mr. President, I yield the rest of my time. Thank you.

KELLY: Thank you Senator Quick, Senator Juarez, you're recognized to speak.

JUAREZ: Thank you very much. And I-- good afternoon to my colleagues and to my fellow Nebraskans who are watching online. I wanted to rise in support of FA1039. I'm having trouble reading the board. I think I need to get to the eye doctor this year and see if I need a new prescription. First of all, I wanted to also talk about-- see if I have time to talk on three different topics. The first topic that I wanted to speak about was in regards to LB1071 that we voted on yesterday. I am hoping that colleagues are going to recon-- excuse me, reconsider their vote on this, that we have an opportunity to vote on this measure again. This aspect of public dollars going for private schools is the-- one of the main reasons why I ran for my seat. At the time that this was going on in the Legislature previously, I served on the OPS School Board. And it's funny because I've never had any intention at all. It has never been a goal of mine to be a public servant as an elected official. And initially, when I was asked to serve on the school board, I said no, just because I've never done anything like this before. And then, I thought about it overnight and changed my mind. And then, here I am today, serving District 5 in the State Legislature, which I have to say that I'm really glad that I did it. And I know that this is one of the reasons, if not the main reason why I pursued my position. I think that it has been a fantastic opportunity. I appreciate everything that I'm learning at the state. And I'm glad that I am here at the state level now, to continue to address this issue. So I'm hoping that my colleagues will think again about their vote. In other states that have passed this type of legislation, financially, it has just been a, a fiscal disaster, and I think that states have ended up regretting the action that they took of supporting private schools with our tax dollars. The other comment that I wanted to make was in regards to how we're going to be moving our youth, in the future around in different facilities in the state, and I am very concerned about doing this process for budget needs. I think that it's the wrong approach, that we need to give it more serious thought. It's really disheartening to think that we may be losing some teachers-- some teachers may be losing their-- I'm sorry. I apologize. Some teachers may be losing their jobs because of changes like this. I think we need to slow down on a decision like this, look

at the impacts that will happen for the youth. Truly, what is the goal in our prison system, with how we're treating not only the-- our adults, but even our youth-- and just how the detention center came into place and the prisoners there were displaced. You know, obviously, it just continues going on and on and on. And I think that we need to step back and take a look at how important it is, the decisions that we're making in this area.

KELLY: That's your time, Senator.

JUAREZ: Thank you.

KELLY: Thank you, Senator Guereca. Senat-- or excuse me. Thank you, Senator. Senator Raybould, you're recognized to speak.

RAYBOULD: Thank you, Mr. President. Good afternoon, everyone. I just wanted to go back to the large fund transfer from the Bureau of Educational Land Funds, in their trust. And this was established, what, more than 149 years ago, when this-- when we became a state. But it's never been tampered with, it's never been modified. The statutory language is really clear. We're talking about some of the tightest guardrails I've ever seen on any, any trust fund. The important thing is that those trust funds are distributed to each school district according to the proportionality of the students. And those are significant amounts. For us to bypass the statutory language because we have a fiscal deficit of our own making, a structural deficit, that we seem to think it's OK to bypass these rules. As I mentioned before, in 2007 Attorney General Bruning had an opinion saying that is not allowed and so they were not able to do what they had attempted to do in 2007. So how are these funds distributed? And I'm just going to give you some examples for the state senators I see here and call out their counties. So the funds are given on an annual basis and there's two pots of funds that they distribute. The first one is K-12 per pupil apportionment, and then real estate, real estate tax payments. Those are for the leases that they have on the lands, farmland that they lease out for growing seasons or for grazing. And so, let's see. I'm going to pick on Platte County, because I see Senator Moser sitting right in front of me. So in 2025, Platte County received \$2.1 million K-12 per pupil apportionment, and then \$18,511 for a total of, you know, about \$2.1 million from these funds. Now these-- school districts in those counties, so there's-- if there's more than one school district, its proportionment of the students, they can use that funding for anything they need for their schools. Maybe they need a new school bus. Maybe they want to increase the salaries of the lunch

team that is working there, or administrative staff. So that's something they can actually do. I'm going to look at Lincoln County for Senator Jacobson. So Lincoln County got \$1.6 million for the K-12 per pupil apportionment. And then in real estate taxes from land, they got \$517,000 for really, a little bit, about \$2.1 million. I'm going to do Lancaster County, my county. And Lancaster County, per pupil apportionment was \$17.7 million. And for the real estate, they got \$14,162, for really, about \$17.7 million. Let's go to Douglas. Douglas County had \$38 million for the K-12 pupil apportionment, and then \$6,191 for real estate. Why am I talking about this? It, it, it matters, because if we take that money away from the school districts that use it for things that matter in their own particular school district, how are we going to backfill that? Are they going to have to go out for a bond maybe, for some of the larger capital improvement projects that they could build up a reserve for? So, you know, we're hoping to sweep that \$42 million. And say they gave \$80 million last year. \$80 million throughout all the school districts, minus the \$42 million we want to sweep because we're calling it idle funds, that would leave them \$38 million to disperse through all these school districts. And I can assure you that there are no guardrails like these statutory language on these land-- educational land trusts on the Perkins County Canal. But yet, we can go ahead and sweep all these other categories without giving it a second thought. I think it's time that Nebraskans, we need to think of a solid future. And by the way, Kansas and Louisiana did exactly that, and it did not bode well for Kansas. In fact, they had to sell some of their farmland to make up their, their fiscal problems that were compounded. Thank you, Mr. President.

KELLY: Thank you, Senator Raybould. Seeing no one else in the queue, Senator Rountree, you're recognized to close.

ROUNTREE: Good afternoon, and thank you, Mr. President. Good afternoon, colleagues, and those that are still watching with us online. I thank everybody for all of their spirited debate and contributions to discussion regarding this amendment, FA1039, that would minimize any cuts and restore the original funding for our Tobacco-Free Nebraska and cessation program. Again, just as I close, I want to restate that our program priorities are to prevent youth and young adults from ever starting to smoke. Support quitting among adults and youth, eliminate exposure to secondhand smoke, and to reduce health disparities linked to commercial tobacco use. Some of those key program components, again, are local grants, Nebraska Tobacco Quit Line, which we've heard about and talked about, media

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campaigns that can bolster the use of this program, data and evaluation and politic-- policy initiatives. Our Tobacco Master Settlement Agreement was reached in 1998. In 2000, the Nebraska Legislature here allocated \$7 million a year from the tobacco settlement account to launch the Tobacco-Free Nebraska program. So our current funding that we were debating today was currently at \$2.5 with the 800K reduction, down to \$1.7. Asking that be restored and maintained, so that we can keep Nebraskans healthy, continue to reduce smoking, continue to reduce the impact on our healthcare systems, and just having a healthy overall Nebraska. So with that, I would ask for your green vote on FA1039 to keep the funding level constant where it is. Thank you, Mr. President.

KELLY: Thank you, Senator Rountree. Senators, the question is the adoption of FA1039. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 12 ayes, 28 nays Mr. President, on adoption of the amendment.

KELLY: The amendment is not adopted. Mr. Clerk.

CLERK: Mr. President, Senator Conrad would move to amend with AM2573.

KELLY: Senator Conrad, you're recognized to open.

CONRAD: Thank you, Mr. President. Thank you, colleagues. Sorry. My computer was being just a tad bit slow here-- to make sure that I had the right amendment in front of me. Just a moment. AM2573? OK. So this, members, is something that I think is perhaps just a little bit confusing. As I was reading the goldenrod book, describing the overview of the budgetary package, there was a discussion on the section in regards to Health and Human Services programs. Starting in page 29 of your book, and then going to page 32, there is an overview of different Health and Human Services Programs. And I noticed under Program 347, Public Assistance, on page 30, there was an indication from the committee that there were going to be reductions of General Funds in significant amounts, \$16 million and \$1 million, pursuant to operational deficiency-- efficiencies, eliminating an external call center, and then adjustments projected to child care subsidy expenditures. So if you look at the committee amendment in that section, it's not entirely clear what's going on there. So I know that the child care subsidy has been a top issue for working families, for the business community, for many members of this body, and I wanted to file this clarifying amendment, essentially intent language to ensure

that there were no cuts to eligibility in the child care subsidy in relation to this section. So if Senator Cavanaugh or Senator Spivey or Senator Prokop or Senator Clements or Senator Armendariz, Senator Lippincott, Dover, Strommen, if any of our friends on Appropriations perhaps want to provide any more clarification as to what this section of the committee amendment actually means, because it references significant cuts, and then it talks about how there would be adjustments to the projected child care subsidy expenditure. And I wanted to make sure that did not pass us by. I know Senator DeBoer has a separate bill on this that she's prioritized very early. She's working with the Governor's Office, the business community, child care interest, Senator Prokop and others, to find a way to ensure that Nebraska does not fall to perhaps close to last on the list when it comes to our child care safety net. That will probably be a part of our discussions moving forward, but I did just want to flag that because it caught my attention in the budget book, and I wanted to make sure that we at least had some intent language that we weren't allowing for a broad operational efficiency budget cut that was proposed in HHS, under Public Assistance, to somehow seem to address, or cut, or eliminate any sort of eligibility for the current child care subsidy program. Thank you.

KELLY: Thank you, Senator Conrad, Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. Senator Conrad, I would be happy to talk about this. OK. So this, I'm not entirely sure. I'm looking at it in the budget on page 46, line 10. It asks to insert, there shall be no cuts to the child care subsidy. So we might have to massage this a little bit further with some dollar amounts to make it workable. So, you know, we can do that between General and Select if this gets adopted. But essentially, we've got three things happening here. And shout out to Mikayla, in the Fiscal Office, for her awesome slide deck PowerPoint on the child care subsidy, with the three different situations. We have the middle situation, which I actually would call situation A, where we are right now. If nothing passes, if this budget bill doesn't pass, and LB304 doesn't pass, where we are right now is that the child care subsidy eligibility will sunset next year. Senator DeBoer's bill, option B-- well, actually, that's not option B. That's option A. The-- where we are now is just where we are. It's not really an option. It's just, hello, we're here. Where we are is where we are. So that's just where we are. Option A is Senator DeBoer's bill. And Senator DeBoer's bill removes the sunset on the child care eligibility sunset. And then option B-- I would maybe put

it more at like, option Z, if it could be like the last possible option ever, in the universe-- is the Governor's budget proposal. And that goes further than where we are today, which is a sunset, where we could be, a removal of the sunset. It goes further and it cuts eligibility even further than where we were before we did the expanded eligibility for child subsidy. Now people will say, but that was because of the pandemic. It was not. There were so many things that happened during the pandemic that were not because of the pandemic, but they were funded through ARPA funds because they were eligible. And then-Governor Pete Ricketts said, we will use these funds until we run out of them, before we will use General Funds. And somehow, years later, this translated into well, that was just because of the pandemic. No. The Legislature had decided that we wanted to do these things, and we agreed that we would use the federally-available funds first, so that's where we're at. Now, to get the child care subsidy expansion initially into the statute to begin with, Senator DeBoer had worked with the HHS committee at that time that I was a member of, and she also worked with First Five Nebraska, and this was before Senator Prokop was with us, and they agreed to do an evaluation of this expansion and if it was utilized, if it made a difference, et cetera. So that's why a sunset was put in, because the idea with the sunset of LB304 was that once the evaluation shows that, yes, this is worthwhile to do, the Legislature would take up the sunset for consideration, and ultimately decide to either do away with the sunset, or keep the sunset and go back to where we were, pre-pandemic. So I hope that helps explain, easy as pie. If you have access to Mikayla Findlay, then you can get access to that beautiful slide deck. She even color-coded it, at one point. So thank you, Machaela, for your wonderful work on that, and everything else that you do. But that is sort of the nuts and bolts of the child care subsidy as it stands today. I hope that helps answer some of Senator Conrad's questions. Oh, you're in the queue. Oh, OK. Oh, great, Senator Armendariz is going to jump up here soon and, and add some, some flavor, some color to the commentary. So thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Juarez, you're recognized to speak.

