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Floor Debate  
March 16, 2012

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[LB40 LB131 LB357 LB426 LB576 LB599 LB670 LB780 LB782 LB799 LB804 LB824  
LB870 LB902 LB913 LB947 LB949 LB961 LB968 LB969 LB970 LB996 LB1050 LB1072  
LB1080 LB1089 LB1104 LB1115 LR37 LR358CA LR375CA LR486 LR487 LR488]

SENATOR LANGEMEIER PRESIDING

SENATOR LANGEMEIER: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the forty-fifth day of the One Hundred Second Legislature, Second Session. Our chaplain for today is Pastor John Duling from the First Presbyterian Church at Nebraska City, Senator Heidemann's district. Would you please rise.

PASTOR DULING: (Prayer offered.)

SENATOR LANGEMEIER: Thank you, Pastor Duling. I call to order the forty-fifth day of the One Hundred Second Legislature, Second Session. Senators, please record your presence. Mr. Clerk, please record.

CLERK: I have quorum present, Mr. President.

SENATOR LANGEMEIER: Thank you, Mr. Clerk. Are there any corrections to the Journal?

CLERK: I have no corrections, Mr. President.

SENATOR LANGEMEIER: Thank you. Are there any messages, reports, or announcements?

CLERK: Mr. President, Enrollment and Review reports LB1072, LB824, and LB799 to Select File, some having Enrollment and Review amendments. Amendments to be printed, Senator Schumacher to LB902, Senator Wightman to LB996. And, Mr. President, series of reports received: Department of Agriculture, Coordinating Commission for Postsecondary Education, and the Dairy Industry Licensing Board. Those are in the Clerk's Office, available for member review. And finally, lobby report for this week, Mr. President. That's all that I have. (Legislative Journal pages 955-963.) [LB1072 LB824 LB799 LB902 LB996]

SENATOR LANGEMEIER: Thank you, Mr. Clerk. We will now proceed to today's agenda, Select File, budget bills, LB131. [LB131]

CLERK: Mr. President. Senator Larson, I have E&R amendments first of all, Senator. (ER210, Legislative Journal page 934.) [LB131]

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SENATOR LANGEMEIER: Senator Larson for a motion. [LB131]

SENATOR LARSON: Mr. President, I move that the E&R amendments to LB131 be adopted. [LB131]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye; all those opposed, say nay. The ayes have it, they are adopted. [LB131]

CLERK: Senator Flood, FA40, I have a note that you wish to withdraw that amendment, Senator. [LB131]

SPEAKER FLOOD: Yes. [LB131]

SENATOR LANGEMEIER: It is withdrawn. [LB131]

CLERK: Mr. President, Senator Flood would move to amend with AM2493. (Legislative Journal page 952.) [LB131]

SENATOR LANGEMEIER: Senator Flood, you are recognized to open on AM2493. [LB131]

SPEAKER FLOOD: Thank you, Mr. President. You know, we live in a very pluralized environment in the Legislature. There is no doubt in my mind that among all of us there is probably a handful or more that want no tax cut. I also know there is probably double that that are very much in favor of a tax cut. I could have put, as Speaker, LB970 on the agenda before I ran the budget on Select File. But I didn't for this reason, LB970 as amended does have a fiscal impact in the coming fiscal year. And I said that if you're going to take up the tax cut, which I think in my opinion would probably pass in here, if we put the tax cut up, we would be spending down the \$17 million, or at least \$8.9 million of it that's left by the Appropriations Committee for A bills. And I knew that that is probably something that would put us in conflict later in the session because there are a number of bill that have appropriations that are required that would not be available or able to be passed. And I'm in the unique position as Speaker to see everybody's issue. I know how important the DD waiting list is to the Appropriations Committee and to dozens of you. I know how important the Medicaid provider cut restoration is important to a lot of you. I also know that if we put the tax cut out here it has a very good chance of passing. Like Senator Cornett, like her Revenue Committee, like Senator Lavon Heidemann, we try to do everything we can to find a way forward. And today's discussion is, do you want to go forward with the tax cut in some fashion? And I'm trying to facilitate that so I asked the Governor where could we make cuts in the next budget to make room for the tax cut. And after those cuts were identified, I asked the Fiscal Office by and through the Appropriations Chair what do you think of these cuts and where can we go? This is a way forward. I'm putting it out here. I'm asking you, is this

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what you want to do? This amendment here, as part of the package, and I think Matt Boever from my office has a sheet that he is going to hand out on my behalf that lists some of the changes that are proposed to the budget, will help explain it. But this...what this does here in AM2493, it transfers \$10 million out of the Cash Reserve Fund and sends it to the General Fund. In a subsequent amendment, it takes it from the General Fund and gives it to K-12 education for special ed. Why special ed? Why K-12? Well, one of the issues that we've been confronting all session is the fact that we're at about \$853 million right now in the budget and schools were anticipating, based on projections last year, that we would be at \$880 million. And without going in and reopening TEEOSA, in consultation with Senator Adams, taking \$10 million out of the Cash Reserve and giving it to K-12 special ed sends it to both equalized and nonequalized districts so that, to the extent there are those special needs across the entire state, schools districts can benefit. And I want to be clear, you do this this year, this does go on into the future because there is a maintenance of effort. Some senators will say, well, this is an attempt to drill down the number on TEEOSA next year. Absolutely not. I think we all know there is going to be an increase in TEEOSA into the future, not at 22 percent, not at 1 percent either. I think there will be an increase. Even if you don't like the tax cuts, I do think this is the right thing to do because it is an attempt to be responsive to school districts that do have special education expenditures and the needs to take care of these kids that are in special ed. This is something that I think should be adopted. Later on today we're going to talk about the reduction in the budget for certain other projects that you will see on the sheet there. I've already talked to Senator Mello. He wants to divide the question. I think that is absolutely fine. Let's focus in on these things. Let's talk about them. Let's know what we're doing and let's vote. If that tax cut passes with \$8.9 million in the first year, it reduces that down from \$17 million. Take \$17 million less \$8.9 million, there's less on the floor for some of the other projects. Senator Dubas has the ACCESSNebraska centers which we haven't been able to get to. Senator Cornett has a number of tax incentives for business that will grow jobs in this state. There is a bill from Senator Ashford on the child advocacy centers. I did not want to go into the budget and take away the priorities that I think have already been established through the DD waiting list, through the Medicaid restoration of cuts, or the provider rates, to some extent. This is a way forward. I don't know how you work in the Legislature if somebody doesn't come up with ideas. I could have sat in my office and let the bus keep rolling down the road and then everybody gets to me and says, ah shucks, what happened in three weeks when there is more spending than we have available in the \$17 million window provided by the Appropriations Committee. One of the jobs that I take seriously is trying to make things work. And if you don't want this to work, the question is, what do you want to make work and are there other ideas? Are there other places? And if you are absolutely opposed to having any sort of a tax cut, that's fine too. I can accept that. Make that part of your statement and let's understand where you're at. And reasonable people can differ. But I do think there are going to be differences in here. But I also think that if I were to put up LB970 on Monday morning, or if I was to put it up yesterday, let me count the votes, because this isn't just about the

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Governor and his interests in a tax cut, it is about the number of you in here that have come to me and said, I want that tax cut. And you know what, if you're opposed to the tax cut, don't villainize somebody that is. It is okay to want a tax cut. It is okay to want more money for a certain service. That is what we do here. This is an opportunity to discuss whether or not we want to make room. It is not personal; it is not aimed at getting anybody. It is aimed at saying, this is a way forward. And if you're against the way forward, I can accept that, because I think those that vote against it are doing it in their mind for the right reasons. Those that vote for these changes or vote for a tax cut are doing it because that's what they feel is appropriate. I'd much rather have this unpleasant discussion today than wait for three weeks and everybody says, well, I want my bill, I want my bill. If that tax cut passes, you're down below \$10 million in the window provided by the Appropriations Committee in the next fiscal year. Not to mention the fact that there are probably some folks that will either choose to sustain a Governor's veto or override a Governor's veto. It's all connected. This is a very big Rubik's Cube that we have to, as a Legislature, figure out. And today, this is an opportunity presented by me in an attempt to facilitate a common solution. If it is not adopted, I'm not going to lose any sleep this weekend; it makes it that much tougher. But the tax cut package will still get scheduled. If you don't like one of the items that are proposed here for elimination or reduction, do you have another idea? If you're on Appropriations, have you identified another source of funding? Let's talk about it. I'm not doing this to strong-arm anybody; I'm not doing this to force this. I'm saying this is the exercise we have to go through if we want to find a way through what is going to become a very difficult situation if we don't have some ideas on the table. And the marketplace of ideas, the doors are wide open. If you've got ideas, let's go. If you're against the tax cut, I can get that too. I understand it and I'll understand your vote. But let's go forward and see what we can do. This amendment takes \$10 million out of the Cash Reserve, and in the next amendment it gets that money one way or another to K-12 special ed. And I think it's okay to be fine with that, even if you are opposed to the other stuff. But it's all together, so let's see how this works. Thank you, Mr. President. [LB131 LB970]

SENATOR LANGEMEIER: Thank you, Senator Flood. You've heard the opening on AM2493 offered to LB131. Those senators wishing to speak we have Senator Mello, Nordquist, Cornett, Adams, Hadley, Lathrop, and others. Senator Mello, you're recognized. [LB131]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. And thank you, Senator Flood, for providing an overview of what today's agenda will look like. I would provide a counterargument and a counterperspective, with all due respect. There is not one path forward laid out by one individual, whether it is in the Legislature or in the corner office. There is a path forward laid out by 49 state senators as an independent branch of government. In looking at both the amendment we have in front of us, as well as the variety of bills on Final Reading and Select Reading; both Revenue

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bills, whether they're tax exemptions, tax incentives; or new spending bills for child welfare, we have a variety of things to consider, colleagues. Senator Flood was right in his description of this amendment, AM2493. It is a \$10 million transfer from the Cash Reserve to special education funding. I, for one, would not argue providing more money to special education funding. But to do this on Select File I have concerns and I raise questions. The first question that Senator Flood did answer was this is a commitment. This creates a cliff effect, if we chose to adopt AM2493. We have an ongoing commitment, a maintenance of effort that we cannot turn our backs on next year. As Speaker Flood preempted a little bit of my argument that me and he had prior to today's debate, this action on AM2493 does have a direct impact on TEEOSA next year because this will have a maintenance of effort requirement if we adopt this which needs to be met ahead of changes to TEEOSA. Senator Adams well knows that we change the TEEOSA formula and model every year. No doubt with changes in revenue and changes in spending next year, TEEOSA will change dramatically. The argument I've made to Speaker Flood before we started today and the argument I'll continue to make is that by adopting this amendment, TEEOSA cannot see a growth more than 1 percent if we move forward with the spending bills on Select File and Final Reading both Revenue and Appropriation bills. The only way to move forward with that of giving more than a 1 percent growth to TEEOSA would be taking a negative cut to Medicaid provider rates, would cut Medicaid eligibility in Medicaid utilization. That is the only way to make this work out in regards to the pathway we have moving forward and AM2493 is the first step. I don't expect anyone in this body to stand up and say they oppose providing more funding for special education and special needs children in Nebraska. But the reality is the decision we make on this amendment has a direct affect on TEEOSA for years to come. You can't balance a TEEOSA formula with a tax package with special education funding with provider rates with a litany of other issues that are laid out on page 10 of the Appropriations Committee report. The question I ultimately want to have answered is where did we get \$10 million and how did we get there with special education funding? I've not heard from any of the school districts I represent clamoring for additional special education funding, let alone from General File to Select File. I have heard they liked Senator Hadley's bill that was prioritized by Senator Haar. And if they weren't able to get that bill, they liked Senator Adams' bill, both in Education Committee that dealt with the TEEOSA formula. So I generally have questions for Speaker Flood. I imagine others will stand up and ask a similar question,... [LB131]

SENATOR LANGEMEIER: One minute. [LB131]

SENATOR MELLO: ...how did we get here? Why did we get here? And what is the rationale for coming to this place knowing we're taking a long journey not just with AM2493 on Select File final reading but years to come. Some on this floor have demigod federal funding of creating cliffs that we receive from the federal government over the last four years. We saw an injection of federal funds in our education system and now we're dealing with the aftermath. This is a nice reminder that we're actually

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doing what some of us have claimed we didn't want to do with TEEOSA over the last few years of creating an unnecessary cliff for special education funding unless all of us who are coming back to the Legislature agree that we will continue providing this maintenance of effort funding for years to come. Otherwise, we're setting school districts up to fail once again when they come back and say they can't do what they're intended to do... [LB131]

SENATOR LANGEMEIER: Time. [LB131]

SENATOR MELLO: ...when we cut their funding. Thank you, Mr. President. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Mello. (Doctor of the day introduced.) Returning to discussion on AM2493. Those wishing to speak, we have Senator Nordquist, Cornett, Adams, Hadley, Lathrop and others. Senator Nordquist, you're recognized. [LB131]

SENATOR NORDQUIST: Thank you, Mr. President and members. I rise with some skepticism of...about our process here and the amendments that are going to be coming forward both on the cash reserve bill and on the deficit bill. The large concern, obviously, on this one is what we're doing to our out year projections, especially with a one-time \$10 million transfer out of the Cash Reserve for an ongoing expense, or an expense that I assume is ongoing. Speaker Flood, maybe he could make his way up here to answer a question when he gets a chance. [LB131]

SENATOR LANGEMEIER: Senator Flood, would you yield? [LB131]

SENATOR NORDQUIST: I'll...when you get a chance. I guess the question, as the Speaker is walking up, is just pretty simple, if it's his intention that this \$10 million investment of Cash Reserve Funds in special ed would be an ongoing...would it be his intention that that \$10 million remain in special ed funding going forward? So would he yield? [LB131]

SPEAKER FLOOD: Yes, I mean I...there's a maintenance of effort provision that is required. [LB131]

SENATOR NORDQUIST: Um-hum. [LB131]

SPEAKER FLOOD: This would be ongoing and I think it is an attempt by the Legislature, you know, a couple of years ago when Senator Raikes was the Chair of the Education Committee, we did make a one-time...not one time, we added some money to the special education fund and it did a good job of filtering out across the entire state. You know, I know that there's been a lot of pressure to try and rewrite TEEOSA this year and that's a big chore, especially when you're, you know, you're under...you're

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trying to get to \$880 million and you're trying to manipulate things, this is a way to get money out to both equalized and nonequalized districts that have special education needs. And it would be ongoing. And I think that what I like about it is it puts the schools in queue down the road to fund to this special education efforts that are required and that are needed and that are the right thing to do for kids in school districts across the state. [LB131]

SENATOR NORDQUIST: I certainly agree with you that there is a statewide need for this investment and appreciate your willingness to put this priority forward. I guess another question would be why a Cash Reserve Fund transfer, why not an amendment to the deficit bill to appropriate what is currently on our bottom line of \$17 million; \$10 million of that towards special ed so it's built into our ongoing budget? [LB131]

SPEAKER FLOOD: Well, my main purpose was to recognize the fact that this is an urgent need that I felt and I have been talking to school districts, including those of my own district, for over eight months about the struggles that school districts have, they become hub communities for special ed, that's one issue. Number two is, I didn't want to disturb what the Appropriations Committee had laid out there with the \$17 million because I know there are some programs that are coming down the pike with requests for money. I mean there is probably \$100 million in spending opportunities and there is \$17 million out there. And I didn't want to close that window. [LB131]

SENATOR NORDQUIST: Okay. [LB131]

SPEAKER FLOOD: So, I felt that it...you know, education is important enough, especially special education that we could make the commitment and understand that it will be an ongoing expense in the out years. [LB131]

SENATOR NORDQUIST: All right, thank you, Speaker Flood, for your response. And again, I appreciate your willingness to say that this is a priority and it should be a priority. I will say though that the idea of upsetting what the Appropriations Committee has done, that this, certainly, can do that. The Appropriations Committee, when we go through and set our budget, we look at where the Cash Reserve is and what our comfort level is and as we looked at capital construction projects coming out of the Cash Reserve, other funding needs, we decided to hold... [LB131]

SENATOR LANGEMEIER: One minute. [LB131]

SENATOR NORDQUIST: ...at the level we were at now, at a little over \$300 million because of our concern about not knowing exactly where the economy is headed and the idea that we need to build back up to that \$600 million, \$700 million level that we were at before we started heading into the economic slowdown we saw in '09, and '10, and '11. So that's why we take a look at the entire picture including the amount in the

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Cash Reserve Fund. So it's concerning to me that we are going to transfer money out for something that is going to be an ongoing expense and not put that in our ongoing budget this year and look at it in the light that it should be looked at. By doing this we are, again, just adding \$10 million a year, and I don't know if we would adjust that amount up, you know, with an projected increases going forward... [LB131]

SENATOR LANGEMEIER: Time. [LB131]

SENATOR NORDQUIST: Thank you. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Nordquist. Senator Cornett, you're recognized. [LB131]

SENATOR CORNETT: Thank you, Mr. President and members of the body. I rise in support of AM2493 and, primarily, I rise to thank Senator Flood. We have sat down for many times now over the past few weeks and looked at the original proposal and what it would do to this year's budget. And I made it very clear, and Speaker Flood agreed with me, the last thing I wanted to do was take money from the A bills that we had available this year because of some of the issues that we have on Final Reading or that will be going to Final Reading that have A bills. One of them is Senator Hadley's bill that I have supported for four years and he has waited for four years on and that is the tax exemption for nonprofit hospitals. This is an important issue. A lot of us have important issues that have A bills. I have one on DNA collection for felons that are not currently being put into the database. I know Senator Flood referenced an A bill that Senator Dubas has. Very few of us do not have a bill out here that has even a small A bill. It is important, I felt, that we respect the Appropriations Committee's budget this year and in those meetings I said we need to find money. Speaker Flood has done an excellent job of doing that. Part of this is also the commitment to special education. I told Senator Adams I don't know if you're on the tax package, I don't know if you're not. As you know, he did not vote for the tax package coming out of committee, but I still felt that this was an important component because of the deficit or the shortfall in what was presumed going to be TEEOSA this year, and the can of worms TEEOSA is to open up. This is a good solution that goes to both equalized and unequalized school districts as Speaker Flood has said. With that I thank the body and I urge them to support the compromise that Senator Flood and I have been able to work on. Thank you. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Cornett. Senator Adams, you're recognized. [LB131]

SENATOR ADAMS: Thank you, Mr. President, members of the body. Obviously, I'm going to support this amendment. I'm going to support it for practical reasons, as well as important educational reasons. For practical reasons, we have two TEEOSA bills sitting in committee. And I think you all know, I know my committee members do, how difficult

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it is on any given year to manipulate the variables within the TEEOSA formula and, (A) hit a right number, and (B) not have winners and losers and cause eruption here on the floor. So imagine what happens when we're staring down the barrel of a margin, a window of, let's say, \$24 million or \$17 million, whatever it is, and then say, okay Adams, would you and your committee see if you can tweak and twist and bend TEEOSA in such a way that we can hit \$10 million or we can hit \$12 million or we can hit \$15 million. Wow. We would be modeling and modeling and modeling and wondering and then never hit it right on the mark, and that just doesn't happen. Part of the reason we set those TEEOSA bills aside was indifference to what the Appropriations Committee was having to work with. They didn't have much. So we set it aside. And K-12 in general, not every school district, but K-12 in general shook their head and said, all right, we'll take the \$852 million that is being modeled out and go on down the road. This is a way that is relatively clean, it is more practical at this point in time for appropriation, for the budget discussions. Now let me talk about special ed in general. If you look at the history in the last couple of bienniums of where we have been at with special ed, we have pretty much held it flat. But I'll bet you that if you go home and you ask your school districts what's happened to the demand for special aid services, it's not been flat, it's been growing. It's been growing. So admittedly this is \$10 million. There is a maintenance of effort, absolutely, there is a maintenance of effort. This is the starting point now in the next biennium if we do this. It is a starting point that is needed. And frankly, as I have indicated to the K-12 folks, aside from everything else, special ed is an area that they need every first year of a biennium to be in here saying what is the appropriation? They always focus on TEEOSA. And they really ought to be also focusing on special ed. Here is a chance right here. The way that this money is distributed so that you all have some background on it, the teacher in me wants to explain that to you. School districts will turn into the department their excess allowable costs for special ed. Those are costs over and above the normal cost of educating a student within that school district. Those numbers are turned into the Department of Ed. By the way, those expenses have already been incurred by the school district. This is an anticipated expenses, these are expenses that they have incurred. The department gets all of those aggregate numbers; they look at the pot of special ed money and divide proportionately. So if your public schools... [LB131]