JUAREZ: Thank you very much. And good afternoon, everyone. And I apologize if it seems like I stopped talking, because I've been sick the past couple of weeks and definitely struggling with my voice maintaining. And I apologize, if I don't get far enough away from the mic when I'm coughing, because I imagine that that doesn't sound well over the microphone. So again, I apologize. I just wanted to express

my support for the child care subsidy bill, because I know how important it is to have your child care needs met. I remember when my children were young, what a struggle that trying, trying to find child care was. Back when they were young, they really didn't have a lot of daycare facilities like they do today. And back when I had my children, we also didn't even have child care facilities in our places of employment. And I know that some businesses have made tremendous progress in this area by providing daycare facilities on-site, and I can't even imagine that. I mean, to me, that's the absolute luxury. And I just remember how stressful it was to even try to find someone. I remember back when my daughter was born, I lived out in west Omaha, and it, and it really was a challenge to try to find something. And at that time, my parents lived clear across town, and it just wasn't feasible for them to help me with those daycare issues. And believe me, those are lessons that you learn. And I know that a, a true reflection of my personality, I must say, too, in my ability to deal with stress is definitely indicated by how far apart my kids are. Because I only have two children and they're almost seven years apart. That's how well I dealt with stress, working full-time, having a child, doing the daycare. And I was spoiled with my first one because my dear mother was so excited about being a grandma that she helped me with my first child, and that was a son, so I was definitely spoiled in the beginning of my early days of being a parent. And I was so excited to go to work, though, and I knew that staying home and taking care of my own children was not something that I wanted to do. When I walked across the stage when I graduated with my bachelor's degree, I was wobbling across because I graduated in August and had my first child in October. So I really made a decision that I was going to wait before I had another one. I actually, initially thought that I was never going to have another child, and it took some convincing of me to get ambitious and go through it all over again. And I just remember with my mom, even though we lived in the same area-- still just the idea of you, you try to think of getting yourself ready, then you have a child to get ready, and it was always a challenge to go out the door. There's no doubt about it. And I, I really hope that we can get the child care issue resolved for ve-- for working families, because it is so important to be able to continue to work, to meet your basic needs. And I do know how much that it does assist with the stress, especially when you can find quality daycare. That's not something to take for granted. And I know that in my district, I have child care providers. Thank you.

KELLY: Thank you, Senator Juarez. Senator Armendariz, you're recognized to speak.

ARMENDARIZ: Thank you, Mr. President. I want to thank Senator Conrad for bringing up this question. So I am on Appropriations, and I also meet with HHS. So I'm well aware of the bill that Senator DeBoer will be bringing on child care subsidy. So we currently subsidize child care at 185% of poverty and below. And there's a little window so that we don't have the cliff effect for a short period of time above 185. So if somebody is below 185, say, gets a raise from their job that bumps them one-- over 185, they have a little bit of time before they would get bumped completely off. I believe the level is at 200% of poverty at that point. The proposal was from the agency to knock that back down to 135% of poverty level. Yes, and the argument was that it's pre-COVID levels. We talked about it in Appropriations. So in Appropriations, we do not have Senator DeBoer's bill. I believe that is in HHS, so it is not in our purview. But we-- what is in our purview is HHS's budget. So they, they requested a budget reduction to accommodate going to 135%. While we do not pass that, that bill, we can reduce their budget by their request. I did want to reduce their budget by that request so that everybody on this floor understood the, the cost clearly of the bill that would be presented, and that would be an A bill. So if we hadn't done the reduction in Appropriations, there might have been a lot of confusion on the A bill for Senator DeBoer's LB304 child care subsidy bill. So to keep it clean, we started at the base. The bill will be heard, it will have an A bill with the cost of that A bill, as opposed to what HHS asked us to do. Hope that clarifies a little bit better the numbers and what HHS asked: 135% of poverty. Senator DeBoer bill-- DeBoer's bill wants to keep it at 185% of poverty. There will be a delta in those two numbers. That will be the A bill, and that will be on the floor for all senators to see. Thank you, Mr. President.

KELLY: Thank you, Senator Armendariz. Senator Guereca, you're recognized to speak.

GUERECA: Thank you, Mr. President. I believe I'm in support of AM2573. Certainly, the, the issue of adequate child care is one that's important not just to my district, but is a challenge that is faced by families all across the state, both urban and rural, certainly. We each all have our unique struggles, but access to adequate child care is high on a list of priorities. Talk to any folk-- any person in, in this, in this body, and they'll, they'll say that. It's particularly an issue in my district, because I-- the highest proportion of

two-parent working households. You know, it's a, a proud, hard-working district, down in LD 7. But a couple weeks ago, the Chamber sent around a couple flyers, specifically talking about the economic impact of inadequate child care. A couple months ago, a couple of entities got together and did an economic analysis to look at why the Nebraskans and the metro economies were-- I don't want to say anything negative, but how they could do better. It was a reflection on what we can do to bolster our economy here in the state and in-- within Omaha. And a big thing that was, was highlighted was access to adequate child care. And this is something that isn't a Nebraska problem. It's something that folks all across the country are dealing with. But what's kind of staggering is looking at the economic impact that inadequate child care has. If we look at the impact on business productivity-- and I'm just going to read a little bit from the flyer. Now, when, when parents don't have access to childcare they need, employers experience economic losses in the form of lower productivity, replacement costs for hourly workers. So, kind of taking a look, absenteeism, costs for hourly workers, that had an annual impact of \$46.1 million to Nebraska businesses. Productivity loss for salaried workers, that had a \$250 million impact on our businesses all across the state. And actually, a lack of access to inadequate child care solutions led to a \$186 million loss to our businesses, due to employee turnover. Higher-- when you have that high turnover, it also adds the retraining cost-- the cost of actually going out, finding the replacement, getting them up to a level where they're-- you do not have a loss in productivity. The situation is a little more dire when you look at the economic impact to those parents. Access to affordable and reliable quality child care options give Nebraska working parents the freedom to work and provide for their families. When child care options are inaccessible due to cost, location, or reliability, parents are forced to make difficult decisions. Absenteeism costs our working families \$80.3 million every single year in lost wages. Turnover and job loss, \$527.1 million. Child care is an issue. Forcing parents to remain part-time, a loss of \$97.7 million. Going from part-time to full time, that reduction salary is a \$412 million impact to our families all across the state. And finally, being forced to forgo a promotion, \$108 million out of the pockets of Nebraska families at every single corner of the state and in every single legislative district. So colleagues, it's certainly an issue that merits debate. Thank you, Mr. President.

KELLY: Thank you, Senator Guereca. Senator Dorn, you're recognized to speak.

DORN: Thank you. Thank you, Mr. Speaker, or Mr.-- excuse me, Lieutenant Governor. Wanted to talk about several things. Getting here to the close here, at 3:21, but I wanted to talk-- the other day, I-- got on the mic yesterday and talked about Medicaid, and that the state of Nebraska's paying about a billion, 80 million. And then federal, we're up to about \$3.8 billion and 300 million, that's on the regular Medicaid and the other Medicaid, 300,000 people. And Senator Clements told me a number there when I was on the mic, and said that was \$12,000 per person, and I took that as being \$12,000 for everybody in the state of Nebraska. It's not. That's-- of the 300,000 on Medicaid, that's \$12,000 per person on Medicaid that we do call it allocate funds to, or that \$3.8 billion, which is \$2.6 million-- billion is from the federal government, and a little over \$1 billion is from the state government, so. A lot of interesting conversation that I've listened to the last couple days here or whatever. And Senator Raybould talked about the school, the temporary school fund, and also the bureau of the federal land funds-- school land funds that I think has created more conversation through the whole body in the last couple years. We did get-- some of us saw a handout. The regular fund, which was created-- yes, it's a, a-- the Bureau of the Land Management Fund is school funds-- school land that's in there, and then they allocate certain things and do certain things. But we saw a chart here, some of us did, in a way. I don't know if-- who all got it or whatever. I remember seeing a chart this year, that that fund was at \$680 million, or approximately \$680 million about 7-10 years ago-- or 10 years ago. And that fund now, there's \$1.1 billion sitting in that fund right now, so some of those monies go out to-- the purpose of that fund is-- we couldn't supposedly take the principal, but it doesn't list-- it depends on who you talk to-- the interest. And I've heard there's going to be court challenges, or Attorney General challenges, or whatever. We did transfer \$40 million out of that fund-- the \$1.1 billion where that fund has grown to in 10 years, we did transfer that and put that into the Future Education Fund [SIC], and it's allocated the exact same way it would have been allocated from the, the BFL money, or whatever. So it is used for the same purpose. It's allocated to the same kids but-- or the same kids in the, in the equal amount. But what Senator Raybould talked about was the temporary school fund, which some of those funds go into there. There's a lot of other things that go into there, too: land rent, oil and gas rent. There are other things-- solar rent. There's different things that go into that fund. And out of that fund, the last five years, especially year 2025, there was \$119 million that was used for schools, or whatever. But otherwise, it's averaged from \$40 million,

up to \$59 million, and then \$83 million. So there's a couple different funds there. So as you talk about those or as you hear about those, make sure I call it we have that clarity or whatever, we know enough what each of those is going on. But the, the original fund itself, or the BELF, we always call it, Bureau Land Management Fund, or whatever, school funds that oversee or is part of the overseeing of all of those, there's \$1.1 billion in there as we sit there today. But we took a little bit out of that, and they have-- that fund's grown from \$680 million to \$1.1 billion. And outside the last two years, they never, they never used more than \$20 million out of there. So I guess our question in Appropriation of why is that fund growing to where it's at, and maybe they will explain that more to us later, or whatever. One other thing I really wanted to talk about, as I get on the mic here this afternoon, and that is we hear a lot about-- or yesterday we did, in a way, about sales, sales tax, income tax, corporate tax, and why we shouldn't pause those or where they're at, or whatever. Pulled up the end of the--

KELLY: That's your time, Senator.

DORN: Oh. Thank you.

KELLY: Thank you, Senator Dorn. Senator Quick, you're recognized to speak.

QUICK: Thank you, Mr. President. I know that when I was on the Planning Committee, too, one of the things that come up in that, in maybe more than one of the meetings, was child care. And so, really, that's important-- im-- important to a lot of our working families to have that access to child care. I know, in Grand Island alone, we've actually seen, over, over the years, even when I served before, we'd, we'd had a couple of the facilities-- I know one larger facility, definitely, they shut down. And I want to say that they probably took in maybe 40 to maybe 80 kids, or something like that-- children. And so, it was really devastating for our community when that happened. I know one of our larger child care providers in Grand Island is YWCA, and they really try to work with the, with the people in the community, especially those who, who are working-class families who maybe don't have the, the higher wages and need some of the, the subsidies for child care. I think that's really important for them to be able to, to have that so they can still continue to work. I'm going to guess some of these families are probably on Medicaid as well, but they're-- they are working. It's just that maybe their job doesn't pay as much as, as, as they, as they would like, and they're, they're able

to actually have child care while they're working. You know, one of the bills I had this year was for the intergenerational, and it did pass. It's passed on. It'll be going on to Final Reading here, eventually. But it's to add a child care facility or have it incorporated in with a nursing home or assisted living facility. And it provide, you know, care for some of the workers that bring their children to that daycare-- could be provided that access to care for their children, and also, the children could interact with some of the aging adults in the facilities, as well. I know in the committee hearing when I talked about it, I-- you know, someday, you know, God forbid that I end up in a nursing home or assisted living facility, but it could happen that I would hope that my grandchildren or great-grandchildren would be, be able to come and see me, and, and how much I would love that for that to happen. So-- but I know when we're on that Planning Committee and we talked about child care being one of the issues, along with access to housing as part of the, the reason that maybe employers look at not coming here. We, we do have a, a workforce housing shortage. And so, I know Senator Hallstrom's bill hopefully, will help with some of that, as well. I know in-- Grand Island has worked really hard on Rural Workforce Housing, along with the Middle Income Housing projects. So, you know, anything we can do to help people who, who maybe, maybe don't have a-- aren't as well off as some of us, they struggle, they're hoping to be able to get out of poverty, to be able to provide for their families in a manner that they wouldn't need assistance, I think the majority of families feel that way. And so, you know, that's the reason I've been talking a lot about some of these, about the Appropriations bill, is mainly because of the fact that we're going to take some of those resources away from people or reduce the amount of resources that they have. And when we do that, we're just reducing their chances to be successful. We're reducing that chance for that family to maybe get out of poverty, to, to maybe make a better life for themselves. And I can tell you that many of them, they don't really want to be on those programs, but it's the only real means of making things go forward for them is to have access to them. I know there-- there's people that I've talked to say they can get a better job, or, you know, just pick your-- you know, put your boots on and pull up your bootstraps and go out and find a better job. That's not always the case for many of the people who, who live in poverty or are working-class families. So with that, I'll yield the rest of my time. Thank you, Mr. President.