SENATOR LANGEMEIER: One minute. [LB131]

SENATOR ADAMS: ...has 1 percent of the total excess allowable cost for special ed, they will get 1 percent of the appropriation for special ed. And you can argue that it goes to equalize the nonequalized, that's not fair, have to admit that is an issue. Here is how I look at it, it's going to kids that need it whether they're in an equalized or nonequalized district. Thank you, Mr. President. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Adams. Senator Hadley, you're recognized. [LB131]

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SENATOR HADLEY: Mr. President, members of the body, it is always difficult to follow the eloquent Senator Adams, and especially when he is talking about TEEOSA and the education. But I am going to stand up in favor of AM2098 (sic). And the reason I am is that I did bring LB947. LB947, and I appreciate...I had 19 cosponsors because they felt the same way I did that aid to education is important. And there were people...the education group last year really helped the body when they took the cuts that were given. And they hoped that some of those cuts could be restored this coming year. We did a good...as well as we could, we got up to the \$852 million and I think the education group understood that is where we were at. And you didn't hear them talking about having to go in and cut other things to get higher. But I stand in support of this \$10 million for the very reasons that Senator Adams talked about. One of the most important reasons is the fact that this does go to equalized and nonequalized school districts. Next year we're going to have to take a long hard look at how we use the concept of equalization in Nebraska. My understanding, we will go from approximately 95 nonequalized school districts to over 105, 110 this coming year. We're getting close to half of the school districts do not get any state aid. It's hard to talk about an equalization system when half of your school districts do not get state aid. The nice thing about the special ed funds, it goes to both groups. It goes to a group of students that most need the help. I'm going to push a green on this amendment; I would hope the rest of you would too. Thank you, Mr. Speaker. [LB131 LB947]

SENATOR LANGEMEIER: Thank you, Senator Hadley. Senator Lathrop, you're recognized. Senator Lathrop. [LB131]

SENATOR LATHROP: Thank you, Mr. President, and colleagues, good morning. I want to visit a little bit about the Speaker's remarks this morning. And as many of you probably know, the Speaker and I sit next to each other, I think we're good friends, and so I have nothing but respect for Mike Flood. And so this morning I think he's framed the tax cut issue a little bit differently than I would and so I want to be clear about something. The Speaker said some of you may be totally opposed to the tax cuts. And then there are others of you who want the tax cuts. And I would put it differently. I would frame the issue differently for you or to clarify the issue differently, I want tax cuts. There are 49 people in here who want tax cuts. Everybody wants tax cuts. Right? There isn't a person in here who doesn't want tax cuts. That isn't the issue. It's not those who want tax cuts against those who don't. It is those who want to see how we will pay for those tax cuts; and those, perhaps, who are less concerned about that. I stand here hoping for tax cuts. I hope we can find a way to pay for them. And if we can find a way to pay for them, I'll vote for them. I like tax cuts, everybody here does. Right? We're politicians. We're elected to the Legislature. We like these just as much as the Governor does. Our responsibility, however, as policymakers is to ensure first that we have a way to pay for them because there is no point in leaving us with a great big \$600 million hole next year. That's the question. Now what the Speaker has done today is to provide us with

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an outline of amendments which is sort of his road map for how we'll pay for the first year. I appreciate this process. I think this is what we need to do. And when we get done with this process, if we got enough money to pass the first year's worth of cuts, then we ought to have a conversation about year two and three. We should have a conversation about year two and three. And it shouldn't be...it shouldn't be...we should not have to use the word "hope." We hope growth will be higher. We hope revenue will be higher. We don't believe the forecast. We can trim the forecast. We have used, to get to this point, the same...we've used professional organizations, the Fiscal staff, and the forecasting board to develop our assumptions for the out years; that's the next biennium, only a few months away, really. And so what I will ask you to do, as we move forward, I think the Speaker is right, we're talking about can we afford the first year? And that's a good discussion to have. Maybe we'll find out that we don't have the resolve to make room for them. I don't know. But when we get done talking about the first year, we ought to roll this into a conversation about years two and three because that is where this gets really expensive and that's where we're going to have to make tough choices next year. And the question is whether we should talk about that budget now before we reduce the revenues so that you all know where we're going to get the money. Is the Governor going to go do corn checkoffs again to make this work? How are we going to make it work? That's the question. And if it does, trust me, it will have 49 lights,...  
[LB131]

SENATOR LANGEMEIER: One minute. [LB131]

SENATOR LATHROP: ...green lights, because we all like tax cuts. We all want to vote for tax cuts. The question is, how are we going to pay for them? Because we cannot engage in deficit spending. We must balance the budget in this state and we cannot engage in deficit spending so it is not enough to say let's start out with a \$600 million hole and hope. Thank you. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Lathrop. Those still wishing to speak, we have Senator McCoy, Conrad, Flood, Ken Haar, McGill, Brasch, and others. Senator McCoy, you're recognized. [LB131]

SENATOR McCOY: Thank you, Mr. President and members. I stand in support of AM2493. And I think Senator Adams very accurately described the situation that we're in across the state when he said that needs for special education are increasing not decreasing. I know I hear that from the school districts that are in my legislative district. I would imagine we probably all do and I think this provides a way forward in increasing the funding for this without, as Senator Adams described, having to open up TEEOSA this session. We'll have time enough to do that in the future. And this would be going to the kids that need it the most. And as Senator Lathrop just said, you know when he said he supported tax cuts if we could find a way to pay for it. Well, Senator Flood talked about earlier with the road map forward on a way to pay for it. We'll have that discussion

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today. As we look at how we would make that work in the short term, this is one piece of that in my mind, while accomplishing what, I believe, probably all of us value is and how can we help the school districts across the state with special education funding more than what we have been. And I think that way is this amendment. Thank you, Mr. President. [LB131]

SENATOR LANGEMEIER: Thank you, Senator McCoy. Senator Conrad, you're recognized. [LB131]

SENATOR CONRAD: Thank you, Mr. President. Good morning, colleagues. I rise in opposition to AM2493 and let me tell you why. Number one, there is no question that special ed is in need of additional funding. And I think you'd have to look pretty carefully at my record to see that I have always been in support of education funding, I've always been in support of special ed, and my opposition is not related to the substance of that amendment. It is related to the process and where we are. Let me start by identifying a little bit of common ground. There was a great deal of distress on the floor during General File debate where people said why are you talking about LB970? Why are you talking about the tax cuts? We have the budget in front of us. Well, I thank the Speaker for acknowledging that they're interrelated and we have to have that debate when we do talk about the budget. So, there is some common ground that he's helped to establish and I appreciate that. The next thing I want to talk about though is process. And how this proposal was generated because it's completely unclear to me. These issues were not presented at the committee level to us. They were not presented on General File. And then here they are on our gadget late last night for debate early this morning. It is a longstanding, well-established principle of the Appropriations Committee and this body when crafting budgets that we do not utilize one-time transfers for ongoing expenses. This is no different. I have no indications in terms of how this will help to address the ever-growing needs in special education at LPS or all across our great state. It seems to me to be quite an arbitrary number that is indeed in need of more examination. And if we want to talk about where there are ever-growing needs, special education is not alone. I can tell you from serving on the Appropriations for five years, and this year was no different, that we have ongoing, ever-growing needs in many other critical state obligation areas: Medicaid, behavioral health, child care, housing, public safety, infrastructure, economic development, the list goes on and on and on. And our job is to achieve appropriate balance between those competing interests. So there has not been a clear policy argument made as to why this one program should be treated in a disparate manner. And what really troubles me more than anything, we know that the Speaker has a penchant and a talent for crafting compromise and deals on difficult, political issues; he has done so through the course of his career and has to be commended for that. But those deals, many of them have happened off the floor of the Legislature. And I believe that issues involving the public interest belong in the public purview. And I want to know why this deal was struck outside of the public process, outside of the public hearings, outside of our debate on General File and now has just

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presented itself this morning. I believe that that is a troublesome aspect of this proposal. And we have to talk about the out years, particularly when we're looking at ongoing expenses and we have to look at them now. And there was some dialogue about this on General File, well, the projections are always over blown; we don't really have to worry about them because we always balance the budget. Well let's not revise history too quickly. How did we do that? Through painful, painful cuts. Through a special session, in fact, where we had to come back to the Legislature... [LB131 LB970]

SENATOR LANGEMEIER: One minute. [LB131]

SENATOR CONRAD: ...and cut millions and millions of dollars in critical programs to reach that balance. It wasn't that the projections were magically off and that they never come to fruition. We balance the budget through hard work and difficult choices and now that we have a sliver, a tiny bit of breathing room, we have to impose restraint evermore so to ensure that state spending and ongoing obligations are not handled in a way that is fiscally irresponsible. And a one-time transfer is just that. Thank you, Mr. President. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Conrad. Senator Flood, you're recognized. [LB131]

SPEAKER FLOOD: Thank you, Mr. President. I want to thank Senator Conrad for the nice things she said about my work in the Legislature. This is not a deal. This is an idea. And when you are trying to put...when you're trying to, as Speaker, make things work around here, this is so intertwined with every single committee, it seems like, from the Education to the Revenue to the Appropriations, I just didn't know how to sit 48 people in my office and have a conversation. I figured that's what the Legislature is for. I don't want to represent to you that I have talked to more than three or four people in here about some of these ideas. If you don't like it, vote no. But what I'd ask you to do is if you don't like it, is there a way, are you interested in making room? If you're not interested, I can take that too. This amendment and the following amendments propose different ways to accommodate what will be a General Fund impact in the next fiscal year. I knew there was no deal. I knew there was no plan. And that's frustrating as the Speaker on any issue. And I was going to bed at night thinking how do you balance all these interests? How do you balance K-12 because they've got some legitimate concerns? How do you deal with a very responsible budget and they don't want a tax cut in some level that goes into the out years? How do you deal with a Revenue Committee that says we want a tax cut for the right reasons? All of those things are in competition with each other. And the reason I put this together was to show you what it looks like next year if you make room for the tax cut and, after talking to Senator Adams, I said, you know, if K-12 needs the money and this special education funding makes sense, let's put it on the table. I'm well...I welcome the discussion on the next bill when Senator Mello and Nordquist want to divide the question. But here's the deal, if

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you want a deal, here's the deal. You can't sit in your seat and just listen to the debate and vote up or down and expect this to work out. Each of you have a responsibility to get out of your seats to go talk to the other members of the Legislature while we're on this floor and say these are my interests. This is what matters to me. I am interested in a tax cut at this level, or I am not interested in a tax cut at all, or I really feel strongly about K-12, or I don't like the behavioral health cut, but we could do something over here. The Legislature doesn't work when one or two people put out an idea and every time there is mass approval. It has happened before in limited and unusual circumstances. But you're in this too. And if you want to find that common ground, it isn't just up to the Appropriations Committee or the Revenue Committee or the Education Committee, it's up to each of you to walk around and let's talk about what this is. In 20 years you're going to look back at your service in the Legislature and say, I was part of state government making some of the biggest decisions that our citizens want made with the people's money. If only I had kind of gone out and worked harder on this or that; we will all have those disappointments in 20 years. But this isn't going to work itself out on its own. You can vote against everything today and I'll run that tax bill next week and we'll see what happens. But we'll be back to this later. This is not a deal. This is an idea. And this is the marketplace of ideas and there's room for more. [LB131]

SENATOR LANGEMEIER: One minute. [LB131]

SPEAKER FLOOD: So let's get down to business and let's find out what your interests are. And believe it or not, people in here that don't want a tax cut, there are people that do because they don't...they want to let people, middle- and low-income class families, keep more of their money. And you know what, they're not bad people for wanting that. I guarantee most of us ran on that when we ran for the Legislature and that is something that is important for the right reasons to people that want a tax cut. And their voices get heard in this too. The Revenue Committee gave voice to that. It's going to come out here on the floor and there's going to be votes for it. So if you're conflicted, that's where I'm at, too, in a lot of ways. Let's talk about how else you would want to do it or if you want to do it at all. Let your seatmate know... [LB131]

SENATOR LANGEMEIER: Time. [LB131]

SPEAKER FLOOD: Thank you. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Flood. Senator Ken Haar, you're recognized. [LB131]

SENATOR HAAR: Mr. President, members of the body, I'd like to read a little bit from Alice in Wonderland Alice found a little bottle and she said in the book, "which certainly was not there before," said Alice, and around the neck of that bottle was a paper label with the words "drink me" beautifully printed on it in large letters. "Curiouser and

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curiouser!" cried Alice, "now I'm opening out"...she drank, she took a drink out of the little bottle, she couldn't resist, and she said, "Curiouser and curiouser! Now I'm opening out like the largest telescope that ever was!" Because all of a sudden her body expanded out, "Oh my poor little feet, I wonder who will put on my shoes and stockings for me now?" I find the current discussion curiouser and curiouser. What I have been told in the lobby by someone who usually knows that there is a coupling, and maybe all of us understand this, between AM2493 and the Governor's tax cut. I was told that if we vote for this, which you'd expect me being interested in education and I want to talk about that a little bit later, but that a vote for this would give education \$10 million more and then a vote for the Governor's tax cuts would make this item veto proof. That was the word that was used to me. Now that was the understanding that coupling that I was told about. And I don't like that very much. So I'm really not sure if...and I...maybe I was the only one that was told this, I don't know. I don't know. I'm not asking anyone else in the body whether they were told about this coupling of this bill and the Governor's tax cut to make this bill veto proof. But if, indeed, that's the case, indeed, if that's the case, and again, I was the only one who was told this in so many words, so I'm not quite sure I am for AM2493 because I have the concern about the out years as well. The Governor's tax cut this year is \$9 million which is very close to this \$10 million. Next year it becomes \$40 million and so on and so on. All for the cost for middle-class families, like most of us, for less than a dollar a week, less than the cup of coffee per week. So, I'm concerned, I'm concerned about this. I am concerned about what this will do in the out years to TEEOSA and having been on the Education Committee for three years, I know that TEEOSA is not an autopilot, it's kind of a projection, but we always work with TEEOSA, we will always work with TEEOSA. And I went to one of my favorite books again which is the Thesaurus and..., I'm sorry, Senator Adams, Chairman Adams, who I respect very much, used words like "tweak" and "bend" and "fiddle" with TEEOSA and the Thesaurus comes up with a lot other terms that I could use "jerk," "yank," "pull," "pluck," "wrench," "snatch," "bob," "flick," "flicker," "flirt," "flounce," we do all this every year with TEEOSA and we always will. [LB131]

SENATOR LANGEMEIER: One minute. [LB131]

SENATOR HAAR: Thank you, because in the end we...in fact, what we do is we decide about how much, we look at what it projects, but then we look at how much we can spend and then we spend it. We "tweak," we "bend," we "fiddle," all these kinds of things. And so, again, I'm concerned, again, I was the only one, perhaps, that was told this, but that there was a coupling between \$10 million for special ed and voting for the Governor's tax cut. So with that, the next time I get up I'd like to talk more about TEEOSA and state aid versus equalization need. Thank you. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Haar. Those still wishing to speak, we have Senator McGill, Brasch, Krist, Mello, Nordquist, Council, Pahls, and others. Senator McGill, you're recognized. [LB131]

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SENATOR MCGILL: Thank you, Mr. President, members of the body. I am getting ahead of myself a little bit, I'm going to be talking about kind of everything on this summery sheet that Speaker Flood sent out dealing with amendments for today. I will thank Senator Adams for sitting and talking to me a little bit about the needs of our schools in terms of special education. And I know that is an area that desperately needs help. We have a lot of school districts facing...well, probably almost all of them facing an increase in the number of youth with behavioral health needs. And so one student can entirely disrupt a grade level, especially in smaller schools. I mean, I know in Lincoln we have issues with kids with behavioral health needs, but I've had people in my office from York, from Hastings, from various school districts talking about how they have some very troubled kids in their schools that need special assistance and who often would fall under special ed. I do, of course, have concerns about taking from the Cash Reserve instead of from the General Fund and really working it into our plan. So I haven't decided exactly what I'm going to do on that amendment. But looking ahead to the next amendment and some of the ways that our tax cuts could potentially be funded. Again, I'm glad that we're going to divide the question and talk about this, but I...what I...what really catches my eye is the \$1.85 million that we'll be taking from behavioral health or that's on the table for this discussion. And kind of foreshadowing future debate here, we have been working on problems at YRTC-Kearney and the more I learn about that facility, the more I am truly horrified by the conditions at YRTC-Kearney and we're going to be having an amendment from Senator Ashford on the next bill to fund that at \$1.8 million, to fund renovations and restructuring there. I mean, we...this place is a Dateline special waiting to happen. It is so terrible out there. The kids don't have air conditioning at YRTC-Kearney. There are staff members and other youth getting in fights hurting each other at levels that are astronomical. We, for years, we have had folks coming out from Senator Hadley's district who worked there talking about how violent the atmosphere is, because the buildings are constructed in a way that is most beneficial, that is a best practice, for how to deal with these youth. We're going to hear a lot about it on the next bill. But I, for one, just wanted to start laying the groundwork for the fact that this \$1.8 million, if it is indeed behavioral health money that has not been designated yet, I feel should go to another behavioral health need, which is what I think, and what you'll hear about is the devastating situation that seriously if a reporter were to get a camera into that place and show you what life is like there, we would be embarrassed and horrified. So I'm here to make the case that while maybe we found some dollars here that can be used in different ways, that there are other necessities for our state that also need to be looked at being funded before we get ahead of ourselves and think, okay, we found all this money and this should definitely go into...all of this money should go into a tax cut plan. We have other very pressing matters and I seriously hope the body will consider appropriating money for that YRTC center because if we don't we will be in trouble in the future. Thank you, Mr. President. [LB131]

SENATOR LANGEMEIER: Thank you, Senator McGill. Senator Brasch, you're

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recognized. [LB131]

SENATOR BRASCH: Thank you, Mr. President, and good morning, colleagues. And I will be very brief this morning. I rise in support of LB131 and AM2493. I'm especially pleased to see the additional funding for special education. These students represent a very important community of kids who have "exceptionalities" and many possibilities. I worked for over four years in 30 different states in an occupation that provided tools for teachers who have taught students with "exceptionalities." And again, I rise in support. Thank you. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Brasch. Senator Krist, you're recognized. Senator Krist. Senator Mello, you're recognized. Senator Mello, you're recognized, to be followed by Senator Nordquist. [LB131]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. Interesting debate so far this morning in a sense of what actually we're discussing. To some extent it's...one could classify it, to some extent, as a little kabuki theater, in a sense of really what are we talking about. AM2493, as I started off, no one opposes more money for special education. But when you construct an argument to try to get to a point in time, it's easy to show in the left hand something shiny to distract people while the right hand is doing something else. That is what we're discussing today with AM2493. This is a distraction of the underlying issue that is in front of us. The question is, one, whether or not we want to change appropriations in the sense of our budget, whether or not we want to provide some kind of tax relief, and whether or not we want to provide the tax relief package that the Governor wants. Those are the three components wrapped into one. And it's our responsibility to be able to weigh through all three of those and come to a conclusion. Senator McCoy mentioned on the mike that he agrees with Senator Adams that this is a great thing because it provides money to all districts. No one is going to disagree with you, Senator McCoy. The question is, what is the ramification of this decision next year, two years from now, three years from now? That's the question that we should be asking. Because the underlying issue is \$10 million from the Cash Reserve creates, ultimately, an ongoing maintenance of effort. That ongoing maintenance of effort will have a direct impact on the future of TEEOSA. That's not debatable. That is factually put in state statute in regards to our spending on special education has a direct impact on TEEOSA. It does, we know that, it lowers it. It lowers TEEOSA in the future. I just came from an Appropriations Committee discussion where we all acknowledged that. That is the case. But the case that is in front of us is no one wants to say they don't...no one on this floor wants to stand up and say I don't support providing more money to special education. But there are people who say I want to make sure that the state is fiscally sound moving forward. There are some who say, if we're going to provide some tax relief, it needs to go to middle-class families, not to Warren Buffett. Frankly, not to the Governor who falls outside of what would be a traditional middle-class Nebraskan in regards to his income taxes that he and his wife

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pays. That is a real policy debate we will have, because someone who makes the median household income of \$47,000 sees a completely different tax package, so to speak, than someone who makes \$160,000 who happens to be the Governor of our state, or someone who makes \$55 million in the case of Warren Buffett. But the unique thing is, that's not the bill we're talking about right now. We're talking about an amendment to appropriate more money from the Cash Reserve to create an ongoing expense to the state. It's not a one-time cash expenditure for capital construction or a one-time expenditure for a claims bill or anything else of that matter. This is an ongoing expense the state, ultimately, will pick up. And I think the reality is, we need to take this into a global view. It's easy to distract the public with something that no one can disagree on. It's easy to "rally the troops" behind we need to do this, or we need to do that. [LB131]

SENATOR LANGEMEIER: One minute. [LB131]

SENATOR MELLO: It's different though when you rally the troops or you rally the public behind this cause, but the reality is that cause has a poison pill put inside of it. And that poison pill is, no one has been able to address, neither anyone who has prioritized a tax bill or anyone from the Revenue Committee of how do we pay this. How do we pay for this in the future? I'm all ears. I've been looking at ways of how to pay for it. But the reality is, numbers have to add up. We don't create tax policy with a hope and a prayer. We also don't create tax policy by potentially taking a gamble hoping it pays off. That's not what we do; that's not good fiscal policy. And I think most people can agree that's not what we do. AM2493, while well-intentioned, is not necessary at this moment in time. If it was, we could put more money... [LB131]

SENATOR LANGEMEIER: Time. [LB131]

SENATOR MELLO: ...in TEEOSA through Senator Hadley or Senator Adams' bill. Thank you, Mr. President. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Adams (sic). Senator Nordquist you're recognized, followed by Senator Council. [LB131]

SENATOR NORDQUIST: Thank you, Mr. President and members. Unfortunately, I see this amendment and pending amendments as an attack on our Appropriations Committee process and budget. We spend months on end, hours deep into the night deliberating, putting together what we come to as a compromise budget. No one is in love with all of it. We come to a package that includes an amount in the Cash Reserve that we feel comfortable with and we bring it to the floor unanimously, as long I've been on there and my predecessor, Senator Synowiecki, who I worked for. I know in his years was the same way. It's the way our process works. We don't rush through and make hundreds of millions of dollars of decisions in just a few minutes. We sit and

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deliberate and make the best decisions possible for our state. And unfortunately, we had some amendments filed to these bills late last night right before we adjourned, 4:00, on Select File to significantly change that on the deficit bill and significantly change the amount that is coming out of the Cash Reserve to the tune of \$10 million. And I think Senator Mello spoke about it, I did the first time, about the ongoing costs. I know talking to folks from Fiscal Office that TEEOSA will pick up the savings...pick up this cost in the out years. But that's if we are all committed to making that reduction and not increasing TEEOSA and keeping TEEOSA at a level. I know I'm not comfortable doing that because I know the impact that reductions in state aid to schools has to property taxes at the local level. So we can say that, yeah, TEEOSA will pick it up in the out years, but I think, as we debate the amount, that should be funded in our TEEOSA formula that probably won't come completely to fruition. What we're seeing here is something we really want to do. I don't think there is anyone in this body, if there is I'd like to hear who in this body doesn't want to give special education more money. I don't know, maybe we should run an amendment to this to make it \$20 million to \$30 million. We all love special ed that much. But you know what, I want a new Lexus. But I'm fiscally responsible enough to not take the first month payment out of my savings account to pay for it and not have the money to make the rest of the monthly payments on my new Lexus. That's what we're doing here. That's what we're doing here, folks. It's not the fiscally responsible way. If this is a priority of the body, it shouldn't be a one-time expenditure for an ongoing cost. That should be put into our deficit bill and we should find a way to pay for it responsibly. We shouldn't be taking it out. The capital construction projects, that makes sense. It was a one-time expenditure to pay for those projects out of the Cash Reserve Fund. It does not make sense to take money out of the Cash Reserve for ongoing expenditures. There is a lot of things in this body that we care about. We made a tough choice on the DD waiting list. Even after the decision we made to put \$4 million in the DD waiting list, there are going to be 1,500 vulnerable Nebraskans who are not going to get the services they need. But we were willing to sacrifice and say we are only going to go with the \$4 million level. We could have taken the easy way out and say, heck, why don't we fund all \$19 million this year out of the Cash Reserve. We all want to do it. But that's not the responsible way of budgeting, because we know going forward... [LB131]

SENATOR COASH PRESIDING

SENATOR COASH: One minute. [LB131]

SENATOR NORDQUIST: ...we could not sustain that \$19 million number. We are putting our fiscal position as a state in jeopardy with decisions like this. And now is the time to be responsible so we can continue in the future to serve vulnerable Nebraskans, to make sure our schools are strong, and to make sure we have a healthy cash reserve should other financial challenges arise. Thank you. [LB131]

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SENATOR COASH: Thank you, Senator Nordquist. Senator Council, you are recognized. [LB131]

SENATOR COUNCIL: Thank you very much, Mr. President. Yeah. I've been sitting here trying to accurately characterize my feelings about AM2493. And the only way I can characterize my feelings, honestly, is resentment. I resent being placed in a position where a red vote against AM2493 can be perceived by the public as opposing or being in opposition to providing additional funding for special education. But that's exactly the position that I'm being placed in, and if you don't see yourselves being placed in that, you need to open your eyes wider. And I sit back and I say, who is putting me in this position? Well, the amendment is advanced by our Speaker. And I'm sure that the Speaker is aware of the appearance that would be left with the public if one of us pushed a red light on this and how it would be characterized in the press, and I resent that because while the Speaker stated that AM2493 does not represent a deal, I don't think anybody in here doesn't know that AM2493 has a direct link to particular opposition to the tax cut bill. And that's what this is all about, the tax cut bill. I also resent the fact that special education is being used to carry this, when as a member of the Education Committee we struggled between two bills that were intended to increase the amount of TEEOSA funding, and as the Chairman correctly stated, we decided not to pursue either of them because we listened to the presentation by the Appropriations staff about the ability to fund K-12 education at the level that it deserves to be funded at. And I specifically recall during that presentation why we could not go deeper into the Cash Reserve. But that's exactly what we're being asked to do with AM2493. And by doing so we are providing a one-time, and in my opinion, a one-time increase in funding that has out year implications that are significant if taken into consideration with any tax cut proposal. I think Senator Mello stated it correctly when he stated that this amendment will have an impact on TEEOSA, it would lower it for one time, but then there's still out year implications and there are out year implications of reducing the revenues that this state would rely upon to fund TEEOSA. That does not disappear. So, the gamesmanship that is being employed here really doesn't address the real issues and those are what are our priorities. [LB131]

SENATOR COASH: One minute. [LB131]

SENATOR COUNCIL: Let the tax cut bill stand on its own or let's consider an amendment to fully fund TEEOSA this year which we completely took off the table. And I heard the discussion, yes, by providing this additional funding it affects equalized schools and not equalized schools alike. But I serve on the Education Committee. No one bothered to talk to me about whether this was the best way to provide additional funding for K-12 education. And I often hear when these kinds of proposals are introduced how all the stakeholders were brought together and arrived at the proposal, I don't know who the stakeholders are here. And if there are other members of the Education Committee who were involved in this discussion... [LB131]

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SENATOR COASH: Time. [LB131]

SENATOR COUNCIL: I'd like to know about it. [LB131]

SENATOR COASH: Time, Senator. Thank you, Senator Council. Those still wishing to speak Senators Pahls, Wallman, Ken Haar, Louden and others. Senator Pahls, you're recognized. [LB131]

SENATOR PAHLS: Thank you, Mr. President, members of the body. I'm going to take just a little bit different view of this because it's going to give me the opportunity to talk about special education. And one thing about special education, it probably has the most refined accountability system as any in the education field. And I'll explain that just a little bit. And I think I will pick on Senator Langemeier since he is sitting there. [LB131]

SENATOR COASH: Will Senator Langemeier yield for a question? [LB131]

SENATOR LANGEMEIER: No. [LB131]

SENATOR PAHLS: Okay. [LB131]

SENATOR LANGEMEIER: Just kidding. [LB131]

SENATOR PAHLS: Well, Senator Langemeier, I'm just going to treat you like you were a young child several years ago because I know you do not have these issues, but let's say that you actually had a learning issue. [LB131]

SENATOR LANGEMEIER: Okay. [LB131]

SENATOR PAHLS: This is what I would do as an administrator. We would talk about this young man; his parents would be there, a school psychologist would be there, a counselor could be there; if he had a physical impairment, somebody in that area, it could be an occupational therapist could be there; and we would discuss...and you know what we would do, we would set goals for this young man. We would talk about his needs. We would set as a team to see if he qualified for special ed help. So a goal...a series of goals would be there, then we would meet with the whole group, and then midyear we would meet again, and at the end of the year we would meet again and we would see what we accomplished. We would see if Senator Langemeier had made growth in what areas we were testing. We would do that every year that he happened to be in the special ed program, every year, several times a year. And, as I'm seeing, I'm using you as an example because I can tell that you probably never had any special needs in school. [LB131]

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SENATOR LANGEMEIER: I would take all the help I can get. [LB131]

SENATOR PAHLS: Other than discipline, probably. Thank you, Senator. The point I'm trying to get across here is this money will be well spent. And another thing I can tell you that teachers who deal with children of special needs we wear them out because we put a lot of stress on them. Because again, we're...a number of meetings, not only that, but dealing with the child. If the school districts have not been receiving what I would say is an appropriate amount in the area of special ed for several years, they could be in trouble. Think about that. Because of the additional demands that are placed of the staff within that building to make sure that that child is receiving his or her education. Again, the neat thing about it is, you must by law sit down with parents. This is not something, oh, I'm going to do it this time, by law you must sit down with parents, discuss it. They have input and they can refuse the services if they so choose. And it has happened to me in the past. Some parents do not want their child in this...receiving additional help. It has happened. They have that right. But the neat thing about it is, because as I've spoken before, I think we need an accountability system within public education. And I think if you look at this model, it does provide that. I know there are some schools that are going...trying this process through all the students in their system, it is difficult because of the time commitments and, of course, other factors. But at least it is a plan on how to find out whether you do see growth from the beginning to the end of the year, and year after year after year. It is a good system. So this money is well spent. [LB131]

SENATOR COASH: One minute. [LB131]

SENATOR PAHLS: Thank you. [LB131]

SENATOR COASH: Thank you, Senator Pahls. Senator Wallman, you're recognized. [LB131]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. Interesting conversation here. If we vote for this, are you still going to vote for a tax cut or not? You know, sometimes it's pay me now or pay me later. Special ed puts a burden on schools. The teachers have been cut back in some districts. Bigger student capacity...I mean, students per teacher. Counselors are short. And all these things take money. And the only thing when I ran for the office, the biggest concern was not income tax. Property tax. That was for sure, property tax, number one. Income tax, sales tax, I asked about all these issues, and nobody seemed to complain on those two. I even did a big thing in the schools. The place was packed. Asked if they wanted more property tax or sales tax. Ninety-nine percent of them voted for sales tax. So if we have to take this out of our emergency fund, and we still have enough money in General Fund, I don't know. You know, it projects out. We don't know with the economy. We can't figure this out. We could flatline. We could even go down to another slight recession. Sometimes that happens after a deep recession. You have an uprising and then a down. So the stock

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market is relatively high now. Everything looks good. Farming is good, folks, but it can turn around. So if we vote for this, then we better be prepared to vote against a tax cut. That's my personal feeling. Thank you, Mr. President. [LB131]

SENATOR COASH: Thank you, Senator Wallman. Senator Ken Haar, you're recognized. [LB131]

SENATOR HAAR: Mr. President and members of the body, going back to Alice in Wonderland. Remember, she was in this room and was trying to get through into the garden, and then all of a sudden she turned around. She was looking for the key, but she turned around and she found a little bottle on the table that said "drink me," as the label--a really pretty little bottle. And she drank it, and all of a sudden she started to grow like a telescope, taller and taller. And she was talking to her feet. "Oh, my poor little feet. I wonder who will put on your shoes and stockings for now, dears? I'm sure I shan't be able. I shall be a great deal too far off to trouble myself about you. You must manage the best way you can," she said to her feet. What we're doing...I want to clarify some things, and when Senator Adams is back in here we'll add some detail to this. But TEEOSA is not on autopilot. Every year we...and I'm going to use my thesaurus again. We have to flirt and fiddle and fiddle-faddle and fumble and fool around and monkey around with, tinker and so on, with TEEOSA, so that we get the amount we want to spend. Now special ed is different. Special ed is different, the way...and I'll show you how it can affect TEEOSA. Special ed is different because according to federal law you can't decrease the amount of special ed. You have to maintain the effort. You could add more but you can't add less. So if we add \$10 million of special ed from the cash fund this year, are we making a commitment to add at least \$10 million from the cash fund in an ongoing basis? Because we can't decrease the amount of special ed funding. TEEOSA we can. TEEOSA we decide pretty much up or down, and then we adjust it accordingly. But you can't do that with special ed. So the teetertotter for education funding...and I still can't quite understand why this didn't all go through the Education Committee or whether it shouldn't go back to the Education Committee, because it does affect TEEOSA. It's a teetertotter. You can't decrease the amount of special ed funding. So let's say next year, with a tax cut in place, we can't afford as much spending on education. And now we go back to the principle that we can't spend...we shouldn't spend out of the cash fund for ongoing kinds of things. So the teetertotter is we can't spend less on special ed, so what's going to have to go down? In that situation would be the TEEOSA funding. And it's rather strange now that in the body at this time on an amendment we're making this important decision about how we're going to spend money for education. Usually that kind of at least comes out of the Education Committee with some previous kind of discussion in the Education Committee. As we know, committees kind of sort out things, usually make things better. But now we're saying that...and we all appreciate and we know that we should spend more money on special ed, but that's going to become the priority for special ed...or, I'm sorry, for education funding, because we can't decrease it in the future according to federal law.

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Now the difference, too, people say that nonequalized schools don't get any... [LB131]

SENATOR COASH: One minute. [LB131]

SENATOR HAAR: ...any state aid. We do need to clarify that, because special ed is one example of state aid, as well as money from the school lands, goes to all schools no matter whether they're equalized or not. And you may not like how the equalization formula works but it is simply not true to say that there are a lot of schools in Nebraska that receive no state aid. There are an increasing number that receive no equalization aid, but that is not the same as no state aid. And so I will be talking more about this next time. [LB131]

SENATOR COASH: Thank you, Senator Ken Haar. Mr. Clerk, you have an item on your desk. [LB131]

CLERK: I do, Mr. President. Senator Council would move to amend Senator Flood's amendment with FA53. (Legislative Journal page 963.) [LB131]

SENATOR COASH: Senator Council, you're recognized to open on FA53. [LB131]

SENATOR COUNCIL: Thank you. FA53 is a simple amendment to AM2493. Since the concern is to provide more funding to K-12 education, to address it via the special education route, also being represented as a means of getting us closer to the estimated amount of funding that our K-12 educational systems expected during this budget year, FA53, instead of the \$10 million that is found in AM2493, it provides for a \$28 million transfer from the Cash Reserve Fund. The \$28 million coupled with the nearly \$852 million that is set forth in the proposed appropriation budget brings us to the \$880 million that was set out in the original estimate of what K-12 school districts would receive during this budget year. And so if our concern is about providing appropriate levels of funding to K-12 education and addressing the agreed upon and undisputed need in the area of special education, then let's not dilly around with \$10 million. Let's get to the amount that would place us at the point where K-12 school districts believed that they would be based on estimates. And I understand they were estimates, but that's the representation that was made when we went through the budget process, that this amendment provides for an increase from \$10 million to \$28 million, so that if we are really serious about addressing the very pressing needs in special education, and I appreciated Senator Pahls's remarks because, again, that puts it in the context that if you supported special education and if there's really no link between this and where you stand or where others stand on the tax cut proposal, and we're really just concerned about meeting all of the educational needs of our youngsters, then, you know, let's put ourselves in a position where those who have discomfort about how this was brought forth and what the intent and purpose behind bringing this forward was, could be more comfortable about it, then let's increase the amount to be transferred to \$28 million. And

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plain and simply, that's what FA53 to AM2493 accomplishes, and I'd urge your support. [LB131]

SENATOR COASH: Thank you, Senator Council. Members, you've heard the opening of FA53. Returning to discussion, those wishing to speak: Senators Louden, Mello, Karpisek, Krist, and others. Senator Louden, you're recognized. [LB131]

SENATOR LOUDEN: Thank you, Mr. President and members of the Chamber. I don't have anything against special education or funding special education, but I think Senator Haar a while ago pretty well pointed out that if we increase that this year, then from then on your state aid will have to be at that level for special education. So that's one commitment that's out there, will be on the continual side. I also wonder why this wasn't brought up sooner and probably brought before the Education Committee, and what was the reason for coming up with the \$10 million transfer from the cash fund right now...or from the general Cash Reserve Fund? And so are we still...we still haven't talked about LB970, which is a tax cut. And is this...doing something like this, trying to set up some system there so we can find the money for the tax cuts, because we talk about the \$10 million, that tax cut is considered \$8 million the first year. And if we were trying to do something for special education, then we should do it like it is, and then...and we will know that we have a commitment for that level of special education from now on. So there's a lot of problems here with this amendment that...to my estimation. And I think we have to be very careful about it. At the present form, I couldn't support the amendment. I think if it's necessary then I think we need to send it back to the Education Committee and let them sort it out so that they know how much we are going to be committed to paying into special education fund from now on. Because Senator Haar pointed out we can never cut back on it. So next year, then if you have a shortfall of some kind, why, someplace else will be cut. But special education wouldn't be cut. And that's probably the reason we have the funding level such as it is. So I'm wondering, if we're looking for revenue sources and everything, I think the Supreme Court handed us \$2 million with the ruling they had on taxes on some types of alcohol that's being sold. And we haven't...we passed that bill and did away with the \$2 million on Select File up to now. So if you're looking for money, there's money out there, but we have to have sense enough to make use of it and to use it and probably parlay some of into something worthwhile. It doesn't necessarily mean we have to take the whole two million bucks that the Supreme Court gave us, but there are chances that something could be done with that and set up some type of a tax system on that, and there would be a revenue source there. So there are other ways of finding money. As far as this bill, if this is something that we're trying to do an end run for a tax cut, then I think it isn't the right way to go, is to start bringing in special education funding on this. Special education funding is something that has been around for a long time, and I've been involved with that from the time I was on the school board some 40 years ago when it first started, to doing the paperwork to getting that for all the schools. And I would point as I think it's been said already that all school districts do get special education. It isn't

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just equalized districts. Also I would point out when you talk about... [LB131 LB970]

SENATOR COASH: One minute. [LB131]

SENATOR LOUDEN: ...state aid, there's to me state aid is mostly the TEEOSA funding. What we used to call from the school lands and stuff, we used to call that state apportionment, and there was a difference between state apportionment and your TEEOSA funding. So nowadays they call it state aid and TEEOSA, but all school districts do get the state apportionment, and that's money that comes from school lands. Thank you, Mr. President. [LB131]