KELLY: Thank you, Senator Quick. Senators Holdcroft, Andersen, Arch, and Sanders would like to recognize some guests in the north balcony

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from Leadership Sarpy County. Please stand and be recognized by your Nebraska Legislature. Mr. Clerk, you have a motion on your desk.

CLERK: I do, Mr. President. Speaker Arch would move to invoke cloture, pursuant to Rule 7, Section 10.

KELLY: Senator Arch, for what purpose do you rise?

ARCH: Call of the house and roll call vote, regular order.

KELLY: There's been a request to place the house under call. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 34 ayes, 0 nays to place the house under call.

KELLY: The house is under call. Senators, please record your presence. All unexcused senators outside the Chamber, please return and record your presence. All unauthorized personnel on the floor, please leave the floor. The house under call. Senator Guereca, please return to the Chamber and record your presence. The house is under call. All unexcused members are present. Members, the first vote is to invoke cloture. All those in favor vote aye. There's been a request for a roll call vote. Mr. Clerk.

CLERK: Senator Andersen voting yes. Senator Arch voting yes. Senator Armendariz voting yes. Senator Ballard voting yes. Senator Bosn voting yes. Senator Bostar voting yes. Senator Brandt voting yes. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh voting no. Senator Clements voting yes. Senator Clouse voting yes. Senator Conrad voting no. Senator DeBoer voting yes. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan. Senator Fredrickson voting no. Senator Guereca voting no. Senator Hallstrom voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt voting no. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Juarez voting no. Senator Kauth voting yes. Senator Lippincott voting yes. Senator Lonowski voting yes. Senator McKinney voting no. Senator Fred Meyer voting yes. Senator Glen Meyer voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Prokop voting no. Senator Quick voting no. Senator Raybould voting no. Senator Riepe voting yes. Senator Rountree voting no. Senator Sanders voting yes. Senator Sorrentino voting yes. Senator Spivey. Senator Storer voting yes. Senator Storm voting yes. Senator Strommen voting yes. Senator

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von Gillern voting yes. Senator Wordekemper voting yes. The vote is 35 ayes, 12 nays, to invoke cloture, Mr. President.

KELLY: Cloture is invoked. Senators, the next vote is on the adoption of AM2573. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 12 ayes, 31 nays on the adoption of the motion-- amendment, Mr. President.

KELLY: AM2573 is not adopted. The next vote is on the adoption of AM2162. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 34 ayes, 12 nays on the adoption of the committee amendment, Mr. President.

KELLY: AM 2162 is adopted. The next vote is to advance LB1071 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 32 ayes, 14 nays to advance the bill, Mr. President.

KELLY: LB1071 is advanced to E&R Initial. I raise the call, Mr. Clerk, for items.

CLERK: Thank you, Mr. President. Your Committee on Education, chaired by Senator Murman, reports LB937 to General File, with committee amendments. Amendments, amendments to be printed from Senator Clouse to LB889; Senator Hansen to LB1187; Senator Brandt to LB1071; Senator Hunt to LB1071; Senator Conrad to LB1071; Senator Machaela Cavanaugh, LB1071. New LR, LR360, from Senator Lonowski, that will be laid over; LR361 from Senator McKinney, LR362 from Senator McKinney, and LR363 from Senator McKinney, all will be laid over. That's all I have at this time, Mr. President.

KELLY: Thank you, Mr. Clerk. Please proceed to the next item on the agenda.

CLERK: Mr. President, General File, LB1072, introduced by Speaker Arch at the request of the Governor. It's a bill for an act relating-- bill for an act relating to government; changes-- provides, changes, eliminates provisions relating to funds and fund transfers; creates funds; provides for fees for medical cannabis regulation; requires the payment of the State Treasurer's salary from the Unclaimed Property

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Cash Fund; provides for transfer of investment earnings from certain funds; changes the distribution of the Permanent School Fund, the Municipal Equalization Fund, the Charitable Gaming Operation Fund, and the Nebraska racetrack gaming tax; changes to the disposition of workers' compensation self-insurer payments; provides for an additional use of the Davis Scholarship Trust Fund, the Administrative Cash Fund, the Auditor of Public Accounts Cash Fund, the Commercial Feed Administration Cash Fund, Victims' Compensation Fund, the 911 Service System Fund; eliminates the Nebraska Commission on Problem Gambling and transfers the Gambler's Assistance Program to the Division of Behavioral Health of the Department of Health and Human Services; changes provisions relating to the Medicaid Managed Care Excess Profit Fund, the Commission Grant Program, the Community-based Juvenile Services Aid Program, federal Child Care Subsidy program, reimbursement for work-related child care expenses, state employees health insurance coverage, the Teleworker Job Creation Act, the Major Oil Pipeline Safety Act, motor fuel taxes, and the Law Enforcement Attraction and Retention Act; eliminates provisions relating to the tractor testing fees, apiary certificate fees, job training grants, youth outdoor education camp grants, the Bioscience Innovation Program, and the Family Resource and Juvenile Assessment Center Pilot Program; provides for termination of the Rural Workforce Housing Investment Fund, the Middle Income Workforce Housing Investment Fund, the Superfund Cost Share Cash Fund, and the Nebraska Cultural Preservation Endowment Fund; eliminates the Tractor Permit Cash Fund, the Small Watersheds Flood Control Fund, the State Apiary Cash Fund, the Nuclear and Hydrogen Development Fund and the Nuclear and Hydrogen Development Act, the Family Home Visitation Act, the Nursing Facility Student Loan Cash Fund, the Nebraska Soil and Plant Analysis Laboratory Act, the Soil and Plant Analysis Laboratory Cash Fund, the Job Training Cash Fund, the Nebraska Training and Support Cash Fund, the Intern Nebraska Cash Fund, the Lead-Based Paint Hazard Control Cash Fund, the Public Service Commission Pipeline Regulation Fund, the ec-- econom-- Economic Development Cash Fund, the Youth Outdoor Education Innovation Fund, the Nebraska Mental Health First Aid Training Act, the Customized Job Training Cash Fund, the Panhandle Improvement Project Cash Fund, the Sector Partnership Program Fund, the Nebraska Film Office Fund, the Innovation Hub Cash Fund, the Bioscience Innovation Cash Fund, the Violence Prevention Cash Fund, the Foster Care Review Office Cash Fund, the Community College Aid Fund, the Nebraska Community College Student Performance and Occupational Education Grant Fund, the Coordinating Commission for Post-Secondary Education Trust Fund, the Capital Commission Revolving

Fund and the State Treasurer's Land Sales Distrib-- Distributive Fund; eliminates obsolete provisions; harmonizes provisions; provides operative dates; provides severability; repeals the original section; outright repeals several sections in Chapter 2, Chapter 71, Chapter 72, Chapter 81, Chapter 85, and Chapter 90, as well as sections, Chapters 43, 66, 77, 42, 48, 57, 66, 68, 81, section 74, Laws 2025, LB264; and declares an emergency. The bill was read for the first time on January 15 of this year and referred to the Appropriations Committee. That committee placed the bill on General File, with committee amendments.

KELLY: Thank you, Mr. Clerk. Senator Clements, you're recognized to open.

CLEMENTS: Thank you, Mr. President. I believe the Clerk just read my opening. Thank you, Clerk, for reviewing that. The LB1072 is the other budget bill for this year. The first bill is General Fund items. This is transfers of cash funds, as you heard him review and read a number of those cash funds. The total of those, you'll see on page 4 of the General Fund Financial Status, on line 10 and 11. First, we get our forecast of \$6.9 billion in this fiscal year, and then you'll see on line 10, that shows the transfers out. And the transfers out are-- most of those are property tax credits, but there are some other ones. Page 11 has the detail of all those-- the \$1.7 billion property tax credit, and school property tax and community college are in there. But there's some other ones-- Water Sustainability, Education Future Fund is-- \$242 million to the Education Future Fund, which then is paid out in some foundation aid and special education aid. And so, you can see those are in this bill. Those fund transfers are coming out of our Gross Revenue Forecast. Then the next item is there's money that we are transferring into the General Fund from other funds, and that's where the, the large number of items that he was reading, line 11 and 11A that is on page 14, 15, and 16 will show the, the detail. In agency number order, and the agency numbers are there, but on page 22 and following, will show you what Agency 9 is. That one is Secretary of State and, and so forth. But, for example, Secretary of State Cash Fund, \$2 million in the second year. His Record Management Cash Fund, \$3 million the first year, \$2 million the second year. Those are-- those will go to General Fund and help the General Fund balance. And as you look down, there are many different agencies, education, public service, department of revenue, health and human services. You'll see, in Health and Human Services, Homeless Shelter Assistance Trust Fund, \$5 million the first year out and \$1.5 million the second year. It's not that we want to eliminate homeless shelter aid, but that is an

item that gets documentary tax. The documentary tax revenues have increased, and so they've not been using all of their allocation. And so, we only-- and this is true with most of these cash transfers that they don't use all of their-- they haven't used all of their revenues in the past year-- years. And we leave those funds, though, so they're still sustainable. They'll be able to meet their normal expenses, going on. And that's-- we've took, took a lot of time looking at these cash funds and making sure that they were sustainable, taking off excess dollars that haven't been spent, but making sure that they're able to fully make their projected expenses for these 2 years, and so you can look at the detail of those. Then also, if you'd like to know-- let's see here-- more on the cash funds, total adjustments to cash funds is page 38. You'll be able to see adjustments to the cash funds by agency. That does have all the agency names, and some of it's on Operations, some of it is Aid to Individuals, state aid that goes out. And other ones is aid that goes to Governments, which is-- such as the Property Tax Credit. Then page 48, we'll probably have just-- we had a lot of discussion on the Health Care Cash Fund. Health Care Cash Fund is a fund that gets revenue every year from the Tobacco Settlement Fund. It gets the earnings off of it and gets around \$70 million-- \$65 to \$70 million in, and there are a whole long list of items that benefit from the Health Care Cash Fund. And you can take a look at those, those-- and what the changes are. It shows what the 2025 budget had in it and what we're proposing for '26 and '27 for those. Some of those are removed and some of them are added. We had requests to make some changes, and the committee went through the list of Health Care Cash Fund needs and wants and prioritized those items in '26 and '27. So you'll see \$64.8 million out of the Health Care Cash Fund in each of those years. Then another fund that we did a lot of work on was on page 49, the Medicaid Managed Care Excess Profit Fund. We had a lot of bills in the last couple years which didn't have funding from General Funds, so they requested Medicaid Managed Care Excess Profit money, but that's a fund-- but that's funds that we only get if the managed care organizations make a profit above a certain amount. It comes back to the state. And so, you'll see that there are a number of different programs that are receiving funding in there. Although in 2026, \$22 million, '27, \$11 million, 20-- let's see, \$11 million in 2027, because we're not sure that there's going to be that much money there in the future. We started the session thinking there would be a very little bit, and then-- maybe only about \$3 million. And now, we have about \$13 million that came in additionally. So this is-- overall, this bill has all these-- the bill is what the Governor sent us. The committee amendment will be what will be next up.