SENATOR COASH: Thank you, Senator Louden. (Visitors introduced.) Senator Mello, you are recognized. [LB131]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. I find Senator Council's amendment intriguing, because ultimately it is, in my view, whether or not really we support special education in the sense of what was left in the Education Committee or whether or not the original AM2493 was some kind of agreement or something else that tries to get us somewhere on another issue. Because ultimately you have two bills in the Education Committee that has the same dollar amount that FA53 is that goes through TEEOSA. If we can take money out of the Cash Reserve at \$10 million, what's stopping us from going for the full \$28 million that may be in Senator Adams' or Senator Hadley's bill? That's an argument I want to hear be made by someone on the floor: Why not? That's a legitimate policy argument that Senator Council just made with her floor amendment. I don't know if I'll vote for it, because I don't think I'll vote for AM2493, but it's an argument that is consistent. It has consistency. It's making the point if we can do \$10 million, why not go for the full amount, which I fully expect we'll have a debate on. Colleagues, no one should be under any I think disillusion that this is a bad thing. The Legislature, prior to term limits, and even the first couple years of term limits, had consistently had long, long budget debates. The budget debate is what brings the Legislature together to talk about priorities. Granted, it starts in the Appropriations Committee, but ultimately it comes to the floor that allows senators from all committees to come in and weigh in, provide their feedback. Some may argue, and I would probably agree that, yes, the Appropriations Committee has maybe a more global view because we discuss multiple issues over the course of this session, but that's not for one to say that because you're on the Natural Resources Committee or you're on the Education Committee or the Transportation and Telecommunications Committee, that you can't come in and provide an amendment; you can't come in and provide feedback or an idea or a perspective that tries to shape the priorities of the state. I would never say that and I don't think the members of the Appropriations Committee would agree with that either. We understand that this is a process. But some would argue, and I would tend to agree, that when you have an Appropriations Committee made up of the membership it has over the last four years,

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the diversity that's on the committee both in perspective, in region, in ideology, in priorities, for nine members to be able to come forward to the body with a comprehensive package I think is nothing short of a miracle, because it balances the Legislature out in regards to geography, priorities, ideology. And the package that we put forward to this body I believe is the right package to go. Obviously AM698, we will have lengthy debate on that. I'm looking forward to having the debate with Senator Flood and Senator McCoy in regards to behavioral health provider rates, in regards to Medicaid. We've dug into these programs over the last four years extensively. I'm looking forward to that conversation. It's a good debate to have. I'm not saying I'm right; I'm not saying they're wrong. But the reality is, it's a debate that we should be willing to have then. If it's about setting priorities, not just for this year but for future years, then we should have it. We do it every time we discuss TEEOSA... [LB131]

SENATOR COASH: One minute. [LB131]

SENATOR MELLO: We do it every time we get in front of essentially senators coming in and bring Appropriations Committee bills or when senators bring Revenue bills. It's the conversation that involves priorities and whether or not a priority fits the state better than another. Obviously Senator Council's amendment FA53 brings very valid points that I'm looking forward to hearing senators who support AM2493 try to refute. If you support \$10 million, why not \$28 million? That's the question that will be debated for, I believe, a remainder of the day. Thank you, Mr. President. [LB131]

SENATOR COASH: Thank you, Senator Mello. Senator Karpisek, you are recognized. [LB131]

SENATOR KARPISEK: Thank you, Mr. President and members of the body. I told myself I wouldn't stand today but I couldn't help myself, as usual. I just want to thank Speaker Flood for bringing this forward and talking about it. Whether I agree or disagree or whatever the conspiracy theories are, I'm glad we're talking about it. I brought an amendment last year on the university on Innovation Campus so we would talk about it, and I got scolded for doing such a crazy thing. We need to talk about it. I don't have any problem with this. Yes, it should have gone through a committee and it should have been talked about. Maybe it was. I don't know. I know that the Appropriations Committee sits a long time and listens. And I've said on this floor many times, I wouldn't be on the Appropriations Committee if you made me. It is a tough job, I'm sure. But if someone brings an amendment to the party, good for them. The budget is a living, breathing, moving target, and it is until we go sine die. I don't like it when people bring amendments to my bills that came from my committee, because they weren't sitting there and they don't know the whole thing that we went through on it, but they bring them. And sometimes they get them to pass and that's fine. This is a tough vote. I'd like to give SPED as much money as we can. It'll work out, someone will work it out. The schools are really having a tough time with their special education funding. This would

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be a great help. Why wasn't it in sooner? I don't know. Not on that committee. I respect the committee process, but if we don't throw something up and look at things and talk about things, then we're just going to rubber stamp everything coming out of committee. And we all know that that doesn't happen. Everything that comes out of General Affairs Committee is under a fine-tooth comb and three microscopes because, my God, Karpisek is trying to sneak some gambling past us. (Laughter) So it's not the case. This is what we have and we're talking about it. I would like to hear the talk about how we can do this, how we can help schools out. But the bottom line is how we can help these kids, what is best for them. And I know that this spins off into a much bigger debate. I guess I'm focusing on what's at hand and what we're talking about here, and I know it has much further ramifications. But we...it's good to talk about. It's good to get this stuff out. Again a couple years ago we passed the budget in about two hours, and boy, we really heard about that. Well, there wasn't a lot we could do. We cut the heck out of a lot of things. I wish that we would fund them back more than we have. I'd like to bring some amendments to the table, too, and I may. There are things in the budget I don't care for. However, I've talked to the people on...that do care about those things, and I'm trying to take the good and live with the bad. I think AM2493 is good. [LB131]

SENATOR COASH: One minute. [LB131]

SENATOR KARPISEK: I guess I don't know exactly how it's going to work, and I'm listening to how we can make it work, but I hope we can make it work. I appreciate Senator Council's floor amendment because she does get at the heart of the matter, and I'll probably vote for that, too, because we do need to give them more money. And thank you for the Appropriations Committee for your hard work, and I know that this moves things around, but I hope we can do so. Thank you, Mr. President. [LB131]

SENATOR COASH: Thank you, Senator Karpisek. Those still wishing to speak: Senators Nordquist, Fischer, McCoy, Flood, and others. Senator Nordquist, you are recognized. [LB131]

SENATOR NORDQUIST: Thank you, Mr. President and members. I first need to acknowledge that on my last remarks I probably misspoke when I said that this amendment is an attack. You can ask my wife, I often find a hard time finding the right words. And my point, though, needs to be reiterated, and that is that the budget is essentially like a house of cards. And I didn't...and again I want to reiterate, I didn't mean to say that the Appropriations Committee works harder than any other committee. I know that's not the case either. But it's like a house of cards. In this document there are hundreds of decision points, hundreds of individual votes we take to put this together, and we don't all agree on each of those. There are a lot of them that are very contentious. There are a lot of them that go on a 5-4 vote, but they get put into this package. And when amendments start coming to pull pieces out, we can easily see that house of cards fall. And we can see the floor fights in neighboring states, and South

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Dakota just had a huge one; Iowa always has a big one. We don't want that to happen here, so we, behind the leadership over the last few years of Senator Heidemann, have worked to come out with a consensus budget that no one in the committee agrees with 100 percent. It's not perfect in my eyes or Senator Heidemann's eyes or anybody's. But it's what we came out with, and that includes the bottom-line amount, what we're comfortable with there, the bottom-line amount in the Cash Reserve. And if we're going to start running amendments to it, we're going to be here all day and we could have a serious fight at the end to see whether or not the budget even would go. Because every one of us has pieces to it that we don't like. So I think that's the point I was trying to make. And I think Senator Council's amendment, FA53 is a good discussion point about the issue that's before us, and that is, what's the magic with the \$10 million number? It's very round. It almost seems a little bit arbitrary, that we just picked it because it was a nice round number. What's a more appropriate number to have if we are going to make this significant investment in special education? I don't know if the Education Committee took a significant time looking at what that amount was. There wasn't a bill before the Appropriations Committee or a motion or anything before the Appropriations Committee related to it. So again it's a number that just popped up. Certainly for points of discussion we can talk about it, but I want to know what's magical about that number and why Senator Council's number wouldn't be equally as appropriate, and if we can afford \$10 million, can we afford \$28 million? No one has answered that we can afford \$10 million on an ongoing basis. So I think those are questions that the introducer of the amendments and proponents of the underlying amendment and of the floor amendment here need to address the amounts and why we would stick with those pieces. So again I want to reiterate my appreciation for everything all the other committees do. But unlike an individual bill or a package of bills and amendments that come to this floor, again the budget has hundreds of individual decision points in it. And once we start picking at each of those, we're going to have a hard time getting a budget package across the board that everyone...that we can all agree on. And in the last budget, through all the budget bills when we pass this biennium budget, there was one lone no vote on one of the four, five, six bills there was. That was I think on a capital construction bill. [LB131]

SENATOR COASH: One minute. [LB131]

SENATOR NORDQUIST: Otherwise, the rest of the body supported those unanimously. I think the Governor said it was on a combined budget vote of...I can't remember the exact amount, but it was in the couple hundreds to one on the number of bills that were passed, 49-0, 49-0, 48-1. So I think that's the path we've gone down before. I think we've passed responsible budgets in the past, and that's the path we should continue on and I look forward to hearing the discussion about this individual \$10 million appropriation. Thank you. [LB131]

SENATOR COASH: Thank you, Senator Nordquist. (Visitors introduced.) Returning to discussion, Senator Fischer, you are recognized. [LB131]

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SENATOR FISCHER: Thank you, Mr. President and members of the body. Many times off the mike I tell Senator Nordquist when he stands up and speaks to us, he sounds like an angry young man, so it's only appropriate that I follow him and try not to be that angry woman. However, we're having a budget discussion. We're having a budget debate. Usually a budget debate, since 2007, has been to thank the Appropriations Committee, so I will begin by thanking the Appropriations Committee and I will thank Senator Heidemann, my dear friend, as their Chair for bringing forward a responsible budget for debate. Secondly, in a budget debate, since 2007, we have asked a few questions, and that's kind of it. The last budget debate I can remember--Senator Cornett nods--was in 2006. There were amendments to the budget. There was discussion of the budget. It was heated. It was civil. And sometimes changes are made. So this is a budget debate and it may last awhile. I thank the Speaker for offering an amendment, and we all know what this is about. On many issues that are contentious in this body, the Speaker has done a good job in meeting with us, those of us involved on those issues, in trying to reach consensus, in trying to reach compromise, and we don't have the discussion on the floor. So I think this is very positive and I think it's good, and we need to have this discussion and it needs to happen now. As a member of the Revenue Committee, I am taking a little offense at the discussion, again because we all know what this is about. The Revenue Committee, the Education Committee, the Government Committee, the Transportation Committee, the Banking Committee, the Business and Labor Committee, and Senator Karpisek's wonderful General Affairs Committee, every committee in here is an equal to the Appropriations Committee. Every committee in here works through issues. Every committee in here sends out bills where compromises have been made. Every committee in here researches their issues. They receive information. They work months on those issues. But they are debated on the floor and they're debated thoroughly on the floor, and amendments are offered to bills. There's nothing wrong with what we're doing right now, and no one should feel threatened by it. The Revenue Committee this year has sent out a number of bills. We send out tax credit bills. We've sent out tax incentive bills. And, oh yes, we send out a tax relief bill. That's what this is about. I thank the Speaker for offering these amendments so we who support tax relief and are looking for a way for it to happen, can have a debate and make changes that we believe are necessary. You can't have a debate without amendments that are going to change something. This is not a question-and-answer period. This is a debate on what the priorities are and how you're going to try and make them all fit together. The budget is a house of cards, you know. But, hey, we're part of that house of cards too. Usually 9 members on Appropriations Committee send out a budget to us, 40 of us, who haven't had the input, who haven't decided what those priorities are. And this year we see that we have \$17 million that 40 of us get to use for maybe priorities that we have. That usually works. Maybe it's not going to work this time. Because many of you in here have bills that cost money. I know Senator Council has one that has a \$15 million price tag. [LB131]

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SENATOR COASH: Time, Senator. [LB131]

SENATOR FISCHER: Thank you, Mr. President. [LB131]

SENATOR COASH: Thank you, Senator Fischer. Senator Flood, you are recognized. [LB131]

SPEAKER FLOOD: Thank you, Mr. President and members. Good morning. I think we're in the middle of what is probably the first budget floor fight in seven years. In fact, I think this discussion is going to be a debate like we haven't seen in seven years. This is what gridlock looks like when there isn't consensus. And if you know me, if you know Senator Langemeier, if you know Senator Lathrop, if you know a lot of us, you know that I think this place obviously benefits from a plan coming into the process. But I don't think there's a blueprint on how to get there until we go through this exercise. This is every member of the Legislature. This isn't a committee. It's every committee of the Legislature. This is like the LR542 process that we spent an entire year on before we got to the Legislature. We couldn't do a LR542 process during the legislative session because we're all on the floor. So here we are, and it's going to get much worse before it gets better because a lot of people are going to weigh in. Why are we talking about special education funding? There is no back-room deal. The only thing we have here is I have heard from schools, like Senator Adams has, like the Education Committee has. They'd like more funding. And if you are going to do a tax cut, I think they have a good point: pay attention to us. And the thing I like the most about special ed funding is that it goes to both equalized and unequalized schools. So the Elkhorn Valleys of the world will actually get a little money for some of those kids that they are taking care of that have special needs, because they get zero from the state aid formula under the TEEOSA because they're unequalized. That's why that's there. If you don't like it, vote against it. This isn't a trap; this is an idea. These are all ideas. And the other thing that I think is incumbent upon people in here is if you don't agree with any of these ideas, what are your ideas? Because at the end of the day the vote count is 25, 30, or 33, depending on what happens. We all focus on what's in the budget that we like. We've got an obligation to sit down and sort through it. This isn't us against the Appropriations Committee. This is us having a discussion about the state budget, which we're all entitled to have. We're not attacking anybody. We're actually trying to fix a problem, because if you don't like the problem today, it's ten times worse if we weren't to do this; we were to pass the tax cut, sit down in three weeks, it's real hot in here, you'd be trying to sort it out. This is a front-load attempt to deal with a problem, and there are lots of different solutions out there. I'm not saying mine are the best. I will tell you this though: If somebody wants tax cuts, they aren't trying to destroy this state. They actually believe that letting citizens of this state keep some of their own money has value. And that's not being said to try and be offensive to anybody. Some of us actually do believe that. I know that's hard to hear but it's okay to say it. Listen, this is going to get worse before it gets better. Let's try and figure a way out of it, but we need your ideas. Certainly let us

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know where you're at on the amendments. [LB131]

SENATOR COASH: One minute. [LB131]

SPEAKER FLOOD: And there will be more amendments and there will be new ideas, but let's see where people want to go and let's see if we can't put together a solution that looks at everybody's interests and tries to find common ground. That in the end is what we should be about. It won't be perfect but it will be good. Thank you, Mr. President. [LB131]

SENATOR COASH: Thank you, Senator Flood. Senator Langemeier, you're recognized. [LB131]

SENATOR LANGEMEIER: Mr. President and members of the body, as we wait in queue we get the opportunity to think about what we want to say. And in my case, waiting about eight lights has probably helped what I was going to say. And I'm typical, similar to Senator Council, in trying to figure out how to sum up my thoughts and my position on this in words. But I want to start off, I want to thank the Appropriations Committee. I had the opportunity to watch a number of bills that affected my district--number one, flooding Ashland--and watch the way they work. And I appreciate that. Unlike similar to Natural Resources, we put in a lot of hours and we work on a lot of stuff and we try. And everything that comes out of Natural Resources, as Senator Nordquist said, is similar to a house of cards as we try and calm the interests of so many different people in a very complicated, extremely complicated system of how all our components fit together in Natural Resources. So where do I stand on AM2493? Well, I kind of have mixed feelings because I came into the Legislature and you hold to your word, and last year we came in and we said we were going to give K-12 education \$835 million with \$880 million the next year. So I have some obligation to want to stay to that. I understand where they are and what their thoughts were this year in trying to be part of this big picture to help the state, and they were willing to go with the \$852 million. I understand that. We all understand how this goes. And I've spent my career in the Legislature trying to find solutions to these issues. As many of you know, I've spent opportunities talking to you trying to figure out how do we fit this stuff together. It's just my nature. I'm not one to stand on the mike and talk rhetoric and not offer solutions, but I struggle with this one. Number one, I haven't seen LB970 as it voted out. Nobody has provided us what really the amendment does or what it is. We haven't really seen any numbers. Some say it's \$40 million, some say \$45 million in the out years. We've even heard up to \$100 million on this floor. Nobody has provided anything like that, so I'm yet to see that, what this LB970 is supposed to look like. So how are we supposed to have a rational discussion on where we need to find money and where we're going to spend money when we don't even know what's coming out? The best piece we got was from somebody outside the glass handed in what they thought LB970 looked like. And so I'm going to conclude here without telling you much other than we've got to look for a

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solution, and that typically isn't on the mikes. It's going to take people to sit down and have a discussion and talk about...number one, you've got to figure out where the votes are and is something going to pass; and if so, is how do we make it work? And that's what I look forward to having in the next hours as we stand around and have this discussion. I look forward to having that rational discussion to try and come up with a solution to make this puzzle fit together, otherwise it always gets uglier before it gets better. And I, you know, being one, don't like to get to that ugly stage before it gets better. So I look forward to the continued discussion and trying to work out a solution through this process. Thank you. [LB131 LB970]

SENATOR COASH: Thank you, Senator. Those wishing to speak: Senators Council, Conrad, Ken Haar, Janssen, and others. Senator Council, you're recognized. [LB131]

SENATOR COUNCIL: Yes, thank you very much, Mr. President. I greatly appreciate that we're in a position to have a debate. My recollection of prior budget...particularly biennial budget discussions, midyear budget discussions, we were always working on...out of a deficit. You know, someone made the statement to me in passing that special sessions now are the norm rather than the exception. My first year here we had a special session to reduce the budget. So I think it's great that we're having this debate. Now getting to the floor amendment and some of the statements that have been made, again I think we need to put this in context. As a member of the Education Committee, I was asked to look at two bills introduced by colleagues to provide funding for K-12 education at the level that was estimated to be appropriated to them this year. Senator Hadley made reference to his bill, I think it's LB947, and the 19 senators who signed onto that bill with him. I was one of them. I agreed wholeheartedly with him that we should fund K-12 education at that level. Well, I also as a member of the Education Committee attended a session with the Appropriations Committee where we had an opportunity to look at the impact of Senator Hadley's bill, and a bill introduced by Education Committee Chairman Adams, what that would have not only on the Cash Reserve but out year budgets. And to the Education Committee's credit, despite our fervent belief in the need to provide adequate funding for K-12 education, we looked at the impact that either of those bills would have in the absence of a tax cut. And I believe the Education Committee acted in a financially responsible way in deciding to let both of those bills set and to move forward with what the Appropriations Committee was going to be recommending in terms of the funding level for K-12 education, because we understand that they, too, were making their recommendations without any consideration of a tax cut. But it's been admitted, and I'm glad to hear the forthrightness. It's been admitted that AM2493 is directly linked to what this body will do about the income tax bill. Well, I'm going to tell you that one of the reasons I introduced FA53 to increase it to \$28 million, number one, I firmly believe in adequately funding K-12 education. And if there was enough interest as reflected in AM2493 to put additional funding there via special education, let's take it to the amount that would make school districts across the state at least be receiving the equivalent of what the budget

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estimates were for K-12 funding under TEEOSA. But I also must confess that I had a bit of an ulterior motive because I am mindful of the budget process. I understand the budget process. This body passes a budget. Our Governor has a line-item veto. And \$10 million is... [LB131 LB947]

SENATOR COASH: One minute. [LB131]

SENATOR COUNCIL: ...capable of being vetoed just like \$28 million is capable of being vetoed. But if there were any concerns about the votes to override a veto if the special education funding was vetoed by the Governor, I've made it easier for you. I've made it easier for you not to vote to override a veto of this special education funding, because you can justify it at \$28 million, your failure to override the veto. It might be in a sticky wicket if it's just \$10 million. Final comment: Senator Fischer made reference to the bill that I have prioritized. Yes, Senator Fischer, that bill does provide for \$15 million in tax credits. That bill has no or inconsequential General Fund impact. It has absolutely no Cash Reserve Fund impact. This bill affects the Cash Reserve Fund and that's what we ought to be focusing in on, is how far are we willing to take it down? I submit to you I think it's appropriate to take it down to accommodate \$28 million for the special education. [LB131]

SENATOR COASH: Time, Senator. Thank you, Senator Council. Senator Conrad, you're recognized. [LB131]

SENATOR CONRAD: Thank you, Mr. President. And I'm looking around because I am hoping that maybe Speaker Flood might be available to provide some guidance or insight into how he arrived at the figures that are utilized in his amendment. I don't seem to see him. He may be... [LB131]

SENATOR COASH: Speaker Flood, will you yield? [LB131]

SENATOR CONRAD: Okay. He's not here. That's fine. I'm looking around now to see if maybe there is a member of the Education Committee who might be able to help visit about what a \$10 million appropriation in regards to this might mean. There's Senator Adams. If Senator Adams would yield, please? [LB131]

SENATOR COASH: Senator Adams, will you yield? [LB131]

SENATOR ADAMS: Yes, I will. [LB131]

SENATOR CONRAD: Thank you, Senator Adams. And I'm sorry to pick on you, but you had the bad fortune of crossing my plain of view. (Laugh) And the Speaker is not here today and I had a chance to listen to some of your earlier remarks...or, I'm sorry, he's not presently available, and I had a chance to listen to some of your earlier remarks. But

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I'm trying to get a handle on how this \$10 million figure was arrived at. And can you tell me, were you part of that discussion to craft this specific dollar amount in terms of what we can do to help special ed? [LB131]

SENATOR ADAMS: Yes. And I would tell you that, you know, for me the \$10 million was a random number. [LB131]

SENATOR CONRAD: It's arbitrary, it's fair to say. [LB131]

SENATOR ADAMS: And if I might, I'll just back up for 30 seconds. [LB131]

SENATOR CONRAD: Please. [LB131]

SENATOR ADAMS: Frankly, long before this session ever began and I was trying to anticipate TEEOSA and forecasts and where we were going to be, I was thinking about special ed money back then in lieu of doing something in TEEOSA before I knew what the modeled numbers were, where we were going to come out, whether it's going to be \$845 million, \$852 million, \$878 million, you know. So the concept of special ed is not new. The number is random. [LB131]

SENATOR CONRAD: Of course. And then in terms of this number, which I think it's fair to say then it's my understanding is arbitrary to some extent but it's a number that was arrived upon, were there any discussions or calculations in crafting this \$10 million figure in terms of what impacts might be for individual school districts, say, for example? [LB131]

SENATOR ADAMS: It...no. I mean it's pretty hard to sit down in the short time that we would have and, say, go back and look at the schools that had reimbursements and what that amount would be. [LB131]

SENATOR CONRAD: Right. And Senator Adams, that's part of why I have a little bit of unease at this stage in the debate is because we really don't know what the impacts may or may not be. I think it's fair to say that an increase in funding is needed and would be put to good use by our school districts. But I know that the Education Committee was presented with a variety of different proposals this year to try and infuse resources into our educational systems. And it's my understanding that the committee really believed that rather than piecemealing, whether on TEEOSA or otherwise, that we needed to take a deep breath, hold where we are now, and then come and look at this in a more comprehensive manner next session. Is that a fair assessment, generally, of what happened in the committee level? [LB131]

SENATOR ADAMS: Yes, it is. Senator Council was very accurate in her description of how we dealt with it in committee. We had two bills, LB947 and LB913, Senator

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Hadley's bill, my bill. Both of them were designed to increase TEEOSA funding. We had them modeled out. Senator Hadley's bill was a lot of money, mine was less, and there were different elements that we were working with there. We went down to the Appropriations hearing room, we sat there, spent time. We looked at the numbers. Senator Council was right, I think the committee went away saying, I mean, what are we going to do here that's going to work and be responsible and be effective at the same time. [LB131 LB947 LB913]

SENATOR CONRAD: Yes. And I know that you went through that same exercise as part of the Revenue Committee, so you've been extra busy this year, and I think part of my hesitation in terms of moving forward with additional expenditures outside of the budget... [LB131]

SENATOR COASH: One minute. [LB131]

SENATOR CONRAD: Thank you, Mr. President...is should we do it during a time of deficit appropriations or should we see where we are after a couple forecasts, see where we are in terms of the looming budget deficit, and see where we are in terms of crafting a strategic plan to move forward for many competing obligations. Thank you, Mr. President, and thank you, Senator Adams. [LB131]

SENATOR COASH: Thank you, Senators Conrad and Senator Adams. Senator Ken Haar, you're recognized. [LB131]

SENATOR HAAR: Mr. President and members of the body, I'd like to just tell Senator Karpisek, who said he mentioned about, you know, that things get brought to the committee and the Education Committee, and no one brought this idea. No one brought the idea of this policy change to the Education Committee. It's a dramatic shift in policy, in my eyes, and I want to make that really clear. This is a dramatic policy shift. The other thing, Senator Council...I guess she's not here right now. But my understanding is if we pass this and if we pass the Governor's budget cut, that he won't veto this. So I want to go back to Alice in Wonderland. This is just so appropriate. Remember, she took a drink out of this little bottle, she grew like a telescope, and she was talking to her feet. And she said, "I wonder who will put your shoes and stockings on for now, dears?"--referring to her feet. "I'm sure I shan't be able. I shall be a great deal too far off to trouble myself about you. You must manage the best way you can."--talking to her feet. I think that's kind of irresponsible and I think adding this kind of amount of money, which is not only a large amount of money but a significant change in policy, is like Alice talking to her feet when she says you must manage the best way you can. "Sorry, feet, I'm too tall now." I have two concerns, and the Alice analogy goes to the out years. And so I want to explore this a little bit with Senator Adams. Too bad we don't have the white board here, Senator Adams, but would you talk a little bit about how SPED doesn't affect TEEOSA in the formula, but what we had to do with SPED funding according to

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federal law. [LB131]

SENATOR COASH: Senator Adams, will you yield? [LB131]

SENATOR ADAMS: Yes. Yes, I will. And Senator Haar, I apologize. My answer may be way more than what you want or this body wants to hear. Here we go. First of all, let's talk minimum effort. That's kind of where you ended up. The appropriation, if I have the number right, has been at about slightly over \$184 million for special ed, and I think we've held there at about three years. And there is federal...that's the state side. There is also the federal monies that come into this. And part of the federal condition is that if we bump it up, we've got to maintain that effort in special ed. So if this amendment or the amendment for special ed were to pass and we add \$10 million more onto the appropriation taking it to \$194 million, then in the next biennium, when Appropriations and this body builds a budget, the base, the floor for special ed would be \$194 million. It doesn't have to increase but it's going to have to be a minimum of right there. Now in...would you remind me again of what the second half or maybe even the first half of your question was? I apologize. [LB131]

SENATOR HAAR: Well, the analogy then...and thank you very much. I did want that kind of detail, as you know. But the second one is, are we under the same constraints with TEEOSA that this minimum and you can't decrease it, but... [LB131]

SENATOR ADAMS: You know, Senator, you make a good point. In fact, I had my light on for way down later in the queue in order to try to touch on this. TEEOSA is what we want it to be. There's no maintenance of effort, there's no federal guidelines to TEEOSA. It is what the Education Committee puts out to this body, and this body with 25 votes says TEEOSA will be. [LB131]

SENATOR HAAR: Okay. Thank you very much. [LB131]

SENATOR COASH: One minute. [LB131]

SENATOR HAAR: Would you consider this then the...pping the SPED funding without going through the Education Committee, a significant policy shift, Senator? [LB131]

SENATOR ADAMS: No. No. I would not. [LB131]

SENATOR HAAR: Okay. [LB131]

SENATOR ADAMS: There I would differ with you, Senator Haar, and I made a note because I heard that comment. It is not. I see it as an Appropriation decision. You know, had the Appropriations Committee given us that budget the other day for us to look at and it said \$195 million instead of \$184 million in it, would we be standing here saying

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that the Education Committee should have discussed that in Exec Session? That we should have had a bill on it? I don't think so. So there I would disagree with you. It's an Appropriation decision. Now if we do something with TEEOSA, that is a substantive policy decision. [LB131]

SENATOR HAAR: Well, thank you very much. I'll continue to explore this on my next light. Thank you. [LB131]

SENATOR COASH: Thank you, Senators. Senator Schumacher, you are recognized. Excuse me. Mr. Clerk for items. [LB131]

CLERK: Senator, if I may real quickly. Urban Affairs is going to have an Executive Session at 11:30; Urban Affairs, 11:30, in Room 2022. And a few items, Mr. President. Senator Burke Harr, an amendment to LB902. Senator Mello offers LR486; study resolution LR487; likewise, study resolution LR488. And I have an amendment from Senator Sullivan to be printed. (Re LB1104.) Thank you, Mr. President. (Legislative Journal pages 964-966.) [LB902 LR486 LR487 LR488 LB1104]

SENATOR COASH: Thank you, Mr. Clerk. Senator Schumacher, you are recognized. [LB131]

SENATOR SCHUMACHER: Thank you, Mr. President and members of the body. On January 12, we heard the Governor deliver a speech in which he called for a series of tax cuts. I really listened to that speech because I dislike taxes, as most Nebraskans dislike taxes, as most Americans, most people all over the world do. I dislike taxes so much that back in my days when I was county attorney, I cut my own salary so we wouldn't have to raise taxes. When the Executive Committee a year ago asked the new folks in the Legislature to get by with one staff person, I got by with one staff person to take a little extra load off the system, tiny as that might be. But the question that came to mind was, how do we cut taxes without hurting our rainy-day fund, without jeopardizing education, without undoing our new roads program? It didn't take a whole lot of crystal ball to see that we would be here today. And so five days later I introduced what I thought was a reasonable solution to the problem, LR375CA. And all it did was want to ask the people whether or not they wanted us to be able to divert \$75 million to \$125 million a year that's now going to neighboring states from Nebraska to support education, roads, and rainy-day funds in the other states to us. Not even implement it; just ask the people. Well, apparently we're not going to get the chance to ask the people, even though a double-digit lead in the people would say, yes, you have our permission to consider that in this debate. We didn't even want to ask the people whether they want tax decreases in a realistic way or whether they wanted to cut education, rainy-day fund, and roads. But that's one solution that's out there. That's a revenue source and it's new revenue. And now I'm going to light up the lobby a little bit. I mentioned this several times on the floor. Nebraska has the highest telephone tax of

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any state in the union. Everybody pays it: 6.95 percent into the Universal Service Fund. How come we don't hear about that tax? That would be a middle-class and lower-class tax cut that everybody could get instantly, and all we have to do is terminate that fund. Or I suppose we could figure out a way to divert it into an income tax cut if we wanted to. But no, that can't be looked at, even though there's somewhere in the neighborhood of \$50 million sitting over at the Public Service Commission that isn't being used from that fund, and the fund continues to increase. The solution to these problems, folks, is not to figure out how we can cut more into the bone, not to yield to a temptation to raise taxes, which nobody wants to do, but to look for new revenue sources, to look also beyond the two that I specifically outlined into how we can bring private capital into the system in order to assist with the funding of some things we now fund through taxation in exchange for a return on that capital to the people... [LB131 LR375CA]

SENATOR LANGEMEIER PRESIDING

SENATOR LANGEMEIER: One minute. [LB131]

SENATOR SCHUMACHER: ...who furnish that capital. There are answers here but they do not come from trying to do the same old wrangling: taxes--cut raise; spending--cut raise. They come from getting our heads out of the sand and into the sky, and hopefully, in the sky we will find a cloud of answers. Thank you. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Schumacher. Senator Campbell, followed by Senator Mello, you're recognized. [LB131]

SENATOR CAMPBELL: Thank you, Mr. President, and good morning, colleagues. And I, too, want to thank the Speaker for challenging all of us to come up with our own ideas. But first, I'd like you to all indulge me in a little story. When I was learning to drive a car, I learned how to drive in going between Norfolk, my hometown, and Stanton, which is where my grandmother lived. And that isn't very far for those of you who travel those roads in northeast Nebraska. And one day, not very long after I'd been doing this little trek, my dad said, "You know, Kathy, you're not driving very well; you're kind of going here and then you're over here and then you're over there. And I want you to know what your problem is. Your problem is that you're keeping your eyesight right in front of the car, and what you need to do is you need to look out a little farther. Get your vista a little farther down, and your driving will smooth out. Let's try that." And lo and behold, my driving got better. And I never forgot that story because it illustrates part of what my frustration is today. And my frustration is I agree with the people who say every one of us in this room want a tax cut. We'd all like to have that tax cut. But what's going to happen in year two and three and four? Because the summary that we have in front of us tells us what we're going to do this year, but what's going to happen next year and the year after that? I mean, I'd be willing and I've said this to several people and they go, oh, no, I don't think that would work. I've said to several people, I'd be willing to put

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the tax cut out for a year; take the \$8.9 million out of the Cash Reserve instead of trying to cobble together all this plan. And then honestly sit down with the Appropriations Committee and all the other committees and say, okay, how would that plan then work in year two and three along with all of our other priorities? Because one of the things I really appreciate when I get this document from the Appropriations Committee is it not only tells me what we're going to do this year but it gives me a fairly good idea about that vista in front of my car. It tells me where do I think I'm going here. And, folks, I'd be remiss as the Chairman of the Health and Human Services Committee if I didn't say, by golly, I've got that list. Child welfare is on that list, and certainly we would like the money. But coming ahead, what should I tell you is coming ahead? I'll tell you what's coming ahead is that we are in the third year of LB603. And for those who may not remember, that was the committee put together to deal with safe haven. We know some things work. We're probably ready to come back and say these are some things... [LB131]

SENATOR LANGEMEIER: One minute. [LB131]

SENATOR CAMPBELL: ...that need to be put into place. Child welfare isn't going to end this year. It's got a long ways to go. We're going to have to deal with residential treatment for kids in behavioral health. We're going to have to deal with the long-term nursing care situation in our small communities. We're going to have to deal with Medicaid, and on and on. For anybody that wants to work on year two and three, and thinks my idea might have some glimmer, I would be glad to talk to them, but I will be talking to a number of you for a plan beyond year one. Thank you, Mr. President. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Campbell. (Visitors introduced.) Returning to discussion on FA53 offered to AM2493, those wishing to speak, we have Senator Mello, Dubas, Cornett, Nordquist, Adams, Gloor, and others. Senator Mello, you're recognized. [LB131]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. A few points of clarification, I should say, of why I chose to rise again and speak. First, I do appreciate Senator Adams. I did catch the end part of Senator Conrad's question of Senator Adams of where did we get to \$10 million under the underlying amendment AM2493. And the number did come from kind of an arbitrary number. That was a question I was going to ask, so I appreciate that information coming out in the sense of whether or not...as I've said before, no one is disagreeing the need for special education funding is necessary moving forward. But I also appreciate Senator Adams clarifying. I know that the...when I first came to the Legislature and was put on the Appropriations Committee, my understanding, there was always a little bit of tension between the Education Committee and the Appropriations Committee in regards to dealing with certain kinds of education funding, because apparently the Appropriations Committee,

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prior to my time in the Legislature, tried to ultimately dictate what public education K-12 funding was to the Education Committee, which opened up a Pandora's box that none of us wants to revisit. So getting a little clarification I guess moving forward that special education funding kind of falls outside of that parameter, that at least I was always under the mind-set of, that that was something the Appropriations Committee didn't appropriate. We left that more to come from Senator Adams and the Education Committee over the last four years. That's a conversation no doubt we'll probably have off the mike as we move forward in future budgets, because I think that was...for at least new members who weren't engaged in that initial tussle, so to speak, amongst the two committees, that's a clarification point that I'm glad we were able to get today to at least clarify on the mike for mine and other members' purposes. One thing that I still to some extent hasn't been clarified, at least by those who I've heard stand up and rise in support of AM2493 is, why not adopt FA53? If \$10 million was an arbitrary number that was devised to provide for Cash Reserve spending to special education, why not go to \$28 million? I mean I think the school districts that are in the lobby behind us no doubt would say, yes, the \$28 million, we would take that. We have a need for more special education funding. TEEOSA essentially was reduced according to the information we got from the Department of Education in regards to the land valuations and the needs assessment, so to speak, that lowered it down. Why not take more money? Why not ask and request \$28 million instead of \$10 million? I know Senator Adams has his light on and he might be able to provide a little bit more feedback on that. Ultimately it would have an impact not only this year but it would have an impact in future years. The point though that has yet to generally be discussed, and the Speaker did mention it when he opened on AM2493, is the action that we're taking with AM2493 and potentially actions we take on other revenue and spending bills this session. What is the impact on TEEOSA in the next biennial budget? They have projected...under state law there's a projection of seeing growth at 20 percent, roughly, and 7 percent. But no one so far today in this debate has come forward explaining, providing numbers or any kind of rationale, or any kind of pathway, so to speak, of what TEEOSA would look like if we adopt AM2493, not only in what it would look like in the sense of the changes because of the special education funding but ultimately what TEEOSA would look like next biennial budget in regards to trying to pass other revenue... [LB131]

SENATOR LANGEMEIER: One minute. [LB131]

SENATOR MELLO: ...and spending bills that are currently on our status sheet. That, colleagues, is an answer that we're going to need to get to, because with all due respect to the Speaker when he opened saying that TEEOSA is not going to be at 1 percent and it's not going to be at a 20 percent increase, I have a disagreement. I have looked at numbers. I have been running numbers. I've been actively trying to forecast what a biennial budget would look like in the next two years with some of the actions that have been placed in front of us. In TEEOSA would be roughly about 1 percent, and that still means that healthcare providers, Medicaid providers, those in the rural parts of the state

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who have felt the biggest hit in regards to the actions over the last two years of the provider rate cut would see little to no increase at all. A half-percent maybe. Colleagues, I know Senator Lathrop and other senators...Senator Campbell just actually walked us through. [LB131]

SENATOR LANGEMEIER: Time. [LB131]

SENATOR MELLO: What was that? [LB131]

SENATOR LANGEMEIER: Time. Thank you, Senator Mello. Senator Dubas, you're recognized. [LB131]

SENATOR DUBAS: Thank you, Mr. President. Good morning, colleagues. Each one of us, as we have this discussion this morning and in the following days, I think they are very good discussions. They're very helpful to me anyway as far as understanding where everybody is at and what the issues are. But each one of us ultimately are going to have to make that decision that we can live with personally as well as being able to go back to our home districts and explain to our constituents why we did or did not do something. So this does come down to, yes, we collectively make a decision, but we also have to individually make that decision that we feel comfortable with. And so again I don't think there's any question that it's good that we're having this debate today. We have three levels of debate for this very reason. You know, it's pretty uncommon for us to pull things back once they make it to Final Reading, although it does happen. And Select File and General File debate are here for those reasons, for us to bring new ideas forward, and I don't think we should ever, ever hesitate not to take advantage of that process, because it is there for a reason, especially with us being a one-house Legislature. But from the very beginning of this session as I began talking publicly to my constituents, writing news articles, I have publicly stated that no matter what we do this session, it has to be with a great degree of caution. We have to move forward cautiously. All indicators still point to a very soft and slow recovery. And even though Nebraska has been somewhat insulated, we have not been completely immune from the economic downturn. And I introduced my share of bills this year that either have a fiscal impact or a revenue hit, but I did it with the understanding that we needed to have this discussion and everything should be on the table, and ultimately it would be up to the committees and the Legislature to make those decisions. I have so much appreciated what Senator Heidemann and the Fiscal Office staff have taught me about understanding the budget process and what it takes to maintain a balanced budget. I mean, every day, as we get later into the process, we get our green sheets, our daily financial status sheets, and we look at where we're at and what will happen when bills pass. And we aren't just looking at the current year. We're looking at out years. That's very important. If I haven't learned anything else from Senator Heidemann and the Fiscal staff, it's looking at those out years. Rare is it for us to ever come back at the beginning of a new biennium and not have a deficit that we need to deal with.