KELLY: Thank you, Senator Clements. As the Speaker stated, there is a committee amendment. You're recognized to open.

CLEMENTS: Thank you, Mr. President. I've been mostly talking about-- I think, completely talking about the committee amendment, AM2165. And I thought I might need the time from the bill and the committee amendment, which I ended up did need, but I'm about finished. As far as details, I think we'll get into more details as people want to bring up items. We'll welcome discussion about what's in here. We have had a lot of discussion about fund transfers. Overall, my priority has been to make transfers that are sustainable for the cash funds that allow whoever is using that cash to keep having their expenditures going on in the future, but money that is extra that they're not going to need, don't have an identified need for, that we can use for General Fund purposes. Also, while one of the other items in here, a large item is the Cash Reserve transfer that you've already heard about, but \$130 million is-- the committee has proposed a from the Cash Reserve Rainy Day Fund to the General Fund to reduce our shortfall, and that would-- that item is in this bill as well, this amendment. And with that, I ask your green vote on the committee amendment and on LB1072. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Mr. Clerk, for an amendment.

CLERK: Thank you, Mr. President. Senator Raybould would move to amend with AM2549.

KELLY: Senator Raybould, you're recognized to open.

RAYBOULD: Thank you, Mr. President. Good afternoon, colleagues. It'll come as no surprise to you that this amendment is going to be on Perkins County Canal. It's a very simple bill transferring about \$78 million out of the Perkins County Canal funds. And as you know, we have probably in excess of \$650 million in the funds already. This is to be directly applied to a number of other funds that have been swept. And I can go over those with you systematically. I know we've had many lengthy discussions about the Perkins County Canal, and I think it's clear to-- fair to say that we disagree on this. You know, you've heard me get on the mic and talk about the Bureau of Education Land Trust, and I read you the statutory language that is the guardrails to prohibit the Nebraska Legislature for going in and raiding \$42 million from that fund. I assure you that Perkins County Canal does not have that same guardrail and restrictions. You know, this Legislature has had no reservations about going into a number of

other funds and just sweeping them without concern or cause, but always in the pursuit of trying to, to close our budget gap. I personally think that's wrong, and part of the elements of this bill that I'm proposing is that we restore some of the funding. And here is a quick summary, and then I'll go in a little bit greater detail. So we're taking \$78 million-- well, \$78,747,931 from the Perkins County Canal and restoring the funding that we've taken from the Cultural Endowment \$5 million firm. I swipe it out, but I give it back to the Perkins County Canal, the interest, \$5.7 million, that we're taking already. We're giving back to the Nebraska's Veterans Aid Endowment Fund, \$1.5 million and another \$1.5 million, for \$3 million. We're giving back to the Environmental Trust Fund for 2 different categories, \$5.3 million, and then also \$6 million. And so, I just want to say that if there's any surplus-- I know we-- we've talked about Senator DeBoer, in her LB304, which is funding for a continuation of the subsidies for affordable child care. That is critically important to one of the priority goals of our state, and certainly, by all the Chamber of Commerce, that we'd take care of affordable housing, which would help offset the problems with our workforce. So it's a very simple bill. I know that it gives everybody heartburn. But I, I just want to say that the reasons Colorado is not taking us seriously, it's not because we haven't funded and it's because we haven't started the process, it's because we haven't completed a lot of the processes. And I'm just going to read to you, once again, why they don't take us seriously on the Perkins County Canal. As of today, Nebraska lacks a 1041 approval from Sedgwick County, has no approved wetlands mitigation plan, has no federal permits, has no final construction drawings, no crossing agreements for utilities, and no relocation agreements for displaced owners or tenants. There is no legitimate, good-faith basis for proceeding at this time. That's what Colorado is saying about this. They're not saying, oh, Nebraska is not serious because they're going to take some money from the fund. That's not what they're saying. If we had any one or two of these elements completed, maybe they would take us seriously. I know, right now, the case is being presented before the U.S. Supreme Court. That would be great if the court ruled in our favor. That's just the beginning of a long legal process. How do we know that? If you look at the Republican River problems that we had, that started back in May 1 of 1998, and that is where the Supreme Court had already heard the case and granted a special master, a legal team to overlook and oversee the progress being made on a reasonable settlement. That's 1998. The Republican River issue was fully settled and resolved and the special master finally discharged in 2015. Talk

about job security. That's a long time to be dealing with that one case for all those years. And this case with the Republican River was so simple, so simple. And yet, here we are, clinging desperately like the Perkins County Canal is a sacred cow, that those funds cannot be touched for whatever reason imaginable out there. Well, colleagues, what are you going to do next year? Next year, you're going to-- in the next biennium, you're going to have an \$874 million budget deficit. Do you think you can keep swiping all the funds you're swiping? Is that an effective way to govern? Is that good policy? Is that wise fiscal policy? All this last week, I gave you articles about what Kansas did, what Louisiana did, and guess what? We're going down that same squirrely rabbit hole of no fiscal responsibility, not doing things that will help better serve our fellow Nebraskans now and in the future. We're making very short-sighted decisions and not thinking about the future. You've heard me talk about this other subject matter, on our income in-- our income tax and the, the race to get it as low as possible. So the handout that I gave you this afternoon has a really nice map of the state of Nebraska. And basically, it shows you the sales tax rate and the income rates for our surrounding states. State of Nebraska is right there in the middle in many ways, in the, the middle in terms of the, the income tax that we charge and the sales tax. It's hard to compete with South Dakota, Wyoming, where they have zero income taxes. We know that in Louisiana and Kansas, they had devastating impact to their, their economies and their ability to grow their state by going down to the bottom of that. On the backside of that, there were a number of things that got us to this predicament. It's a structural deficit, which means what we have done is we have effectively cut our revenue base by passing 2 pieces of legislation. In 2022, we passed LB873, if you look on the backside. The first-year loss was \$299 million from our revenue base. The following year was a loss of \$383 million from our base, and the following year, in 2027, \$434 million. What we did, because we thought it was such a great idea to lose all that revenue without any foresight or thinking or planning on expanding our revenue base. You can't do both. Our consultants told us clearly, you cannot cut your way to prosperity. Yet, here we are. The following year, in 2023, we accelerated that rate. And as we accelerated and lowered the income tax rate for the top 2 tier of earners and our corporations, that exacerbated the loss. So instead of a \$299 million loss, we went to a \$423 million loss in 2025. In 2026, it gets compounded to a \$575 million loss. In fiscal year '27, guess what? It's almost a \$700 million loss. Do you see any correlations between that and the budget deficits we're facing right now? If you don't, then maybe you need to

revisit your math class. It is simple math. If you cut your revenue and yet your expenses stay the same or increasing, through no fault of the states, but of inflationary matters and other functionalities of federal government that require us to do that. I ask for your support and vote on this, to write an element of our budget. And for all those enthusiasts about the Perkins Canal, I'm one of them. I am one of them, and I explained the last time I was on the mic how important it is to look at our financing options. I just mentioned to Senator Jacobson-- we went out for a bond in 2023, for highway roads. Our statutes, our statutory language allows us to do the same for water projects. If we really want to act tough, and if we want to show Colorado we're sincere, we're going to support a bond issue that we can get going in 2028, for about \$500 million because that's probably what it'll take to get the whole Perkins Canal completed. But we're going to be held up in a legal fiasco that's going to take, at a minimum, 15 years. I'm pretty sure I will not live to see it. Thank you, Mr. President.

KELLY: Thank you, Senator Raybould. Senator Dorn, you're recognized to speak.

DORN: Thank you, Mr. Lieutenant Governor. And Senator Raybould, I sure hope you live that long, and stuff. I don't know how long it's going to take, but I sure hope you live that long. Senator Clements got up and talked early on about this bill here, the LB1072, and basically it's the cash funds that we do. And he mentioned a little bit, didn't really get into it much-- page 38 on our yellow book here, or whatever, that really details-- 38-39, details what the cash funds are. And it's per 2025 session, or last year, what we did. And then, per 2026, the changes, so the middle 2 columns in here are the changes that so far, at least, have been proposed. We will have an amendment on Select File that will make some more adjustments to bring that \$125 million deficit further down or whatever, and then it gives you the total of those 2 years or whatever, so it tells you some of the different things in there. And I-- there's a few things on here that I really want people to be aware of, and that's Transportation, our cash fund for Transportation. We're at \$1.3 billion. That's Department of Roads and stuff. So they have the University on there, Game and Parks, Water, Health and Human Services. These are the cash funds appropriated for them, not the federal cash funds, just in the state, or whatever. But it also has on there, Hospital Assessment, and that is the Hospital Assessment that we passed the bill there a couple of years ago, Senator Jacobson's bill for that Hospital Assessment, and the dollar amount that that is projected to be, or whatever, on there,

and then some Medicaid, and a whole bunch of other things on there. Then, you go back to the bottom one, State Aid to Local Governments, and it has the school property taxed amount listed on there, property tax tier one. I think several people have heard us talk about the state from the General Fund, and it's about \$430 million roughly, give or take \$5 million, that we put in there this year. This also counts, though, I call it, the other amount of funds that come into here, some gaming and some other things that come into here that are also added onto here. They don't, I call it-- they don't have that-- they're above and beyond the base that we have. So when you look at some of those in Community College this next year, \$279 million, that's what the state of Nebraska has made a commitment to pick up, as far as property taxes for the Community College. And there's another one right below that, the Special Ed, and Special Ed, \$309 million. That's in addition to the \$200 and roughly \$35, \$40 million that we get out of-- or that-- what comes out of the General Fund, that original 40% that we always did. This is what is projected to be the extra, additional amount that gets us up to 80%. So some of those, you can see there-- you can see what, in this bill up here, LB1072, what-- the middle 2 columns there are, what are the adjustments for us, at this session that we've done so far, and there are more coming. And we're going to have an amendment on Select File. So those are some of the things that I just wanted to get up and talk about. Senator Clements, I thought, explained it very well. A lot of cash funds transfers in and out here. And there's a lot of things that-- yeah, this year, we only have about a quarter-inch thick page booklet. Last year, we had about a three-quarter-inch thick when we developed the whole budget itself, or the original two-year budget. So this is just adjustments, and some of those things really take time. And look at some of these as, as-- to see what have been proposed and some of the amendments are going to come up. And I'll yield the rest of my time.

KELLY: Thank you, Senator Dorn. Senator Clements, you're recognized to speak.

CLEMENTS: Thank you, Mr. President. Just a minute. So the Perkins County Canal interest is going to the General Fund. We-- that's the only thing that we're taking from the Perkins County Canal Fund. And that needs to go to the General Fund, but the rest of the Perkins County Canal Funds needs to be maintained. And so, I oppose this amendment and ask for your red vote on it. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Senator Fredrickson, you're recognized to speak.