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Sometimes it's small, sometimes not so small. And we're looking at right now, depending on what we ultimately end up doing, maybe coming back with a rather sizeable deficit. But we know...we also know that when we come back at the beginning of that new biennium, through the appropriations process, through the budget process, through the committee process, we will address that deficit, because we have no other options than to pass a balanced budget. So whether it's through cuts or changes to programs or whatever it takes, we will pass a balanced budget. So today in my mind what's directing my decision and the path that I'm going to go is based on looking at those out years and what position do we put ourselves in when we come back. I really appreciate Senator Campbell's analogy because I think that fits how I am directing my decision. It's not looking right straight down at the point in front of my nose. It's looking past that point. And at this point in time, and probably very likely as we move forward on other issues, I'm reluctant to make the types of decisions that we're looking at today during a deficit appropriations budget cycle. For me, I will have a much higher level of comfort coming back next year after a few more Forecasting Board reports are under our belt and we have an even better grasp of where our revenues are going. We get that picture. We're able to craft a budget that can look at all of these issues, tax cuts included, and put forward then a new budget process that we all have a better grasp and understanding of rather than trying to do these types of significant changes during a deficit appropriations cycle. I have a bill that I prioritized that has a fiscal impact. I think it's very important that we address the problems that have been raised by the new ACCESSNebraska program. These are significant problems. They're causing significant financial problems for individuals as well as businesses across our state. As I said, it has a fiscal impact. I know full and well I'm going to have to make my arguments strong... [LB131]

SENATOR LANGEMEIER: Time. [LB131]

SENATOR DUBAS: ...and my points strong to this body. Did you say time? [LB131]

SENATOR LANGEMEIER: Time. [LB131]

SENATOR DUBAS: Thank you, Mr. President. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Dubas. Senator Cornett, you are recognized. [LB131]

SENATOR CORNETT: Thank you, Mr. President and members of the body. Following up on some of Senator Flood's and Senator Dubas' comments, this is about a discussion. I put my button on to speak again, but got far down in the queue, and it was a conversation that Senator Fischer and Senator Flood and I had in regards to how the process works. And Senator Flood and Fischer are exactly right. We have not had a significant discussion on the budget since my second year here. Prior to that, and I don't

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know if it's due to term limits specifically or if it's just how things have evolved, the budget was a completely working, breathable document when it came to the floor. When I came in, everybody told me stories about a senator, and I'll...a great guy, Senator Erdman, that in his freshman year he took a look at what the Appropriations Committee had kicked out in the way of a budget, and said, no, and basically he and a couple other senators sat down and rewrote the budget. Did it work? No. Did it tie the place up for a long time and were a lot of issues discussed for days and days? Yes. The budget that the Appropriations Committee kicks out is no different than any of the bills we kick out in other committees in regards to the fact that every member of this body has a right to input on that when it comes to the floor. Yes, it's a house of cards, but I think Senator Langemeier adequately described that a lot of our bills coming out of a lot of our committees are that way. All parts have to work in the end for it to be a reasonable...justified in its passage. This is a good discussion to be having today. Senator Council knows that I signed on to Senator Hadley's bill in regards to restoring funding to TEEOSA. That is not coming out of committee. Regardless of what happens in the other amendments and regardless to what happens with the tax package, I support the underlying amendment AM2493 because it's the right thing to do for special education in this state. And I respect Senator Adams input on this and his help. He gave us \$10 million as a number. Was that something that was specific to what needed to be met? I don't think so. I think it was a number that he felt was reasonable. The good thing about the amendment AM2493, it goes to special education, and that means it goes to both equalized and unequalized school districts. Special education in a lot of our school districts is being funded at a much, much lower rate than it was in the past. And this helps restore some of that funding. At this time, I can't support AM2493, but I do urge the body to support AM2493...or I'm sorry, Senator Council's amendment to it. But I do urge the body to support AM2493. Thank you very much. [LB131]

SENATOR LANGEMEIER Thank you, Senator Cornett. Senator Adams, you're recognized. [LB131]

SENATOR ADAMS Thank you, Mr. President and members. I'm probably going to be repetitive of what's already been said, and I just want to try to put this in focus. We had two bills on TEEOSA, LB947 and LB913. Again I'll repeat, we went into the Appropriations hearing room. We studied the numbers. It didn't look financially palatable to us. And frankly, I thought we were probably doing the Appropriations Committee a bit of a break. But that's all right. We...that's our responsibility, too, and we did that. Those two bills are still sitting there. They're still there. What this is, is an Appropriations decision. And could we have run it through the Education Committee? I guess. But to use an analogy, if I were to put up a Select File amendment right now to say let's not fund one of the University of Nebraska's projects, do I need to run that through the committee first? I don't think so. Here it is. If you don't want to put the \$10 million into special ed, you don't want to put it into special ed. All that is being offered here is what we've said, is TEEOSA, we're probably not going there; if you want to do something for

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schools, here it is. Here it is. Ten million. Random number. Financially feasible number, if you will. But that's how it was arrived at. And I don't mean to pick on Senator Haar, but I had a note here and he asked the question about is, if we put \$10 million more in here, is this a dramatic shift in policy? We haven't changed policy. Just changed the number. Just changed the number. If we fund the Med Center and the oncology goals, is that a major policy shift or a numbers shift? But that's where we're at. Thank you, Mr. President. [LB131 LB947 LB913]

SENATOR LANGEMEIER: Thank you, Senator Adams. Senator Gloor, you're recognized, followed by Senator Sullivan. [LB131]

SENATOR GLOOR: Thank you, Mr. President. Good morning, members. Senator Campbell and I often think alike. My comments are meant to echo hers, although I never had any problem driving that I can think of. Although, I was lucky enough to have an opportunity to drive even before I believe I was given a learner's permit. But it was all in the interests of earning a living early in life. I, too, want a tax cut. And like Nebraskans who have heard about this, I began dreaming of what I would do with that extra money. And understand that once a month, the first year, I could buy an extra cup of coffee at Starbucks. The second year would roll around, I could get a value meal once a month. And I fairly drool at the thought of by the third year I could get my own personal pan pizza with the dollar savings that I realize. So I am interested in being able to get this tax cut sent through. It may not be great for my beltline, but it interests me and that's what this is all about. So this tax cut has my interest. But then I fall back on if I were dealing with this same situation with an institution that I ran, how would I try and sort through budget wants with budget challenges and crises. And what I would do is what we did last year that I was impressed with and thought was the right approach, and that is early on begin pulling together groups or teams or, in my case, divisions within an institution with challenges on how to come up with long-term savings that would allow us to buy those things that we felt we desperately needed. But we don't have that time. What I would not do is make a long-term commitment to things that I didn't think was sustainable. If I didn't have the time to be able to analyze this thoroughly, I would make a short-term commitment. And that's why I would like to echo what others have said, let's make a one year commitment to some things and then be able to take the time as we roll into the budget next year to do the appropriate, long-term planning. We also have an additional year of revenue numbers and revenue projections to take a look at, that's what I would do. To make long-term commitments with as many unknowns as are out there seems to me to be a wrong decision that no manager would feel comfortable making. It's difficult to make promises that you don't know that you can keep. I think it's wrong to make promises that you aren't sure that you can keep. And that's what I would do. Thank you, Mr. President. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Gloor. Senator Sullivan, you're recognized. [LB131]

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SENATOR SULLIVAN: Thank you, Mr. President. And good morning, colleagues, almost good afternoon. When we first started the debate on the budget bills, I believe on Tuesday, I think I stood up and said that it was almost like I'm wringing my hands wondering what it's going to look like in the out years. Perhaps there's some wringing of hands being done right now about this current discussion. It occurred to me, what will happen if we wouldn't pass a budget? Well, that's the beauty of this institution because at the end of the day we will pass the budget. I don't know at this point what for sure it's going to look like. And some might be a little frustrated in thinking that maybe all of this discussion that apparently we've not had in as thorough fashion since 2007 has been putting up some roadblocks or disrupting the process. But it is what it is and it is our prerogative to do that. And in this great institution I think that's a good thing. So I stand in support of AM2493 because it helps all school districts. It provides some additional educational support to all of our 249 school districts. Was that number of \$10 million a magic number? No. Was it a random number? Perhaps. Is it a good number? I believe so. Is it too much? Is it not enough? Is it just right? Well, none of those. But for me it's good enough. And it's a good thing because it goes to all school districts. Am I concerned about the out years in this whole process? Darn right I am. Do I think that in those out years, next year, will we be funding TEEOSA at 20-plus percent increase? No, I don't think so. But I will tell you those of us, and I hope I'm one of them, that will be here next year, and I hope I will be on the Education Committee, and the Education Committee will send out to you a TEEOSA bill. And it will be up to all of you to determine what that TEEOSA package will ultimately look like. It's safe to say that, well, I guess I should say I am hopeful that down the road we will continue to have these robust discussions about how we spend taxpayer dollars and potentially how we save our taxpayers some dollars as well. You know, the comment has been made about not only the out years, but looking farther down the road. So I will offer to you that we are starting to have a mechanism to do that in our Legislative Planning Committee. And I think we do need to have some long-range planning. And we do need to have some vibrant discussions, whether it's to look for additional sources of revenue or how we want to spend the revenue dollars that we have. And I think that the planning process would serve us well so that not only we can have these discussions that we're having today, but that we can have some basis to make some long-range projections as well. So getting back to the decision at hand, I again am in strong support of AM2493 and appreciate this thorough discussion we're having. Thank you. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Sullivan. Those still wishing to speak, we have: Senators Schilz, Nelson, Heidemann, Ken Haar, Lathrop, Lautenbaugh, Nordquist, and others. Senator Schilz, you're recognized. [LB131]

SENATOR SCHILZ: Thank you, Mr. President and members of the body. Good morning still, I guess. Sitting here and listening to the discussion today, it's interesting how things come full circle after a while. I just made a couple notes myself and was sitting here and

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as interestingly...I appreciated Senator Flood earlier talking about some of us actually do believe that when you make a tax cut that the people that pay those that get to keep some of that money and use it for themselves because it's theirs to start out, I think that resonates with me. I know I believe in that. And then when you hear the quote, and I've heard it a few times, can we afford it? Well, it seems to me that in this sort of situation where you're talking about government and you're talking about taxes, that's not framed properly to ask that question. The real issue is, what do we have and how do we allocate it and what are the priorities? And that's it. If 25 votes come from here and the Governor doesn't veto a tax cut, not that he would, it becomes law and then that's what you deal with, that's what you have. And that's okay. You know, I think it's always prudent to make sure that you're keeping the government as lean as possible. Now will there be programs that are affected? Well, I suppose there probably could be. But there's programs affected every day because we don't have enough money as it is. The needs will always outlast the funds. That's why...that's the nature of the beast. So I'm taking my time now, using the opportunity here to go through the budget myself and take a look and see what I think, see what's out there, see what's available, see if everything in the budget that we've handed out fits the priorities that I'd like to see. So I guess I'll continue studying here. And who knows, who knows what we'll come up with or what I'll come up with. But we'll move forward. I support LB131 with the AM2493. And with that, I would say thank you. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Schilz. Senator Nelson, you're recognized. [LB131]

SENATOR NELSON: Thank you, Mr. Speaker, members of the Legislature. If Senator Adams is available to answer a question or two. [LB131]

SENATOR LANGEMEIER: Senator Adams, would you yield? [LB131]

SENATOR ADAMS: Yes, I will. [LB131]

SENATOR NELSON: Thank you, Senator Adams. Just to kind of go back a little bit to what you said before, and I may have missed some things on the floor. Did I understand you to say that at the present time special ed gets \$184 million? [LB131]

SENATOR ADAMS: I believe that's the number. [LB131]

SENATOR NELSON: All right. And if we add another \$10 million, we've got \$194 million. [LB131]

SENATOR ADAMS: Correct. [LB131]

SENATOR NELSON: And we have to maintain that then... [LB131]

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SENATOR ADAMS: Yes. [LB131]

SENATOR NELSON: ...into perpetuity, I guess. [LB131]

SENATOR ADAMS: Yes, if you want the federal funding with it. [LB131]

SENATOR NELSON: All right. So it's going to keep increasing every year from here. [LB131]

SENATOR ADAMS: Right. Well, it won't increase every year, no. [LB131]

SENATOR NELSON: But we've got... [LB131]

SENATOR ADAMS: Only if you want it to increase over the new floor that you've created. [LB131]

SENATOR NELSON: ...the new floor that we reach each time,... [LB131]

SENATOR ADAMS: Right. [LB131]

SENATOR NELSON: ...that's correct. I know, I compliment you on working very hard with the Appropriations Committee on which I serve to arrive at a reasonable compromise as far as the amounts schools received under TEEOSA. What were you hoping to get and what did you finally arrive at? [LB131]

SENATOR ADAMS: With? [LB131]

SENATOR NELSON: With regard to TEEOSA? [LB131]

SENATOR ADAMS: Well, TEEOSA, the department when they last ran the numbers, which in effect are the final numbers, unless we were to go in with a bill and change it, are at \$852 million... [LB131]

SENATOR NELSON: All right. [LB131]

SENATOR ADAMS: ...for this next school year. [LB131]

SENATOR NELSON: For this next school year. And that represented what kind of an increase? [LB131]

SENATOR ADAMS: We were at \$822 million in the school year that we're in right now. [LB131]

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SENATOR NELSON: All right. As... [LB131]

SENATOR ADAMS: Understand I'm rounding up, rounding... [LB131]

SENATOR NELSON: Right, right. Could have gone up to 22, an increase of 22 percent I guess, am I... [LB131]

SENATOR ADAMS: Well, and it's anticipated by the Fiscal Office that under current law, if nothing is changed, that next year at this time, if the Education Committee does not go in and make adjustments and bring them to the floor, that TEEOSA will increase I believe it's 20 or 21 percent, something like that. [LB131]

SENATOR NELSON: All right. With regard to special ed, what was the committee's determination, that you were going to set on \$184 million here? [LB131]

SENATOR ADAMS: No, as I...and you weren't in the room, but as I indicated, the committee had no discussion about special ed. It's an Appropriation's decision. It was your committee that decided it's \$184 million. This amendment would take it to \$194 million, if the body were to so choose. [LB131]

SENATOR NELSON: All right. Did you or your committee have any inclination that an amendment like this was going to come out today? [LB131]

SENATOR ADAMS: I did. [LB131]

SENATOR NELSON: You did? [LB131]

SENATOR ADAMS: Yes. [LB131]

SENATOR NELSON: But the committee did not? [LB131]

SENATOR ADAMS: The committee probably didn't, no,... [LB131]

SENATOR NELSON: Okay. [LB131]

SENATOR ADAMS: ...I didn't bring the committee together and say, hey, did you know that there's an appropriation amendment tomorrow? [LB131]

SENATOR NELSON: And here I'm asking unknowns. Was there a...has there been a request for additional special ed funds in the amount of \$10 million from any of the school districts or has anyone brought this to you prior to this time or at any time? [LB131]

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SENATOR ADAMS: Again, and I know that you were not in the room, but earlier on in the debate today as I was preparing for this legislative session and wondering where the TEEOSA numbers were going to model out at and wondering and wondering where we were going to be, one of the options that I had considered was we could use special ed, if we chose not to do anything with TEEOSA. And then we watched or I watched how things went and we are where we are right now. We could...the committee could have chosen to do something with one of those two TEEOSA bills or not. And we are to this point on this appropriation. [LB131]

SENATOR NELSON: All right. Thank you very much,... [LB131]

SENATOR LANGEMEIER: One minute. [LB131]

SENATOR NELSON: ...Senator Adams, for that background. I...in the short time I have left, Mr. Speaker, I'm just going to address the work of the Appropriations Committee, the extensive work, the things that we have to consider and the priorities that we set. We have set our priorities. Our priorities are economic development and that is in great part why we wanted to do the capital construction at this time to the tune of \$81 million or \$82 million. It means a great deal to the economy of Nebraska, not only to Kearney and Lincoln, but to Omaha as well. Those figures may seem high as far as Omaha is concerned. But that had to be done if we were going to get the \$200 million in private donations that we need to go forward that are going to bring a huge increase of income to the state of Nebraska, taxable income,... [LB131]

SENATOR LANGEMEIER: Time. [LB131]

SENATOR NELSON: ...sales tax. [LB131]

SENATOR LANGEMEIER: Thank you, Senator Nelson. Senator Heidemann, you're recognized. [LB131]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. There's been a lot of discussion, good discussion today on Select File of LB131, which is actually the Cash Reserve bill, which I am carrying. I want to stand up and indicate at this time that I am in opposition to FA53 to AM2493. I am in opposition to AM2493 to LB131. Over the last two and so many days, months, starting last year when we built the budget, the Appropriations Committee has worked very hard with what we put out. We have gone through a lot of public hearings. We have heard a lot of testimony. There are things that are proposed. But it's the Appropriations Committee that has to go through the process and sometimes the agony to figure out what's right and what's wrong. And we have done that over the last two years, over the last four years and five years, through some tough economic times and when revenues weren't coming into the

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state as we would have liked. And we've worked hard and we've put out proposals and we have always stood by those proposals. And I feel that we put out a good budget this year. And the Appropriations Committee put out a budget recommendation to this floor. And I do believe and I'm led to believe that the Appropriations Committee will stand with that recommendation. But from this point on, after our budget recommendations, we are on the floor. We did General File. We are on Select File. This now becomes the Legislature's budget. And even though we as a committee will probably stand up and oppose anything that comes our way, you have an opportunity to examine our budget and to be part of the process. You can offer an amendment to either add or subtract. There's nothing wrong with that. That's part of the process. And I almost welcome that. I am proud of my committee. But everybody else has an opportunity to have a say and a chance in this budget so that when we pass it as a Legislature we can say we are proud of this budget and we think this is what's right and good for the state of Nebraska. In the end, this is not the Appropriations budget, this is not Lavon Heidemann's budget, this is our budget. And I think that we need to continue on and have more talk, more discussion and more debate. I don't have a problem with amendments to my budget. Let's do it. Let's have that talk, let's have that debate, let's figure out what is right to do with this budget for this Legislature and for this state. And if it's capital construction, it's capital construction, if it's tax cuts, it's tax cuts. There's nothing wrong with that. So let's...if it takes a day, if it takes two days, that's fine. Let's have that talk, let's have that debate, and let's figure out where this Legislature wants to go. I think we put forth a good proposal from Appropriations. I'm proud of it. I think we're going to stick with it. But there's nothing wrong with continued talk and debate. Thank you. [LB131]

SENATOR COASH PRESIDING

SENATOR COASH: Thank you, Senator Heidemann. Senator Ken Haar, you are recognized. [LB131]

SENATOR HAAR: Mr. President, members of the body, just...Alice in Wonderland has really fascinated me this morning where she drank out of that little bottle and she got so tall she couldn't see her feet and she said, basically, the hell with my feet, (laugh) they can get by on their own. But then she came back and she said, or perhaps they won't walk the way I want them to go, let me see, I'll give them a new pair of boots every Christmas. So she didn't...she finally understood that what she did to her feet made a difference. And that's what I'm talking about this morning that at least I was approach in signing onto the idea of tying this increase in education to a tax cut. And so, like Alice in Wonderland, I can't forget that tax cuts are related to out years. And I would disagree with my good friend Greg Adams, who I admire so much, that this is really a policy shift, because people are saying schools aren't getting enough with TEEOSA, so they have to...we have to do this to make up for it. That's basically what I'm hearing. And I'd just like to refresh people's knowledge of state aid and what that means, because I think that's really important. I don't understand it totally yet myself. So in 2011-12, 94 schools

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did not receive equalization aid, equalization aid. But they...everybody received state aid. And so you can argue, yeah, we don't get enough state aid. And state aid includes things like...and these are some of the 21 or so factors in TEEOSA. And I understand TEEOSA more and more, but I don't understand it entirely I must say. The state aid would include income tax rebate, open enrollment, retirement aid, and reorganization incentive, and shall be...these are paid out under TEEOSA calculations in statutes, but they don't affect TEEOSA. Special education and school lands are distributed equally around the state, based on different laws on different formulas. So every school in Nebraska gets state aid, not everybody gets equalization aid and that's a fact. So what I hear this morning is that TEEOSA isn't operating all that well and so we need to shift to those things that aren't covered by TEEOSA such...and through special education, for example. And that's what this bill is about. Now to me I see that as a significant policy shift. And I agree, it's all about funding, all of this stuff we do is about funding. Now I want a meaningful tax cut just like everybody else in this group does. I pay more taxes than I wish I did on my home and when I go to the grocery store. But we also have an obligation that we have to make sure we can cover, the top one of these is education, the top one is education for me. So I am concerned about the out year. I am concerned about a policy change. [LB131]