FREDRICKSON: Thank you, Mr. President. Good afternoon, colleagues. I-- well, I was not going to speak on the Perkins County Canal, and I'm not dare going to speak on the Perkins County Canal. I know that is the-- that's a, a land mine in here. So-- but I, I, I originally had gotten in the queue before this amendment was up on the board, and so I wanted to speak a little bit more about the underlying bill and the-- obviously, the committee amendment, as well. And I'll listen to this conversation about the canal, of course. And so, I-- the reason I, I got in here was, you know-- we talked about this last year a little bit, when we passed our budget. There's kind of the 2 components. The last bill we just debated, of course, for those at home, was LB1071, which is the mainline budget. LB1072 is sort of the bill that is sweeping all of the cash funds, and I just wanted to kind of flag that for both folks watching at home but also for us in here, as we deliberate over the next few days here, related to the budget. The-- you know, I, I continue to have ongoing concerns about relying on cash fund sweeps to-- as, as, as a budget strategy. And, you know, I know that the sweeps are effective in the short-term, in the sense that they kind of do the job. They, they, they pay the bills, but, you know, it, it does, in a way, really undermine the long-term stability of programs that these funds are supposed to support. You know, I kind of want to remind folks that our cash funds are, are created through statute. And so, when we create a cash fund-- I'm sure many of you in here have had bills that develop or create a new cash fund, and those are designed to fund specific projects that we statutorily create, that we debate, and that we decide, as a Legislature, with at least 25 and oftentimes 33 votes, to, to prioritize, as a state. So, you know, if the programs that we have historically decided to create and fund through cash funds are no longer our priorities as a state, then that-- that's a conversation we should be having. We should be having that in a direct manner. I worry that when we sweep the cash funds through the budgetary process, we're kind of skirting around this other conversation, which is, well, what happens to the programs that are funded through these cash funds, or what they were originally planned or, or created to fund? So that's policy I think we need to debate. We could amend the statute, for example, but sweeping these funds through the budget process is not the same as having a, a policy conversation. So I do have kind of ongoing concerns about, about how that is going and what we're doing with that. I also think that we're seeing this, you know, we've seen in the last couple of years this bigger picture theme of almost this glamorization of, you know, DOGE, and, and government efficiency, and you know, these are very easy things to sort of cling onto, because when you hear the name itself,

it does sound very reasonable and it sounds very rational. But I think we have to also consider a bit more. Government, yes, of course, needs to be efficient, but sometimes when we cut things to the bare minimum in the bone, that does the exact opposite. It makes government very inefficient. It makes it inefficient for our constituents. It makes it inefficient for people. And so, I would kind of caution us against getting starry-eyed about this idea that we're sort of doing this really hoo-rah, hoo-rah, we're, we're making government more efficient when, again, what we're hearing from stakeholders, organizations, constituents is through sweeping these funds, through cutting these funds in these different ways, we are actually making their lives a lot more difficult. So we can say we feel like it's efficient, we can say we feel like we're doing it that way and, and, and efficiency is not just about dollar amount. It's not just saying I'm paying less for this, so I'm more efficient. There are many such examples of when we pay less for something, we become a lot less efficient. And so, I would just kind of caution us against continuing on this path in this way. And I want us to sort of think and sort of maybe pump the brakes a little bit and think about what is our longer-term strategy or plan here, as it relates to the budget and certainly, as it relates to providing good service.

KELLY: That's your time.

FREDRICKSON: Thank you, Mr. President.

KELLY: Thank you, Senator Fredrickson. Senator Lippincott, you're recognized to speak.

LIPPINCOTT: Thank you, sir. The Perkins County Canal Project is moving forward and currently ahead of schedule. Major milestones are completed or underway, including design, permitting, land acquisition, and also public engagement. Nebraska is currently missing out on 500 and-- 500 cubic feet per second of non-irrigation season water that the compact entitles to the state of Nebraska once the canal is built. Maintaining momentum is critical and will protect Nebraska against future Colorado development. Benefits and protections provided by timely, timely completion of the canal include increased reliability of irrigation water, the project will ensure higher south Platte River flows in Nebraska year-round; protecting water supplies for irrigation will directly benefit Nebraska's number one industry, agriculture; greater reliability of drinking water in Lincoln, Omaha, and other communities. Additionally, cooling water for Nebraska's largest power plant, the NPPD's Gerald Gentleman Station, will be maintained and

water flow for hydroelectric power generation will be protected. Over-allocated regions in Nebraska will avoid stricter water regulations, fostering production and development. Water supplies in the North Platte River Basin will also benefit, enhancing recreational opportunities at Lake McConaughy. Protection of water flows helps the wildlife habitats and promotes biodiversity. It also maintains Nebraska's credibility in ongoing legal proceedings. It prevents costly delays in construction, inflation impacts. It signals Nebraska's commitment to enforcing its compact rights. It secures long-term water reliability for future generations. The Perkins County Canal is about securing Nebraska's water and way of life for decades to come. Nebraska's actions reflect a clear commitment to completing the project responsibly and efficiently. Nebraska filed suit against the state of Colorado this past July 16, 2025, arguing that Colorado has overused South Platte waters in the irrigation season and is obstructing Nebraska's efforts to build the Perkins County Canal. A decision is expected from the U.S. Supreme Court this spring, which will determine the next steps in litigation. Nebraska's legal actions underscore the state's commitment to enforcing the South Platte Compact and advancing the Perkins Canal, and Nebraska is serious about securing its water future. Securing Nebraska's water is essential to the state's economic prosperity and long-term welfare. Through the Perkins County Canal and enforcement of the South Platte Compact, Nebraska is actively protecting the environmental health of the Platte River Basin and advancing its full entitlement to river flows under the Compact. It was authorized in the Unicameral in 2022, and its plans have been developed for 4 new canal segments, 2 new dams and reservoirs, 33 drop structures, 19 private crossings, 36 public road crossings, utility crossings, and other features. Multiple canal routes have been surveyed, including potential use of the western canal, along with more than a half dozen potential reservoir sites, crossings, staging sites, and other infrastructure. Soil investigations have been conducted along with site drillings for the Roscoe Draw and Riverview West Reservoir sites. A 404 permit application was submitted to the U.S. Army Corps of Engineers, wetland delineations were completed, an official public meeting was held, and official work has been conducted for state permitting. Modeling was conducted using historical hydrology and stream flow gains and losses in canal and reservoir operations for the project. Colorado property has also been purchased near the state line. Landowner meetings were held in Big Springs, and land option and purchase offers were extended to Colorado landowners. Discussions with Nebraska landowners are

currently being held. We need to reserve and protect the Perkins County Canal. Thank you, sir.

KELLY: Thank you, Senator Lippincott, Senator Storer, you're recognized to speak.

STORER: Thank you, Mr. President, and good afternoon. Colorado, if you're listening, don't get excited. We are still on track with the Perkins County Canal, and the money is not at risk of being swept. So I know, I know that you're probably listening. Just wanted to make that clear. And for, for just a couple of clarifications, when we talk about progress on the canal-- and I think some of this is probably going to be a bit repetitive, so I apologize. Senator Lippincott, thank you. You shared, I think, much of this. But where we're at today: design, over 70% complete; route surveying, complete; geotechnical analysis, complete; permitting, over 50% complete; stakeholder engagement and public information outreach is ongoing; hydrological modeling; over 70% complete; land acquisition, well over 50% complete. There are many factors to demonstrate the forward progress and commitment of Nebraska to the Perkins County Canal, which for, for many of the reasons that Senator Lippincott shared is an important commitment to the state of Nebraska, not just wildlife and ecosystems, but our agricultural industry, which by the way is the backbone of the state of Nebraska. So if there was any doubt, Colorado, it's secure. I just want to speak briefly about the budget. I haven't really got on the mic much. I've been listening to a lot of the conversation, appreciate all the different viewpoints. But again, I'm just going to come back to-- you know, I've been asked, you know, well, what's your idea? And the, and the one idea that has rarely been discussed up to this point, is sort of that across-the-board cut to agencies. And back in 2018, when we were in a-- actually less, probably, severe budget gap, there was 2% budget cuts in almost every agency. And you know what didn't happen? The sky didn't fall, government didn't collapse, and we got back on track in short order with revenues and expenditures. And so, you know, I-- when I went back and I looked, the interesting part is I think for most members-- and this is not-- please don't take this as any kind of criticism. This is not a criticism. But the reality is for most members serving in the body today, this is-- 2025, last year, is really the first year that we've experienced sort of this, this tightening of our belt, if you will. Primarily due to COVID, money has flowed in this body like milk and honey in the promised land, and a lot of the discussions and the, and the fights, if you will, were how do we spend it? And so this is admittedly new to, I think, some folks serving that haven't maybe been

on a, on a, on a board that had similar challenges, not necessarily here, but whether it be a-- an RD or a county board or a school board, or, or owned a business, where you had some lean years that you had to make some of those tough decisions. And so, you know, this is-- we're, we're not in a free fall. We're not in a crisis that is not something new to other administrations, other governing bodies. This is a time when we're elected to manage the budget, and we, we have to be responsible with-- our revenues are good. Revenues are not necessarily our primary problem, so we just have to take a look at the next couple of years, and I think can learn from some of those in the past. And I, I continue to say we have to take a look at what those tightenings of the budgets in a across-the-board fashion look like. It's been done. The sky won't fall. We'll all be OK. Thank you.

ARCH: Senator Jacobson, you are recognized to speak.

JACOBSON: Thank you, Mr. President. Well, I think we all know that this amendment's not going anywhere, but I, I will get up and just say that, that clearly, we could go out and bond out what we need for the Perkins County Canal. But being a banker, I will tell you that when you loan money, there's something called debt service, okay, which means every year you make principal and interest payments that come out of your annual budget. OK. This state has made a practice to have a balanced budget and not incur state debt, and I don't see this legislative body saying we ought to go out and take a billion dollars and, and, and send a bond out there. We have money in the account today, which is not nearly enough to complete the project, but we will have to add to it over time. We do have a ways to go yet, but I will tell you to compare Perkins County Canal to the Republican River Basin is, is apples and potatoes. We had very, very different things that had to happen, like any lawsuit. The Republican River had to do with first of all, this Legislature, many years ago, recognizing the correlation between groundwater and surface water and that they're interrelated. And once that conclusion-- they came to that conclusion, suddenly we're talking about shutting down ground wall-- wells, because they would have an impact on the flow of the Republican River, and that's when this got very interesting. And when we look at the amount of water-- or the ground that's been taken out of production-- come out to North Platte, go by Sutherland, 20,000 acres that was all pivot-irrigated, doesn't have a pivot on it today. That's the sacrifice that Nebraska made to fulfill our compact with Kansas. That's pretty fresh in the minds of people that live out in my part of the state, and say, why on earth would we walk away from a compact that we made with Perkins-- with, with Colorado on Perkins County

Canal? The Attorney General explained why did they enter into that compact when they did, Colorado The reason they did was because Nebraska had senior rights to a lot of the water that was, that was in eastern Colorado, and they could have, at any time, claimed an interest in that water and made them shut off using water, taking any water at that time from rivers and so on, so it would flow to Nebraska. And Colorado said, we can't have that, so they approached Nebraska to make the compact, not the other way around. And they came to Nebraska and said, let's make a deal where we can, we can provide a-- some certainty that you would be receiving a certain amount of summer flows and a certain amount of winter flows. And they've not been honoring what they, what they agreed to today, even without building the canal. So they're enti-- we're entitled to a certain amount of water in the summer months, whether we have the canal or not. Building the canal entitles us to the rest of it. So I'm just saying this investment was thought through very-- by-- clearly by attorneys and by both our current Governor and our former Governor that this is the direction to go. This Legislature has seen the wisdom of continuing with that and funding it. I'm confident that cooler heads in this legislative body will continue to honor that commitment and continue to keep that money intact. So again, this is an amendment that, in my mind, is not serious, needs to be voted down. Let's go talk about the other issues in the 10-- in LB1072 that we need to work with, and there are some that we do need to. I am, I am concerned about certain parts of this, but, but Perkins County Canal is not one of them. OK. We just need to leave it alone. So with that--

ARCH: Time, Senator.

JACOBSON: Thank you, Mr. President.

ARCH: Senator Conrad, you are recognized to speak.

CONRAD: Thank you, Mr. President. Good afternoon, colleagues. I rise in support of Senator Raybould's amendment and appreciate what she's trying to do to stop impermissible cuts and sweeps to the existing Environmental Trust and to draw, rightly so, critical attention to an issue that perhaps I didn't think I would see in my time in the Legislature, where a Governor and an Appropriations Committee literally are raiding funds to support veterans. I just-- that-- those-- the headlines from when the proposal was initially presented and the public had a chance to start weighing in, you saw really, a, a, a chorus of voices rising across the state, from greater Nebraska, from urban Nebraska, coming together to say, whoa, hold on. This has

never been a political issue. These funds are sacrosanct. They are set aside. They are spor-- for a specific purpose They're to support veterans in needs. They're not subject to willy-nilly sweeps and gra-- grabs when the state is money-short. And so, perhaps the pay-for here causes some heartburn for our friends who are passionate about the Perkins County Canal. But I hope, either through this amendment or through subsequent amendments or negotiations, we can figure out a way to hold harmless, to leave, as intended, those veterans funds and services, which never should have been part of a budgetary sweep in this regard, and, and, and we need to keep drawing more attention thereto. The other piece that I want to lift up is a couple of things. And I know sometimes when we have limited time and, and we're speaking generally and, and very passionately, we can't, of course, cover all of the nuances in lengthy budget documents and, and deliberations. But there has been this kind of line in the sand or strong advocacy that this Legislature can't touch a penny when it comes to Perkins County Canal or it will throw, you know, everything into disarray, and that's, that's not accurate, friends. The Governor's proposal itself and the Appropriations Committee budget package stole northwards of \$5 million in interest off the Perkins County Canal project that, you know, is presented as part of this budget. Additionally, if you look in terms of the budget components of the measure we just had in this, you can see, actually, a raid on the corpus itself that wasn't just interest. You can see that there was a reduction of \$300,000 in General Funds for water state litigation which was replaced by an increase in cash fund appropriation in the state settlement fund and the revenue for the cash fund appropriation increase came from a transfer from the Perkins County Canal Project Fund in '26-27. That was a raid upon the corpus. That is outlined in your budget books on page 25 and 26, and that comes in addition to the raid on the \$5 million on the interest in regards to this project. So I know it makes for good political theater to have a hard line in the sand and say not one penny can be touched, or it's going to weaken our legal position with the Supreme Court and the case that's been filed in regards to original jurisdiction about the water rights at stake in a 100-year-old compact that was recently revived through some funding decisions when COVID dollars became available that had otherwise sat dormant for almost 100 years. Nevertheless, many members, including Senator Cavanaugh, myself, Senator Raybould, and others, have even said-- and I know I toured the area with Senator Raybould and members from NRDs, and then the Department of Natural Resources, to learn more about the project, and to go deep into the impacts for the various impacted communities. And it was very informative and interesting. I'm

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glad we spent the time to do that. I think we can accomplish the same goal, just with a different financing structure for the project or at perhaps a different level. So we're generally in agreement that we want to accomplish the same goal, we're just saying that we should do it in a cost-effective manner or that is cognizant of the budget crisis that we are in.

KELLY: That's your time, Senator. Thank you, Senator.

CONRAD: And to say we're not touching a penny, we are. You've already put it forward at the Governor's proposal and you voted for it. Thank you, Mr. President.

KELLY: Senator McKinney, you're recognized to speak.

McKINNEY: Thank you, Mr. President. I rise because I think this opens up a broader conversation, not honest-- not about the canal, but about just spending over the last, I'd say, 5 years. And why I bring up spending is, and it goes back to sort of this, but what is guarded like it's Fort Knox and what's not guarded like its Fort Knox. And there's been-- there were some investments back in '22, '23 that we did as a state that this body has decided to transfer money away from those investments and didn't allow for those programs or those init-- or those projects to be completed in whole before dollars were pulled away. So we haven't-- just like we haven't seen what will come out of the canal, we haven't seen what will come out other projects as well, but the Appropriations Committee and this body has voted to take some of those funds away from those projects and hasn't allowed those projects or those programs to actually fulfill what they were intended to do, but they were sold as investments by the state for the future to make sure that our state does not end up in a situation we're in today. That was what it was for. And I know many people were not here when those conversations were, were had and decisions were made. But there were a lot of decisions, especially when we were discussing the influx of money from the feds on COVID dollars and those type of things, about making long-term investments into big things, like the canal, like water projects in Lincoln, and projects in, in Omaha. But I, I just wanted to bring that up, because I think to say something cannot be talked about or touched but also ignoring the fact that when that investment was made, there was other investments made for the long-term future of the state, and for whatever reason, some things got pulled back on the table. And I just wanted to highlight that, you know? I just don't see it as being fair that other things could be decreased and others can't even be talked about or considered. It just

seems like we're not operating on fair terms around this place. But that, but that goes back to other conversations about other things, too, where one day, somebody's here, next day, somebody's here. And some days, I get really triggered about a lot of things. And I don't get on the mic, though. I've been practicing just, you know-- just listening and letting it-- some-- sometimes I do, sometimes I don't. But I listen, and I listen clearly to what a lot of people say, and it's not consistent. Maybe I'm not consistent, either. So I don't want to be a hypocrite, either, so if I'm not consistent, tell me. You know, fair is fair, either-- both ways. But I'm going through this whole transfer bill or whatever, and the most pettiest thing that I've found so far, the most-- the, the, the pettiest thing. So there's a-- I don't like to say the word, but there's an incarcerated individual welfare fund or cash fund that goes to, you know, people who are in our state prisons for their recreational activities, which I actually try to build to just pay it out of the budget. But you know how it's paid? It's paid off for their commissary. The upcharge that they pay on their commissary goes to this fund. And there-- and I see a transfer of like \$800-and-something from this fund. I think it's really petty that we, we are taking \$800 from a fund that is only available because incarcerated individuals are buying commissary and we're taking \$800 from them. I just think it's really petty. I think we could find \$800 from somewhere else. I, I just find that to be the pettiest thing that I've found so far in this budget. Like, we're taxing people for being in prison and we're taking the money from them. It's just wild, but thank you.

KELLY: Thank you, Senator McKinney. Senator Raybould, you're recognized to speak.

RAYBOULD: Thank you, Mr. President. I just want to address some of the comments I've been hearing, and I appreciate the discussion. I know Senator Lippincott gave us a, a really concise summary of, of where we're at on the Perkins Canal. But I think it's important to keep in mind that you cannot compare the two, because the Republican River was a very simple, cut and dry case. The Perkins County Canal is crossing states, and that is a, that is a real challenge, in us exercising eminent domain in Colorado. We are making incremental, small steps. But the problem is, it is before the U.S. Supreme Court, but they need to appoint the special master. Once a special master is appointed, then it will guide and direct all the, the litigation going forward. And I just want to recall that Republican River, it started in 1998, but that was once the special master has been appointed, and finally got concluded in discharge of duties in 2015. And the Republican River

was a very, very simple matter. I am concerned that our, our body has made a determination of going ahead and taking funds from our Cultural Endowment and Heritage Fund and Arts, we're taking it from our veterans, which I've always been raised to respect. We're taking it from the Environmental Trust Fund. And I think what we're showing is that these-- we have no problems sweeping funds from these things that enhance the quality of life for our fellow Nebraskans. When I look back on a lot of the reports from economists on how we can improve our state-- which we need to do. We are in a quandary when it comes to comparing us and our GDP growth, our employment growth. We're lagging, as compared to our cohorts surrounding us. That is what the consultants with the Chambers of Commerce have showed us. We're not competing, despite the fact that we did our accelerated income tax rate reduction. The consultants acknowledge that we cannot cut our way to prosperity, but yet here we are. This is what we're doing. We value segregating funds and swiping others for a project that is a long-term project. We have other opportunities to create financing for this that I'm-- if I were here longer, I would be very committed to doing, but I'm also committed to leaving our finances in a better state. Consultants tell us: state policymakers should reject calls to cut taxes in the name of attracting more people to their states. Instead, prioritize raising sufficient revenue to preserve and enhance investments in education, health care, roads, parks, and other critical services and infrastructure that make their state's places where people want to live and businesses want to locate. It's that simple. It is truly that simple to do that. But yet, here we are again. We're facing a precipice of an extraordinary fiscal deficit, yet we feel compelled to swipe things that enhance the quality of our life in Nebraska that Nebraskans care about, and that do what? They attract people to our state of Nebraska. That is what I'm trying to restore with this amendment. Senator Conrad pointed out that we have no problem taking \$5.7 million of the interest for the General Fund. But from the Governor's budget, in his red book of January 15, 2025, they had projected to take \$18.5 million from the Perkins County Canal. So I guess the Governor seems to think it's okay to take money from the Perkins County Canal, from the interest earned. I think we need to have a serious reflection on how we can attract, how we can retain the people in our state, and by swiping the things that make a difference in the lives of hardworking Nebraskans, taking funds that make their lives better is not the solution. There's financial solutions for the Perkins Canal that are appropriate and necessary. Thank you, Mr. President.

KELLY: Thank you, Senator Raybould. Senator Murman, you're recognized to speak.

MURMAN: Thank you, Mr. Lieutenant Governor. I, I think Senator Lippincott, Storer, and Jacobson did a good job describing the importance of the Perkins County Canal, but I want to just add a little bit to that and I'm going to refer to the Department of Water, Energy, and Environment's web page. The Department of Water, Energy, and Environment, working in conjunction with natural resource districts and a variety of water users and water-related interests throughout the Platte River Basin, has been conducting focused, water-planning efforts since 2004. These water-planning efforts consist of basin-wide plans, integrated management plans, and drought plans, along with work in conjunction with Nebraska's interstate compacts, decrees, and agreements. Particular attention is often given to the interstate compacts during water-planning efforts to ensure that Nebraska fulfills its obligations, and that other states' water-users receive the full benefits of Nebraska's water entitlements. One area of focus is to ensure that Nebraska's full entitlements under the South Platte River Compact are realized and protected for the future of all Nebraskans. Seasonal South Platte River flows into Nebraska have been trending downwards in recent years. There are several attributable factors in Colorado to the reduction in river flows, which may include but are not limited to increased irrigation-related well pumping, population growth in the Denver and Front Range region, and changing climate and water patterns. As a result, demand for water has increased in Colorado to the point that Nebraska's stream flow entitlements are in jeopardy, a scenario that is highlighted by a large number of Colorado water projects at various stages of development that are intended to capture additional South Platte River flows. To further advance Nebraska's water entitlement protection efforts in the South Platte River Basin, the Legislature passed the Perkins County Canal Project Act in 2022, finding that it is essential to economic prosperity, health, and welfare of the people of the state of Nebraska and to the environmental health of the entire Platte River Basin, including Lincoln, to protect Nebraska's full entitlement to the flows of the South Platte River as provided for in the compact. As a result, DWEE is authorized, with the funding allocation, to develop, construct, manage, and operate the Perkins County Canal and associated water storage facilities with the primary purpose of fully protecting Nebraska's non-irrigation season annual flows and to improve the utilization of surplus flows that arise during the irrigation season.

And DWEE is moving forward with the Perkins County Canal Project, which includes associated water storage facilities. I just want to let everybody know that this webpage will be a resource for information related to the project activities and will be periodically updated. I reference all this just to show the importance of the Perkins County Canal to all of Nebraska. Water is the lifeblood of our state, and it's important for economic development. I have read also that the expected completion date is 2032, so I do hope that everyone here in this body is alive to see that happen in 2032. Thank you, Mr. Lieutenant Governor.