SENATOR COASH: One minute. [LB131]

SENATOR HAAR: Thank you. TEEOSA is not on autopilot and we adjust it every year, special ed is to the fact that we can't decrease it, we can't decrease it. So an increase at this time, without looking at the overall spending for education, and I think that's the purpose of the Education Committee, and it may not have been what I agreed with coming out of the Education Committee, but usually things we debate in that committee come out better than when they went in. This increase in special ed funding was not talked about. And I just find it a little bit strange that it came on at the end of things. I don't want it to be a part of a deal, we do this and then we cut taxes as the Governor wants, and then there's a promise that he won't veto that tax or won't veto this bill because he gets his tax cut. [LB131]

SENATOR COASH: Time, Senator. [LB131]

SENATOR HAAR: Thank you very much. [LB131]

SENATOR COASH: Thank you, Senator Haar. Those still wishing to speak: Senators Lathrop, Lautenbaugh, Mello, and others. Senator Lathrop, you're recognized. [LB131]

SENATOR LATHROP: Thank you, Mr. President and colleagues. I have been listening to the debate this morning, following it I think closely. And it started with an introduction by the Speaker about how we were going to find the money we need to pay for a tax cut that will be taken up next week. And instead of going through that exercise, we began

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with a transfer of...a bill that would transfer \$10 million or an amendment that would transfer \$10 million from the Cash Reserve to the General Fund. And it's a little puzzling to me why we're doing this. I mean, probably isn't a person here who doesn't think that special ed needs more resources. Right? So why are we...why is this not something that came to us through the Appropriations process or through Education? Why is it coming on Select File on an Appropriations bill with no hearing? And what's the point? What was the need that we're satisfying that was not a priority of the Appropriations Committee and did not make it into any bill coming out of Education? It feels no matter how honorable the expenditure, it feels like pork barrel spending. You know, the things that we criticize in Washington, D.C., when after they get done with the appropriations process, before a bill is headed out the door senators throw things on there for some purpose, it's typically for their own district and, believe me, I'll be the first person to say I'm not suggesting this is something that the Speaker put on there to benefit himself or his district any more than anybody else across the state. But it does bring us to this question, why are we making it...why are we funding this now when what we began our morning and set out to do was to find money to pay for a tax cut? And it makes me kind of wonder if it isn't the price somebody secured for sitting down or standing down on the tax cuts. I don't know. I really, truly respect what special education teachers do, I really do. I know some of those folks and they are some of the most committed people in the world. I got a text from somebody from Millard Public Schools that said, we haven't gotten money for this forever, we need it, vote for it, support it. We haven't got money for this forever. In fact, this is only a small part of what we need. And if it isn't what they need and if we haven't taken care of it in the past, and what we set out to do was figure out how to come up with enough money to pay for a tax cut, why did we start with \$10 million that we're going to send to special education? It's puzzling. This debate, this whole process is taking a sort of a turn to the fuzzy. And I will tell you that I think Senator Campbell had touched on what really troubles me the most about the bill we'll debate next year or next week, which is, why are we trying to cut taxes in years that we haven't gotten to? And we don't even know what the next BSDC is or the next crisis from child welfare or the next turn in the economy. And I think that's the thing people are struggling with,... [LB131]

SENATOR COASH: One minute. [LB131]

SENATOR LATHROP: ...like me, they love tax cuts, you all do. And there's something gnawing at us about those out years. If we talk about this year and trying to find the money to make it work this year, that makes sense to me. If we're going to try to cut taxes in years into the future, then we pretty much need to have a better view of what the future looks like, because I guarantee you we didn't know we were going to have to pay for BSDC before they yanked our federal certification. And Senator Campbell I'll bet would tell you she had no idea we'd spend an extra \$50 million to \$75 million on child welfare on a failed privatization effort. Well, what if those things come along next year? And they invariably will. I mean, that's the track record or the history. And so the point is,

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as we go forward... [LB131]

SENATOR COASH: Time, Senator. [LB131]

SENATOR LATHROP: Did you say "time?" [LB131]

SENATOR COASH: Time. [LB131]

SENATOR LATHROP: Yeah, thank you. [LB131]

SENATOR COASH: Thank you, Senator Lathrop. Senator Mello, you're recognized and this is your third time. [LB131]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. And thank you, Senator Lathrop, for alluding or alluding to the issue that I wanted to bring up, which was kind of following up on Senator Campbell's remarks, which the question that I initially raised with AM2493 was not solely the one \$10 million transfer out of the Cash Reserve to special education funding, but what happens year two. What happens year three? How does this ultimately impact the TEEOSA funding formula for the next biennium? How does it impact the TEEOSA funding formula in regards to what Senator Adams discussed, which is the already existing statutory percentage growth that we know we're going to have to change. And as I mentioned earlier, and Senator Lathrop just discussed it, I don't see the connection that AM2493 has to any tax incentive, tax credit, or tax reduction bill that's currently on General File or on Select or Final Reading. I don't see the connection. And no one, neither the introducer of AM2493, the introducer of FA53, the person...the senator who prioritized LB970 or any senator who's talked about a tax credit or a tax incentive bill that impacts the General Fund on Select or Final Reading has stood up and been able to explain the connection. And that's what I'm still trying to get my hands wrapped around. How is there a connection to \$10 million more in special education funding to LB970, to any of these other bills on Final or Select reading, whether it's LB40, LB426, LB576, LB780? How do any of these bills connect to what we're discussing today? I guess I'm trying to put two and two together and the only way I'm able to come to some kind of conclusion is to try to, if we pass AM2493, we're trying to provide some reassurance to school districts that it's not going to be that bad in the future, that if we end up passing some kind of tax relief this biennial budget that has an impact predominantly 95 percent in the future, that because we did AM2493 which gives school districts \$10 million in special education funding, that it's not going to be that bad, that we're going to be able to weather through this. If I'm drawing a conclusion that's not correct here, I stand to be corrected. I'm okay with that. I'm trying to get my hands wrapped around the connection points because I've heard Senator Campbell, I've heard Senator Heidemann, other senators on the floor today express the concern that ultimately we know we're going to get to this conversation in regards to tax relief, which by the way no doubt when we get to that conversation I will be pushing full steam

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ahead on property tax relief because, regardless of any arguments that we may have heard, our friends at the conservative tax foundation have emphasized that our state ranks worse in property taxes than anything else that's currently on General File that we would discuss. So that's another argument probably for next week, which we'll have amendments to discuss and ideas that get put forward in regards to ways to reduce property taxes in our state. But I guess I'm just seeking an answer that no one has provided yet today. Is what is the parallel? [LB131 LB970 LB40 LB426 LB576 LB780]

SENATOR COASH: One minute. [LB131]

SENATOR MELLO: What is the connection to \$10 million in special education funding to LB970 or these other revenue bills that are on General, Select, and Final Reading? What is the connection? No one is disagreeing that we'd love to spend more money on public education. Senator Adams discussed today he's got a bill actually that I think does...that helps us out in the out years looking at TEEOSA, which we know we have a challenge to address. I cosponsored Senator Hadley's bill which would have kept us at \$880 million in regards to our TEEOSA formula. But I don't see how the connection of putting \$10 million out of the Cash Reserve to special education connects, ties, aligns, or runs parallel at all to what Governor Heineman wants to do in regards to changing our income tax brackets. I don't see the connection. The only connection I see is that we have a TEEOSA funding problem in the future. [LB131 LB970]

SENATOR COASH: Time, Senator. [LB131]

SENATOR MELLO: Thank you, Mr. President. [LB131]

SENATOR COASH: Thank you, Senator Mello. Those still wishing to speak: Senators Burke Harr, Avery, Nelson, and others. Senator Burke Harr, you're recognized. [LB131]

SENATOR HARR: Thank you, Mr. President, fellow members of the body. I want to thank Senator Flood for bringing AM2493. I don't think anyone in this body is against special education. It's important that we fund special education. But I'm reminded of the debate we had yesterday where everyone hates child abuse and no one wants us to...everyone wants to outlaw bath salts. But politically, policywise it wasn't a good idea to bring them together at the same time. And Senator Schilz, to his credit, withdrew the amendment to suspend the rules. We're in a similar situation here. We're changing policy. We stayed out of a large portion of the budget problems that other states had because we kept politics out of the budget, we kept politics out of the way we spent money. We had good, solid, conservative values. We say rainy-day fund is for rainy day and capital projects, one-time expenses. We're not doing that anymore. We're robbing Peter to pay Paul. It's a gimmick. I want to support special education, don't get me wrong. But if it's so great to do, let's do it the right way. Let's do it the Nebraska way. Special education has not been fully funded, that's one policy. We all want to help

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special education and we all want tax cuts. But \$1 only goes so far. Ladies and gentlemen, we're going to have to make a decision. It's not going to be fun. It's not going to be easy, probably going to be political flyers against you one way or the other. But let's do the right thing in the right way. And so while I support more money for special education, I'm not sure if AM2493 is the right way to do it. I'm glad we're having a conversation, I'm glad we're talking about it. And maybe through this conversation we'll come up with a better way of doing this. We are facing a budget deficit, a huge budget deficit next year. And we're cutting taxes? I plan for the future. When I know I have an expense coming, when I know I have to repair my roof, when I know my kid is going to college, you know what I do? I save. I don't spend more than I have and I conserve what I do have. That's what we need to do as a state, that's what we need to do as a body. Let's not get ourselves in the troubles that other states have. Let's do the right thing. Thank you very much. [LB131]

SENATOR COASH: Thank you, Senator Harr. Senator Avery, you're recognized. [LB131]

SENATOR AVERY: Thank you, Mr. President. When Senator Schumacher was on the mike a few minute ago he made a comment that caught my attention. He talked about a couple of ways that we could raise money in this state and we could also get some tax relief. And one of those points that he made has to do with the Universal Service Fund. When the Universal Service Fund was first created, around 1996, it was designed to support telecom companies in rural and remote areas to help them make telephone service available and affordable in these areas. And that was a good purpose. It started out as a good program, but it has over time evolved into a sugar daddy style subsidy for powerful, well-connected businesses that don't need that subsidy anymore. And now it is less of a program for the needy to get telephone service than it is a subsidy for an industry that does not need it. Back in February of 2009, the Platte Institute published a policy commentary in which they pointed out that Nebraska ranks the highest in the nation for cell phone taxes, 22.54 percent. That's a tax, folks, that's a high tax and we're all paying it. The Platte Institute noted that this is nearly twice the amount that residents of neighboring Iowa pay, they pay about 11.5 percent. Also, they pointed out that Nebraskans pay significantly more than the national average. The national average is around 15 percent and we're paying over 22 percent. The Platte Institute collected data that show that more cell phone lines are being used in Nebraska today than traditional landlines. Nebraska is no longer one of those areas where the telephone companies need assistance to provide telephone service, because most of us are using cell phones than we are the traditional landlines. One of the most significant contributors to Nebraska's high ranking in this tax category is the Universal Service Fund. And I think Senator Schumacher said his comments were going to light up the lobby. Well, I suspect that mine will too. We need to be asking some questions about things of this sort. If you compare Nebraska's Universal Service Fund to our neighboring states you find that Colorado has one of 2.2 percent, Wyoming 1 percent, Kansas 4.65 percent.

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They all pay significantly lower amounts than we do. We pay 6.95 percent, for our cell phones it's 4.37. Nebraskans would benefit greatly... [LB131]

SENATOR COASH: One minute. [LB131]

SENATOR AVERY: ...by reducing the Universal Service Fund surcharge. We could reduce it, just match what Kansas does and that would be a significant savings. We'd be able to achieve some meaningful relief for all of our citizens by dropping the USF charge from 6.9 percent to 4.65 and match Kansas. Let's talk about some of these new ideas. This is the time to talk about new ideas on how we can get tax relief. We need tax relief? Then let's go to some of the high impact taxes. Virtually everybody pays this tax in the state. Thank you, Mr. President. [LB131]

SENATOR COASH: Thank you, Senator Avery. Senator Wallman, you're recognized. [LB131]

SENATOR WALLMAN: Question. [LB131]

SENATOR COASH: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. Senator Lautenbaugh. [LB131]

SENATOR LAUTENBAUGH: I'd request a call of the house. [LB131]

SENATOR COASH: There has been a request for a call of the house. All those in favor of putting the house under call vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB131]

CLERK: 32 ayes, 0 nays to place the house under call, Mr. President. [LB131]

SENATOR COASH: The house is under call. Members, please return to your seats and record your presence. Those unexcused senators please return to the Chamber and record your presence. All unauthorized personnel please leave the Chamber. The house is under call. Senator Wallman, would you accept call-in? [LB131]

SENATOR WALLMAN: Yes, I will. [LB131]

SENATOR COASH: Question before the body is, shall debate cease? [LB131]

CLERK: Senator Heidemann voting yes. Senator Ashford voting yes. Senator Hadley voting yes. [LB131]

SENATOR COASH: Mr. Clerk, please record. [LB131]

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CLERK: 26 ayes, 1 nay, Mr. President, to cease debate. [LB131]

SENATOR COASH: Debate does cease. Senator Council, you are recognized to close on FA53. [LB131]

SENATOR COUNCIL: Thank you very much, Mr. President. Thank you, colleagues, because FA53 was intended to generate debate around this issue of how to best address the budgetary decisions we have to make, particularly in light of the link between AM2493 and any proposed tax cut. If we really, truly, firmly believe in the significance and the importance of special education and appropriately funding it, and Senator Lathrop made reference to an e-mail he received. I received an e-mail as well from an individual who advised that we are currently only providing them 52 percent of the cost of providing special education services. So if that is the case and we do believe that it's important enough to provide additional funding, I submit to you that we should advance FA53. I also heard all of the conversation that occurred during the debate of FA53 about where the \$10 million figure came from. And I think it was clearly stated and established that that's not a figure that came from either the Education Chair or the Education Committee. I daresay it didn't come from the Appropriations Committee. I submit to you that it may have come from the executive branch. And I would urge you again, if we are serious about funding special education at an appropriate level, I urge you to advance FA53. Thank you. [LB131]

SENATOR COASH: Thank you, Senator Council. Members, you've heard the closing to FA53. The question before the body is, shall FA53 be adopted? All those in favor vote aye; all those opposed vote nay. Have all voted who wish? Record, Mr. Clerk. [LB131]

CLERK: 6 ayes, 28 nays, Mr. President, on the amendment to the amendment. [LB131]

SENATOR COASH: FA53 is not adopted. Raise the call. [LB131]

CLERK: Mr. President, I now have an amendment to Senator Flood's amendment. Senator Ken Haar would move to amend with FA54. (Legislative Journal page 966.) [LB131]

SENATOR COASH: Senator Haar, you're recognized to open on FA54. [LB131]

SENATOR HAAR: Thank you very much. Mr. President, members of the body, I would call this my get real amendment. That let's go halfway, make \$5 million or I'm sorry, yeah, \$5 million this year, take a good look at it in the Education Committee, which is generally the forum for financing education. And I think I could say this, most everyone would agree that when things go into the Education Committee they get bounced around and what comes out is usually better. So I would say, yeah, let's give special

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education \$5 million instead of the \$10 million. Kick it around in next year's budget in the Education Committee and have a good hearing on that. So that's my proposal. Again, I'm concerned about the out years and being the cautious person that I am I think that it's better to go step lightly than to jump in with both feet, \$5 million would do that. It would say we have an increasing commitment to special education. Let's see how that goes and then give it another go next year. Now one of the really neat things I just heard is the question just came up, how do we pay for this? And my friend Senator "Shoemaker," Schumacher I guess it is. I asked somebody from your district how to pronounce it and he said it is Schumacher. Is that correct? Okay. Schumacher came up with the Nebraska Universal Service Fund. And if there's some money sitting there that really belongs back to the people and certainly special education would serve the people of this state very well, I would like to look at that and plumb that a little bit more. So, Senator Schumacher, could I ask you a couple of questions? [LB131]

SENATOR COASH: Senator Schumacher, will you yield? [LB131]

SENATOR SCHUMACHER: Yes. [LB131]

SENATOR HAAR: Okay. Who gets the Nebraska Universal Service Fund money? [LB131]

SENATOR SCHUMACHER: The Public Service Commission distributes that to basically incumbent phone companies, the vast bulk of it goes there. There is also a small percentage that goes to a phone line assistance fund for people in poor areas who want to still have landlines. [LB131]

SENATOR HAAR: And is...do you have any idea what the balance is in that fund right now? [LB131]

SENATOR SCHUMACHER: I think the balance right now is between \$20 million and \$30 million. [LB131]

SENATOR HAAR: Aha. [LB131]

SENATOR SCHUMACHER: But it collects somewhere between \$50 million and \$60 million a year from that highest in the nation tax. [LB131]

SENATOR HAAR: Okay. And so the interest simply goes back into the fund? [LB131]

SENATOR SCHUMACHER: I assume that there's interest, but interest today doesn't amount to anything. [LB131]

SENATOR HAAR: Okay, well, thank you for that information. So I would suggest with

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my amendment that we go to \$5 million for special ed funding. This is something that's distributed to all schools, to all schools. And that we then will come up with an amendment to use some of the Universal Fund money to fund that very good use for special education. Thank you very much. [LB131]

SENATOR COASH: Thank you, Senator Haar. Members, you've heard the opening to FA54. Those wishing to speak: Senators Ken Haar, Flood, and Lautenbaugh. Senator Ken Haar, you are next in the queue. Senator Haar waives. Senator Flood, you're recognized. [LB131]

SPEAKER FLOOD: Thank you, Mr. President, members. You have to appreciate Senator Haar's attempt to try and, you know, introduce another idea to the process as we look through this. The question was raised earlier and I think it's valid, why are we looking at special education? Well, I have the benefit from my office of seeing everybody's concerns as the Speaker. And Senator Adams, for a long time, has felt very strongly about the need to make sure that if you're talking about tax cuts, you also have to be making sure that K-12 is there at the table. And the special education funding addresses a state need and it goes to both equalized and unequalized districts so that it's fair. That's why we're having the conversation about special ed funding. My sense is that there's a number of you that aren't interested in doing that. I can accept that. But let's have the discussion about where the other ideas are. Really, the heavy lifting is the next bill. The heavy lifting is the main budget bill. That's where we're going to be talking about whether or not this Legislature wants to make room for what is already on the floor in LB970. So I guess I'm fairly comfortable with the \$10 million in AM2493. I appreciate Senator Haar's idea. And I'm sure we'll be voting on it yet today. Thank you, Mr. President. [LB131 LB970]

SENATOR COASH: Thank you, Senator Flood. Returning to discussion on FA54. Seeing no members wishing to speak, Senator Haar, you're recognized to close on FA54. [LB131]

SENATOR HAAR: Mr. President, members of the body, my amendment to AM2493 recognizes the value of special education and I certainly do as well. When I taught at East High School, way back in 1980, I was very close to that special ed program. I appreciate what they do and the necessity of the program. What I'm saying with my amendment would be, okay, let's take this a step at a time, let's go \$5 million this year. And then run it through the Education Committee because ideas and put it that way. Ideas, I feel, always come out better once they've passed the scrutiny of the Education Committee. So I would recommend that you support this and that we go ahead with the process. Thank you very much. [LB131]

SENATOR COASH: Thank you, Senator Haar. Members, you've heard the closing to FA54. The question before the body is, shall FA54 be adopted? All those in favor vote

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aye; all those opposed vote nay. Have all voted who wish? Record, Mr. Clerk. [LB131]

CLERK: 3 ayes, 24 nays, Mr. President, on the amendment to the amendment. [LB131]

SENATOR COASH: FA54 is not adopted. Mr. Clerk, do you have another item? [LB131]

CLERK: I have nothing further to Senator Flood's amendment. [LB131]

SENATOR COASH: Returning to discussion on AM2493. Seeing no members wishing to speak, Senator Flood, you're recognized to close on AM2493. [LB131]

SPEAKER FLOOD: Thank you, Mr. President, members. AM2493 does transfer \$10 million from the Cash Reserve Fund to the General Fund. The second step in AM2486 to LB968, which is the second bill coming, applies that to the state aid to special education fund. Thank you. [LB131 LB968]

SENATOR COASH: Thank you, Senator Flood. Members, you've heard the closing to AM2493. The question before the body is, shall AM2493 be adopted? All those in favor vote aye; all those opposed vote nay. Speaker Flood. [LB131]

SPEAKER FLOOD: Mr. President, I ask for a call of the house and roll call vote in regular order. [LB131]

SENATOR COASH: There has been a request for a call of the house. The question before the body is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB131]

CLERK: 37 yes, 0 nays, Mr. President, to place the house under call. [LB131]

SENATOR COASH: The house is under call. Members, please record your presence. All unexcused members please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator McGill, please check in. Senators Janssen and Schilz, please return to the Chamber. Mr. Clerk, there has been a request for a roll call vote in regular order. Please read the roll. [LB131]

CLERK: (Roll call vote taken, Legislative Journal pages 966-967.) 25 ayes, 16 nays, Mr. President, on the amendment. [LB131]

SENATOR COASH: The amendment is adopted. Raise the call. Items on your desk, Mr. Clerk? Mr. Clerk. [LB131]

CLERK: Mr. President, the next amendment I have to the bill, Senator Krist, FA55.