KELLY: Thank you, Senator Murman. Senator Strommen, you're recognized to speak.

STROMMEN: Thank you, Lieutenant Governor. Thank you. So obviously, we're talking about Perkins County Canal a little bit here. Just going to go briefly over some of that, there was a meeting in Ogallala a couple of weeks ago, to discuss the future of the program. They showed us where that canal would be in proximity to the river, and then where those lakes would be going in. But one of the other things that they focused on also, was the fiscal impact to the state of Nebraska, which has been talked about a little bit here. But one of the things that we should be aware of is that their estimates are that the project will bring in over \$2 billion, and I think that that's important to point out that there is a projected positive ROI on this project. But more importantly, other than the \$2 billion, \$2 billion that we'll get from this project, these waters are going to be used for irrigation and recharging the aquifer. And as we continue to see droughts in western Nebraska and throughout the state, throughout the western part of the country, recharging the aquifer is going to be key because water is our most important commodity. It really is our only commodity in the state, if you think about it. We have oil and gas reserves, but water, under the western part of Nebraska, with the Oga-- Ogallala Aquifer is our most important, and to divest ourselves of that investment is-- frankly, it's foolish, as water will always be our most important commodity in the state. But since we're also talking about the budget today, LB1072, I just wanted to go over a couple of things to point out. If people haven't looked yet, the cash funds, which we're discussing, are located in your goldenrod book on page 38. And if you pick that up and you start going through it, you'll see the different agencies, how state aid affects that, and how the cash funds are being distributed. It also, on page 39, gives you new fund transfers to those cash funds, as well as cash fund appropriation adjustments by agency, and those appropriations by agency go on through page 42. So

if you have questions, you can refer to that. And then if you have further questions, you can refer to the lovely folks over here, under the balcony. Also, yesterday, there was some discussion about the Cash Reserve. I just wanted to talk about that real quick. Currently, as of '26-27, we have \$669 million in the Cash Reserve. One of the things that's often left out of that conversation is the reserve fund or our minimum reserve, which you can find on page 6 of the fiscal year '25-26 book. And then, you can find the Cash Reserve Historical Balance on page 12 of that same book. So with our minimum reserve and our Cash Reserve, we have about \$998 million in reserves, so I think that that's an important number for people to keep in mind. And also, there was some discussion about dipping below that 10%, which, arguably, you can look at it how you wish. But there have been a number of times, I guess, between 1983 and 2006, we remained under 10%. And let's see, 2010 through 2012, we dipped below 10%. And then, 17-18, to 20-21, we dipped below that 10% level. And then, we're looking at a 12% estimate, which will probably, with a new transfer, bring us just to above 10%. So I just wanted to touch on a number of those-- a number of that, that information for folks, so they can get an idea of where we're sitting at, fiscally. So thank you very much. I appreciate the time.

KELLY: Thank you, Senator Strommen. Senator Holdcroft, you're recognized to speak.

HOLDCROFT: Thank you, Mr. President. I thought we were coming to the end of the day here. We might have a couple of positive things that we're getting from our Department of Health and Human Services. The first is supporting families through the Nebraska Family Helpline. The Nebraska Family helpline is a free, confidential service, available 24 hours a day, 7 days a week, to support families, caregivers and youth who are facing challenges at home. By calling 1-888-866-8660, Nebraskans can connect with trained counselors who listen, provide guidance, and help families work through their difficult situations involving children or teens. Families commonly reach out for support with concerns such as behavioral issues, family conflict, mental health struggles, bullying, substance abuse, or other stressors that can impact a child's well-being. Counselors help callers assess their situation, offer practical advice, and provide strategies to de-escalate crises when, when needed. They also connect families with local services and community resources that can provide ongoing support. By offering a sim-- a single, easy-to-access point of contact, the Nebraska Family Helpline helps families find assistance early, strengthen family stability, and ensure children and youth

across Nebraska have the support they need to thrive. And that phone number again, 1-888-866-8660. Also, same-day scheduling and walk-in access available for behavioral health needs. Same-day scheduling and walk-in access services are offered through providers partnered with the DHHS to help individuals quickly connect with behavioral health care. Same-day scheduling allows a person to call a provider and schedule an appointment for that same day, while walk-in access allows individuals to go directly to a participating clinic and receive an immediate appointment without scheduling in advance. These services are available across Nebraska through providers in each behavioral health region, and can include services such as: crisis response, intake, assessment, outpatient therapy, and other mental health or sub-- substance use supports. These services are important because they reduce delays in getting behavioral health care and ensure individuals can receive help when they need it most. Quick access to service-- services can be critical for people experiencing mental health or substance use challenges, especially during moments of crisis or when symptoms are worsening. By offering immediate or same-day appointments, these programs help remove barriers to care, improve access across the state, and connect individuals to treatment and support as quickly as possible. Please visit the DHHS website for more information. That's dhhs.ne.gov/pages/same-day-open-access.aspx. And I'll say that again, dhhs.ne.gov/pages/same-day-open-access.aspx. Thank you, Mr. President.

KELLY: Thank you, Senator Holdcroft. Senator Moser, you're recognized to speak.

MOSER: Good afternoon, colleagues. Good afternoon, Nebraskans. So my colleagues here have all been talking about various parts of the budget that they like and don't like, and I think in that process, we've kind of lost the big picture of where we are. The Forecasting Board has reduced our forecast revenue, and we can't budget to the old forecast if they have reduced it, so that puts a squeeze on us. Special education funds increased quite a bit. And Medicaid increased \$300 and some million last year, and then another \$100 million this year, so that's \$450 million in the 2 years. If you look at the budget summary, you look on page 21, it has the-- kind of the executive, executive summary about where we spend all our money. And if you look the Aid to Individuals, you'll find that about a third of our budget is for social service programs-- scholarships-- I'm not going to read the whole list because it would take all my time. But page 21, the goldenrod book, take a look and see. So we could cut a bunch of those, but that would set off alarms. I don't, I don't think we need to do

that. We've got idle funds in quite a few different accounts. No business would leave if you had 4 or 5 checking accounts at various banks, no business would leave, you know, 40% more than you need in an account, and then go borrow money somewhere else to make that up. Business efficiency indicates that you would redistribute those funds and make use of them, not-- you know, not to let people build empires, so to speak. The Environmental Trust has got about \$60 million in it. And they've been awarding somewhere around \$15 million a year. And they take in \$22 million a year about, from the lottery proceeds, so the difference between the \$15 and the \$22 is \$7 million, and then you take that times 10 years, you got \$70 million. That's about where we are. So the, the Appropriations Committee took a look at this and said, hey, we could take some of this money out of there and have no effect on what the Environmental Trust is doing. It's not going to deter or, or depreciate their work. If anything, contact the members of the Environmental Trust and tell them to increase their donations. They're taking in \$22 million and spending \$15 million, then they're not using the offsets from gambling to better the environment. And then, you look at the Property Tax Credit Fund, I'm surprised nobody has talked about raiding that, so far. That's another thing that I think is untouchable. Article VII of the Constitution says that the state is supposed to fund common education in the common schools from K-12-- actually more than 12, but we generally define that to be K-12 education, and we have not been doing that. And that's why property taxes are so high. Because the schools have the ability to assess property tax to pay their bills. And if we're not giving them the money to make it work, then they go to the property tax and raise that and spend it on schools. And we tried giving them money directly in per student aid and various ways, and it really hasn't done-- hasn't had any effect hardly at all on the property tax. One of my friends, it's the grand poobah of the finance department at the school, said that they had a lot of projects in the pipeline and that extra money they got has gone toward those and so they didn't lower their, their levy. Another school told a friend of mine that they were buying 3 new school buses, because they were worried about funding in the future and they had cash in the bank, and so instead of levying less, they're buying 3 buses. And they only need 2 buses, but they are buying 3 so they have a spare. And they have 2 buses already, but they're buying 3 to replace 2.

KELLY: That's your time, Senator.

MOSER: Thank you, Mr. President.

KELLY: Thank you, Senator Moser. Senator Raybould, you're recognized to speak. This is your final time before your close.

RAYBOULD: Thank you, Mr. President. You know, I want to address Senator Moser's comments about the Environmental Trust Fund. I know everybody has a tendency to say, oh, those are idle funds. They don't put them to good use. Well, every year, the "envitimed"-- Environmental Trust Fund issues grants that impact about every single county in our state, where they rotate for these funds that have a direct impact in those counties and on the people who appreciate them. You know, sweeping these funds has had an impact on the Environmental Trust Fund. They had already awarded grants to several recipients, but also, based on what they were hearing from the Nebraska Legislature taking \$39 million from that funding, or what the state is calling their idle funds, has caused them to issue letters to those awardees of the grants saying, hold on now. We're not sure that we can fulfill our obligation in issuing those funds to you for those grants. So for all of us to sit here and say, oh, you know, they have idle funds, that is very disingenuous. And it's not true. These funds to our veterans, okay, you make the case to the veterans in your community-- they're idle funds. You don't need them. They're surplus funds. You said you have no use for them. Well, a lot of these-- these funds have been pressured to say, yeah, I guess we can do our part. We're, we're a team player, we can help with our fiscal deficit this year. I certainly appreciate that spirit of cooperation and collaboration. I know Senator Lippincott gave that update, but what he failed to say is that it is my understanding from an up-- update that the several senators had in January of this year-- at the end of January of this year, that there is not one single Colorado landowner that has signed on to any of the offer letters from the state of Nebraska. Not one. And when I asked them the same question about Nebraska landowners, the answer was, well, we have sent out offer letters to them, as well. There's a lot of land on both sides that need to be acquired for the Perkins County Canal. And for all those listening and my colleagues, I have to reiterate, again, I do support that, just as I know our colleagues support Environmental Trust Funds and our veterans. I can only assume that you all support our veterans, but you have no problem swiping funds from them. And like I've said before, the biggest and most idle fund of all is the Perkins County Canal. We can and should be sweeping funds to backfill from those other funds that you think make so little impact to our state. We know that the Perkins County Canal is a lengthy process. We should not fool ourselves. It would be disrespectful to think that we can accomplish this by 2032. I can tell

you that we're at the beginning of an environmental impact statement and study that needs to get done. Since I was on the Lincoln City Council, to do something like that, we did an environmental impact study and statement for Dead Man's Run in north Lincoln. To collect all that data and the impact as, as well as the reconfiguration on Cornhusker Highway, it took 10 years, 10 years to get all the environmental impact studies done and approved, because oftentimes they're rejected for their incompleteness. And guess what? If they think they're going to get it done in 2 years, that's crazy. There is going to be so many errors in it and it will be a, a, a perpetuation of additional lawsuits on that. There is a number of endangered species that they're going to have to deal with that I, I think they need to, to focus on that. So I continue to ask us to be mindful of this. We will go forward with the Perkins Canal and sweeping \$78 million will not derail it, will not deter it, will not make Colorado blink once. They are determined to pursue every legal avenue at their disposal to derail and stop this. It has nothing to do with how much we fund or how much we go out and bond for. They are going to fight this tooth and nail. They have so much at stake. They have new development-- new residential developments at stake. They will fight this, rest assured, and it will take more than what we are estimating to accomplish moving forward on the Perkins Canal. I've given alternatives we need to-- thank you, Mr. President.

KELLY: Thank you, Senator Raybould. Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. I rise in support of AM2549. I, I do take umbrage, yes, umbrage, with comments that were made about this amendment, that it wasn't serious. I think that was maybe Senator-- I can't remember who said this isn't a serious amendment. This should absolutely be considered a serious amendment. Everything, at this point, should be considered serious. We have to figure out how to balance the budget. We have to have hard conversations. And those conversations can't just be about poor people and taking resources away from them so that they stay in poverty even longer. We need to talk about other options. And if not this, then what? What are we going to do? What is the plan? People ask me what the plan is, and I'm like, I, I got no plan. I don't have a plan, because my plan was so many years back and not doing so many things that have put us where we are now. You all blew up my plan every time I brought it. And now we're like, oh, those were kind of bad decisions that we made. I was just talking about the Tier 2 Property Tax Fund, which is based off of the forecast. So the Forecasting Board came in, what, \$175 million

less? Okay, that sucks. You know what also sucks? Is that if the revenues come in above that, that doesn't help our \$800 billion out-year deficit. Nope, you know why? Because anything that comes in above the forecast automatically, whoop, goes into the property tax relief fund. Why? I don't know. How is that reasonable? How does that make sense at all? It doesn't make any sense. We should be appropriating according to our resources money into the Tier 2 Property Tax Fund, not just willy-nilly giving away our authority, which is possibly unconstitutional, because we've technically delegated our appropriating authority to the Forecasting Board-- and it's nothing against the Forecast Board. They have a very difficult job, but they are-- don't have our job, and, and their job is-- it's like a science and an art, but it's not exact and it's-- it can be flawed, and factors can change things. So when we have the Forecasting Board being wrong and having higher receipts all of a sudden, which is, you know-- we hope, we hope we'll have higher receipts. Obviously. That'd be great. That means that our economy's doing better. But then what? If we have higher receipts, we're still not out of this hole that we are currently in. So, colleagues, what is the plan? Like, legitimately, I mean, I know tobacco tax is going to come back, but that's not enough money. We just voted in committee to raid the Master Settlement Fund even more. It's probably not going to be solvent in a couple of years, so you can't rely on even the Health Care Cash Fund to be a piggy bank to fill the \$800 million deficit. So what is the plan? Perkins Canal? No. Income tax pause? No. Property Tax Fund? No. So what are we doing? Like, legitimately, what are we doing? We need to do something. We need to take this serious. This is a serious option, a serious amendment, whether it's going to be taken seriously or get the support that it needs to be adopted, probably different question, but it should be considered. Everything should be considered. If we are raiding the Master Settlement for General Fund appropriations, everything should be on the table, not just the things that help poor people. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Storm, you're recognized to speak.

STORM: Thank you, Mr. President. This is the first time I've talked on the mic since the budget debate started. I want to, first of all, thank the Appropriations Committee, especially Senator Clements. They have a very difficult job. I don't think people really understand what they have to go through and-- to balance the budget, what they have to cut. They're under a lot of pressure. They have lobbyists standing out there in the Rotunda, and people begging them not to cut their

programs. But at the end of the day, we have to balance the budget. I've said this before, we have a spending problem in the state, not a revenue problem. And so, I want to make that clear. This is probably going to be pretty short for me talking, because I want to talk about the Perkins Canal. And I want to, first of all, say Nebraska is fully committed to pursuing the-- and finishing the Perkins Canal. And I want to make that very clear to everybody, especially our neighbors in Colorado, who are watching this on TV, or the lawyers. We're going to finish this project, even though some in here say we're going to take the money from the canal. We're not going to do that. That's never going to happen. The majority in this body, and I would say the majority in the state are fully committed to the Perkins Canal. You know, I, I mean, it's, it's-- we're talking about water, very important for our state. It secures our future. For economic prosperity, health, and welfare of the state, this is vital. And we're entitled to that water, so we are going to-- we're going to pursue that. I also have full confidence in our Attorney General, Mike Hilgers. Very-- he has a great staff. I think that they will, will see this through. So all I want to say is the, the funds for the Perkins Canal are not in jeopardy at all, and, and I'm going to say Perkins Canal, yes. Thank you, Mr. President.

KELLY: Thank you, Senator Storm. Senator Moser, you're recognized to speak.

MOSER: Thank you, Mr. President. Well, my time ran out before I got to my conclusion in my last speech, so I punched in again so I could kind of finish what I was talking about. So we haven't funded education like the constitution says we should, so the Property Tax Credit Fund was a way to offer credits back to taxpayers to offset the higher property taxes they were paying, because we weren't funding education. The schools are limited to around 1.2% of valuation in the levy, plus they've got some bond overrides and different things that they can do. The counties and cities have around, I think, 0.45%, and, and there, there are a bunch of other littler levies in there to add up to around 2%. So the amount of the property tax credits add up to be over 20% of what the property tax bill is, just on average, so it would be 20% worse without those property tax credits. So in my mind, those property text credits are untouchable. The Perkins County Canal is a huge, a huge project. 20 years from now, 30 years from now, nobody's going to remember who was here, what senator represented my district, what senator represented any district, but the Perkins County Canal will be in use and we'll be using that water. We, we can't take money from the Perkin's Canal. We'll never put it back. We don't even have

money to pay our bills. How are we going to get extra discretionary spending to put that money back in the canal fund? That'll just never happen. That-- it would be so shortsighted to take that money out. It'd be like stealing out of your kids' college fund to buy a motorhome or something. It just-- well, a motorhome is more frivolous than what we're spending money on. I'll take that back. But anyway, it's still like raiding the college fund. You're, you're shortsightedly taking that funds. You'll never get it back in there. So, you know, what the solution is, the Appropriations Committee is going to have to kind of try to work through this. They're, they're taking funds from various accounts that aren't being used. It's generally not, well, ever going to affect what those agencies do. They didn't take all their money. They took a look at what they spend each year and what they take in, and they took some fraction of that. And it, it, it's smart business management. Now that's what we're doing this year to balance the budget. And next year, it'll be a new budget and there will be new people here. You're going to have about 17 new senators. I don't know who they're going to be or how they're going to lean on spending and taxation, but you'll have to start the budgeting process all over. Maybe revenues will be up by then. The farm economy is not the greatest, at least not for grain farmers. The livestock farmers are doing OK, but that's one of the drags on the Nebraska economy. That helped us in '08. We had a pretty decent economy, even though nationally, the stock market was down and, and there were a lot of signs of stress. But I really appreciate the work of the Appropriations Committee. So many days, I'm going out of here and I'm thinking about going to McDonald's or Runza or Godfathers or someplace for lunch, and my colleagues are going to review expenses in Appropriations, or Judiciary is having a over-the-lunch-hour hearing or executive session. I'm so appreciative of those senators who work so hard. Thank you, Mr. President.

KELLY: Thank you, Senator Moser. Seeing no one else in the queue, Senator Raybould, you're recognized to close.

RAYBOULD: Thank you, Mr. President. Thank you, colleagues, for this great discussion. I do appreciate it. But the one thing I want to raise to your attention, and Senator Cavanaugh, Machaela Cavanaugh brought this up. What are we going to do next year? What funds do we have left to sweep? Where are we going to go to help offset our \$874 million deficit? What is the game plan? How are we going to fix this? What I'm seeing today is, is disheartening. I'm a solution person. I've been dealing with operations for about 37 years, in my career-- business career. I have to come up with solutions. I'm taxed with

that. I'm, I'm required to do that to do my job well, and I bring that same mentality to trying to come up with solutions for our fiscal deficit. And I wish our colleagues were closer, but it seems like we are rather far apart. There are 4 truths that are-- simultaneously can be true. Yes, folks in Colorado, we are 100% committed to the Perkins Canal Project. Number 2: Yes, we will fully fund it. Number 3: The funds for the Perkins County Canal Project have never been in jeopardy, nor will they be in jeopardy. Number 4: What I've been saying, I support the Perkin County Canal Project, but we need to be smarter. We need to show our fellow Nebraskans that we care about things that enhance their lives. On that handout that I gave you this afternoon, it has a map of the state of Nebraska and comparing ourselves to the other states and their income taxes that they have. Kansas has done a lot of stupid things, but it sounds like we're going to replicate a lot of the stupid things. One of the things that we're doing is taking \$42 million dollars from our Bureau of Educational Land Trust Funds, \$42 million. In between this afternoon, I was reaching out to the people on their board, and they said to me-- I asked, what are you going to do when we take those \$42 million from your fund? How are you going to respond? And they said, the board has directed me to file a lawsuit against the state of Nebraska. Is that what-- how-- is that, is that good government-- governing? Is that really smart policy that we're having to be sued from agencies? So maybe the Environmental Trust Fund will sue us next. We have to do our jobs. We have to be fiscally responsible. And that brings us back, what are the solutions for next year? I know we've been talking about a lot of them. Senator Hughes has been working on a lot of great solutions. We're going to be certainly revisiting Senator Sorrentino's cigarette tax. Because if, if we get sued for stealing the \$42 million from BELF, that fund, that's-- we're going to have to deal with \$175 million from the Forecasters we've got to make up, and then an additional \$42 million. I'm worried about next year. I will not be here. But as a public servant for 16 years, I feel so passionate about putting us on the right track, doing and making the right fiscal decisions that will carry us forward, not only in the next biennium, but the biennium after that. That's what statesmen, that's what people do. And I ask that you take this into con-- serious consideration. We are not jeopardizing the funds of Perkins County Canal. We're using those idle funds, truly idle funds appropriately, to help solve a dilemma that has been created by our Legislature, and I'm talking about the accelerated income tax rate. On that backside, you can see that we have carved out this deficit all on our own, our own making, and we need to figure out a solution for that, so that we put our

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Rough Draft

state of Nebraska in a better fiscal position. This is one small step on righting the impact of us sweeping funds. Next year, those funds will not be available for us to sweep. The challenge before you all-- what are we going to do? Let's be statesmen. Let's be statespeople. Let's plan for a better future and a better fiscal future for our state of Nebraska. Thank you, Mr. President. And I ask your yes vote on AM2549.

KELLY: Thank you, Senator Raybould. Members, the question is the adoption of AM2549. All those in favor-- there's been a request for roll call vote.

CLERK: Senator Andersen voting no. Senator Arch voting no. Senator Armendariz, Senator Armendariz voting no. Senator Ballard voting no. Senator Bosn voting no. Senator Bostar. Senator Brandt voting no. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements voting no. Senator Clouse voting no. Senator Conrad voting yes. Senator DeBoer not voting. Senator DeKay voting no. Senator Dorn voting no. Senator Dover voting no. Senator Dungan. Senator Fredrickson not voting. Senator Guereca voting yes. Senator Hallstrom voting no. Senator Hansen voting no. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes voting no. Senator Hunt voting yes. Senator Ibach voting no. Senator Jacobson voting no. Senator Juarez voting yes. Senator Kauth voting no. Senator Lippincott voting no. Senator Lonowski voting no. Senator McKinney voting yes. Senator Fred Meyer voting no. Senator Glen Meyer voting no. Senator Moser voting no. Senator Murman voting no. Senator Prokop not voting. Senator Quick not voting. Senator Raybould voting yes. Senator Riepe not voting. Senator Rountree voting yes. Senator Sanders voting no. Senator Sorrentino voting no. Senator Spivey. Senator Storer. Senator Storm voting no. Senator Strommen voting no. Senator von Gillern. Senator Wordekemper voting no. Vote is 9 ayes, 30 nays, Mr. President, on adoption of the amendment.

KELLY: AM2549 is not adopted. Mr. Clerk, for items.

CLERK: Mr. President, items for the record. Your Committee on Enrollment and Review reports LB759, LB894, LB948 as correctly engrossed and placed on final reading. Your Committee on Health and Human Services, chaired by Senator Hardin, reports LB1212 to General File with committee amendments. Amendments to be printed from Senator Machaela Cavanaugh to LB1072, Senator Clouse to LB1072, Senator Juarez, LB1072, Senator Guereca, LB1072. Name adds: Senator Guereca,

name added to LB762. And finally, a priority motion, Senator Clouse would move to adjourn the body until Wednesday, March 11, at 9:00 a.m.

KELLY: The question is the motion to adjourn. All those in favor, say aye. Those opposed, nay. The Legislature is adjourned.