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(Legislative Journal page 967.) [LB131]

SENATOR COASH: Senator Krist, you're recognized to open on FA55. [LB131]

SENATOR KRIST: The floor amendment simply says, on page 4, you can look at the bill on your gadget, line 4, strike "\$80 million" and insert "\$50 million." I'm doing this for a reason. The Appropriations Committee, if you watched that vote, voted in solidarity that what they brought us was a well-thought-out budget, a well-thought-out Appropriations move. And if you heard the prebrief that I heard from Senator Heidemann prior to coming into this Chamber a few days ago, he was in hope that their priorities would be our priorities. So what this bill, what this amendment to this bill does, FA55 to LB131, is it takes \$30 million away from their priorities, which are major construction programs across this state. And a following amendment I have that that \$30 million would be added to the box line basically to be able to be adjusted as the 49 of us feel that it's important. If you look at your green copy behind your schedule, I know most of you know how to read this. But I want to just emphasize to you that we started out two days ago with \$17,640,812. After all the priorities were figured in, after all the money was spent, that was the boggy that we had to work with between now and the end of this session. After we spent \$2 million plus yesterday, the green copy today shows you a box availability of \$15,141,469. The priorities are, as the Appropriations Committee has suggested, in place. They are here for us to discuss. Do I think that it's important that we build a cancer research center in Omaha? Absolutely. Do I think it's important to make repairs to a gymnasium because it's in a small town environment where it's used continuously? Absolutely. Senator Nordquist said earlier, do I want a Lexus? No, I don't like Lexuses, but I have my own priorities. I have my priorities and I worked 18 months to make sure that the children and family and foster care programs are taken care of and properly funded. So if it is the resolve of this body to look at, as those votes indicated just previously, that the Appropriations Committee is standing in solidarity and we are standing with them in solidarity, then vote no on my amendment. And then be aware that we are going to have tougher times in the next few days and we're going to need 30 votes to show our resolve. And instead of taking \$10 million with Senator Flood's amendment and \$80 million with the Appropriations Committee amendment, we may have to take out some more out of the Cash Fund to pay for those priorities that this 49-person body has the resolve to make happen in this session. I mean no disrespect to Senator Heidemann or any member of your committee. But you offered to have this discussion, let's have the discussion. I think we've had part of it. But you see the mosaic now is coming together, it's not talking about a gymnasium, it's not talking about making our providers whole, it's not talking about the issues or the priorities that we have. It's about balancing this out in the next few days between our priorities and everyone else's priorities for the betterment of 1.8 million people across the state. I understand that LB970 is being tweaked again. I've talked with Senator Cornett about the potential and how we will see it. We've been discussing it all morning in a roundabout way. What is our resolve? Where are our priorities, because we've just

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taken \$90 million out of the Cash Fund to do what we've done so far. Thank you, Mr. President. [LB131 LB970]

SENATOR COASH: Thank you, Senator Krist. Members, you've heard the opening to FA55. The floor is now open for discussion. Those wishing to speak: Senators Heidemann and Conrad. Senator Heidemann, you're recognized. [LB131]

SENATOR HEIDEMANN: Thank you, Mr. President, fellow members of the body. I rise in opposition to FA55 to LB131. I do welcome the debate, Senator Krist. But I do feel that the proposal put forth with the capital construction projects from Appropriations is a good proposal. We got to that point by asking a lot of questions, having a lot of discussions, and pushing people on the private side and how much we had to do for the projects to get them to be viable projects. If you vote for this amendment and this actually becomes part of the budget, you put each and every one of these projects in jeopardy. And if that's the intent, then you might get your wishes. So you have to be aware of that. We have talked about this, we have discussed this in Appropriations. We have found...we have asked the question, how much we could get from the private side, how much the total cost of the projects were. I mean, it was a process that took two months for some of us and quite a few of us on the Appropriations Committee. It wasn't an easy process for those of us involved in it, they would testify to that. But we got to the point where we were at because we knew that's what had to be. So if you like the projects and if you think it's an investment in the state of Nebraska I urge you to continue on and vote for LB131 as it is and not with the floor amendment, because in the end if the floor amendment is adopted and there is a reduction overall, and I believe prorated out, I don't know how that would happen, it may make each and every project not viable. So then you might as well look at the bigger picture and think that it isn't going to happen and just not do it. So I rise in opposition to FA55. And I ask your support for LB131 as it stands. Thank you. [LB131]

SENATOR COASH: Thank you, Senator Heidemann. Senator Conrad, you're recognized. [LB131]

SENATOR CONRAD: Thank you, Mr. President. Good afternoon, colleagues. Good afternoon, here it is it's almost 1:00, rather than good morning, the last time that I was at the mike. But I rise because I want to commend Senator Krist for bringing this idea forward. To be clear, that's not a vote in support, but I do want to talk about some process issues. And I think that this is a fantastic example thereof. Senator was very straightforward. Came around to committee members and let us know what his plans were in terms of filing this. And I appreciate that heads up. I think it's an appropriate way to do business in this body. And I appreciate the fact that Senator Krist is utilizing this as an opportunity to talk about what his priorities and what, hopefully, our collective priorities are in regards to the ongoing failures in the health and human service system, whether they be child welfare reform, ACCESSNebraska, the list goes on and on and

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on and they all carry very significant price tags. And we have to be thoughtful about that as we move forward. A little bit has been brought forward in debate thus far about our process in Appropriations and how that squares with our process on the floor. So I thought that I would talk about that a little bit considering this is one of the first budget debates we've had a very long time. It may be of interest to some new colleagues, it may be of interest to some people who are watching and listening at home. But for the most part, when we get the plethora of very worthy proposals that come before the Appropriations Committee, pretty much anything with a price tag on it to a certain extent, we start to learn more about those proposals. And then as they are injected into our preliminary budget or our final budget, which then becomes our budget as it goes through General File and Select File debate the Appropriations Committee has a responsibility not only to hold together as has always been our tradition and to keep our internal battles at the committee level, but to also defend our actions and to utilize these kinds of opportunities that Senator Krist has brought forward to talk about the merits of the programs or the policy choices that ended up in our preliminary budget or our final budget that has been forwarded to the body for consideration and potential advancement. We have the luxury of dealing with these issues and learning about these issues and developing an expertise on these issues for many months before we get to the point where we are today. And I think it's helpful and serves the public interests to talk about our rationale in including certain things within our budget, because let's not forget for one minute that these are public dollars and they should be subject to public scrutiny. And we should have a clear record about how we arrived at this proposal, how we arrived at the dollar figure, how we arrived at the financing mechanisms if they're involved and how it impacts us today and how it impacts our budgetary obligations into the future. And so I'm looking forward to the fact that we have a variety of amendments filed, not only on LB131, but the subsequent budget bills that are on our agenda because it helps to build a clear record about our rationale and to share some of that information about why these issues got included in our proposal. So I commend Senator Krist for not only being straightforward with the committee about bringing forward this idea and being very consistent in his passionate advocacy on behalf of so many health and human service issues that we can and should and must address now and into the future. So with that, thank you, Senator Krist, and thank you, members. [LB131]

SENATOR COASH: Thank you, Senator Conrad. Senator Harms, you are recognized. [LB131]

SENATOR HARMS: Thank you, Mr. President, colleagues. First, I want to thank Senator Krist for bringing the amendment forward. I do oppose it. I want to talk a little bit about the construction ideas that we have here and what we have done in regard to this particular area. When I look at the veterinarian diagnostic center you have to think about Nebraska, you have to think about the agriculture and you have to think about what drives our state. And it's so important to have this kind of lab where it's an up-to-date lab, it's a lab that meets all of the standards that we have. And what we have now does

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not do that. And where I live people are now having to send all of their requests to Colorado. What a shame that we have to spend that money to do that. And it's extremely important that we have this diagnostic center built right here, connected to our university in Lincoln so we can continue to help our cattle market, our hog market, and even our zoo, which I was surprised they use it. So I think it's important to keep in mind what this does for us and what it does to drive our economy forward. And what Senator Krist is doing would simply, probably eliminate all of these projects. I don't think we'd be able to fund them appropriately or any one appropriately. Then look at the University of Nebraska Medical Center or cancer research, colleagues. This is critical to this great state. We have such an increase in cancer in this state and in this nation. And the University of Nebraska Medical Center is ranked nationally for the research that it does. And the amount of economic development just from building this and then bringing the people in with the bright surgeons, the bright cancer specialists, the bright research people that will come along with this project, it will just raise the standards of this great state. It will help the great state address this issue. I don't think this is the time to cut back on that particular area. Not only that, the thing that just really amazed me is the amount of private dollars that people in Omaha and this great state are willing to put on the table. I haven't seen that in any project in the six years that I've been here. The amount of dollars that they're saying this is that important to this state, this is our priority, this is our private money, we just want you to step up to the plate. And we've tried to do that. We've tried to be able to meet their requirements because the amount of money that they're putting in is just staggering to me. The University of Nebraska at Kearney and expansion of their program goes beyond just the nursing program. It goes...it's an expansion of the allied health fields and areas that I think we so badly need. And looking at those two, between the nursing program in Lincoln and the program in Kearney, we're trying to balance this out because there is such a great need in rural Nebraska for allied health people. One of the research...one of the studies that I've looked at in the past show that wherever you get particular in the allied health fields, like in nursing, practical nursing, four-year RN, two-year RN, whatever technician program you go through, where you're trained you have a tendency to stay. And that's really, really important to rural Nebraska. One of the major issues that we're going to have and we have not yet seen but it's on it's way and I'll guarantee you that is how do we serve rural Nebraska as far as healthcare is going to be concerned. With the exit movement of people from rural to urban America it's staggering. And what we'll have is people left in rural Nebraska, where I live, people like myself who are slowly maturing that are going to need those services. And to be very frank with you, this is critical. It's beyond just the nursing program, it's the expansion of their entire allied health. And then two that I introduced, legislation was both for Chadron State College and... [LB131]

SENATOR COASH: One minute. [LB131]

SENATOR HARMS: ...Peru's Oak Harbor improvement...Mr. President? [LB131]

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SENATOR COASH: One minute. [LB131]

SENATOR HARMS: One minute, thank you, Mr. President. These are critical. Chadron's facilities are 50 years old, they have Title IX issues, they have all kinds of different other issues, foundations cracking. There's a safety issue. There's all kinds of problems that we have, how to balance it between the men and women's athletic programs. They had almost 3,000 students, what do you do? We can't put it off any longer. The project, Oak Bowl in Peru was built in 1900. I've taken time out of my own life to and tour these, to look at these just so I'd have a better understanding. And it's a horrible experience to see that this is a state...part of our state system, that we've ignored it for so...too long. And it's time to correct it. I think students that attend these small colleges deserve to have adequate facilities. They deserve to have that educational experience. A lot of kids just don't fit into the university. [LB131]

SENATOR COASH: Time, Senator. [LB131]

SENATOR HARMS: Oh, thank you, Mr. President. [LB131]

SENATOR COASH: Thank you, Senator Harms. (Visitors introduced.) Returning to debate, Senator Nelson, you are recognized. [LB131]

SENATOR NELSON: Thank you, Mr. President, members of the body. I stand in strong opposition to FA55 from Senator Krist. I understand it's well-intentioned. I hope it's only for discussion. But we need to explore the ramifications of what that would mean. As Senator Heidemann said, we put a lot of time and thought and heard a lot of testimony in arriving at these capital construction items. My bill was LB1089, which addressed the requirements for the cancer research project tower at the Med Center campus up there. That's a \$50 million item. We thought perhaps we could contribute somewhat less on that. It became apparent from further information and testimony that in order for the private donors to come up with the \$200 million that was necessary from private funds to achieve the entire project, which amounts to \$370 million, we were going to need to contribute on a state basis at least \$50 million of that. And that is in connection with the entire project fairly modest in my mind. Yes, it's huge as far as our capital construction projects are concerned. I've already talked on the floor about the potential here for the cancer center. Senator Harms has mentioned some of the items there, some of the anticipated benefits that we will receive. Briefly, it's going to increase the entire Med Center as far as their cancer area is concerned by one-third. We're going to go from 100 researchers, professors or researchers to 150. It's going to be an increase of 1,200 jobs at an average rate of \$85,000. That translates into a huge boost for the economy in Omaha and on the state as well as far as collections of state taxes. I don't recall the figures exactly, but just the construction costs for two years are going to provide millions of dollars of income in the form of jobs. And that income will also be taxed. So if we're going to talk about providing jobs and improving our economy in Nebraska, this in my

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mind has to have first priority. Senator Krist has distributed a percentage reduction here and I want to talk about that. I think that's in front of you. It tells what the amount of reduction would be for each of the four capital projects. Senator Heidemann said that all of these projects would be in jeopardy and I agree with that. You really can't, in the instance of Kearney they were being asked to raise \$3 million. If you're going to cut down and ask them to do more, I'm not sure that that community can do it. I've already spoken to the Med Center project. That would reduce that here, looking at the figures, to \$31,000 would be our contribution. That will cause the project, the entire project to go away, colleagues. That's just not going to work. So what do we boil down to? It means that one of these smaller projects is going to have to go in its entirety. I don't think we want to do that to any of these projects. [LB131 LB1089]

SENATOR COASH: One minute. [LB131]

SENATOR NELSON: I think in my mind, and I encourage you to think of the prospective benefits here and spend this money on a one-time basis here out of capital construction funds to generate these jobs, to generate this income to move our economy forward in a good way. If something has to give then it needs to be tax cuts. I'm all in favor of tax cuts at the appropriate time. This is not the time. We need to give it at least another year to see where we are. We can probably manage \$9 million this year, \$8 million or \$9 million this year. But it's down the road here that I'm really concerned about and the increases in addition to all the other increases that we're going to have in the way of budget expense that's going to be to the detriment of a lot more organizations and a lot more needs. So again, I encourage you to vote against FA55. Thank you, Mr. President. [LB131]

SENATOR COASH: Thank you, Senator Nelson. Senator Wightman, you're recognized. [LB131]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the body. I, too, want to thank Senator Krist for bringing this proposal forward. I think the more debate we have on LB131 the more we build a consensus. The nice thing about being as far down the line speaking as far as I am is that most of the things have already been said. I think Senator Harms did a great job of outlining the need for each and every one of these proposals. And Senator Heidemann and Senator Nelson spent a good deal of their time telling how these various expenditures or should I...investments are probably going to fall apart if we don't do anything. And I would like to address that issue a little more. First of all, \$50 million, which may be the main target, I don't know, the members in this body who object to the withdrawal from the Cash Reserve Fund, obviously that's the largest one. But this is a situation where we have, and I just checked with the Fiscal staff, \$203 million being pledged in private funds. Think of that. If we were trying to raise \$200 million even at the Legislature with all of the taxpayers of Nebraska participating, \$203 million is a tremendous amount to try to raise. Here this amount is already being

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offered by the University of Nebraska and the Med Center through its contributors and donors, I might add. And it's a time that we need to access that money. I agree that the...if we're looking at an economic situation where we're looking at the economics and what this might provide down the road for the state of Nebraska, probably no one item on this provides the same amount of bang for our bucks that we will get here. And, of course, we're getting there by reason of people going out, raising money, over \$200 million. The Kearney nursing and allied health, very important to our area of the state. And I might add that this is one of the things that we worked for long hours on in the Appropriations Committee as trying to build a consensus. And those in outstate Nebraska were certainly very concerned over the fact that we have such a nursing shortage and healthcare shortage out in outer Nebraska, outstate Nebraska. And so that was obviously part of the way to build a consensus. Now I think also going out and raising \$3 million is going to be a very difficult situation. I know there's been a lot of talk about perhaps Senator Hadley maybe contributing a substantial amount in this regard, with the thought that maybe the facility would be named after him. But he tells me that he's not quite ready to get up to that figure yet. So I think it's going to be a monumental job going out and raising \$3 million. Armstrong Gymnasium at Chadron we're requesting that they raise money; the Oak Bowl, because of the size of the community not quite so much. But all of them are going to have to find funds other than what we're providing here. And so with that being said, I do oppose FA55 to LB131. I think it's important that we... [LB131]

SENATOR COASH: One minute. [LB131]

SENATOR WIGHTMAN: ...take this time to take advantage of funds that are available to us. And if I had to choose between that and a tax cut, I think these are more important in the long run to the state of Nebraska than the tax cuts are. With that, thank you, Mr. President. [LB131]

SENATOR COASH: Thank you, Senator Wightman. Those in the queue wishing to speak: Senators Hadley and Harms. Senator Hadley, you're recognized. [LB131]

SENATOR HADLEY: Colleagues, good afternoon. Just stepping back for a moment, I was kind of chuckling here. Someplace Senator Dennis Utter is looking down on us at this point in time and kind of laughing because I remember when Dennis first came into the body with me, his first comment the first time he went through the budget was, how come I don't get to talk on the budget? How in the world can we do a budget in two hours and I don't get to say anything? I came here to really dig into that budget. Well, he'd love to be here at this point in time digging into this budget. With that, I did talk yesterday about the importance of the program in Kearney for Nebraska. Just a couple of quick things. I think I mentioned what they're doing in South Dakota, what they're doing in Kansas, which are our two most rural states that have medical schools. They understand the problems in their rural areas with healthcare. I think these are important

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bills and I will say that FA55 would effectively kill the project in Kearney. There is just no doubt about that. So I would ask for a red vote on FA55. Thank you, Mr. President.  
[LB131]

SENATOR COASH: Thank you, Senator Hadley. Senator Harms, you're recognized.  
[LB131]

SENATOR HARMS: Thank you, Mr. President and colleagues. This will be the last time I'll speak on this amendment. I did want to finish just a little bit because as I said I was involved with the Chadron State College and the Peru project. When I went to Chadron State College and took a look at their facilities, I was pretty much taken back because there are high schools in my region or in western Nebraska that are actually better than what Chadron State College has at their institution. They put \$44,000 of their own money into planning. They saved back, they have approximately \$775,000 that they've tried to save for this project and their foundation has committed \$1.25 million. You know, for a small rural school to put up those kind of dollars, it's pretty clear what they believe is one of their major priorities. It's an excellent institution but it just takes a little help. I don't know when the last time it was that we put very much money into Chadron State. But this facility, as I said earlier, was built 50 years ago. And quite frankly, there's some real liability questions here that I hope doesn't occur because then we'll end up with another issue on our hands. The Oak Bowl at Peru State College, it's close enough that I wish somebody would just go down and take a look at it. It's an absolute beautiful setting. It's a beautiful little campus, but they just need a little help. And there's such phenomenal liability issues there, even higher than what Chadron State College has, that it's hard for me to understand and believe that we haven't addressed this issue earlier. I happen to feel very strongly that the way your institution looks and how you treat your students as they come on to your campus has a real major impact on whether they're going to attend the school or not. These small schools are important to keep healthy and to have good facilities because not everyone, as I said before, fits into a large university or even fits into the community college structure. So I would really urge you to defeat FA55. In regard to the information that Senator Krist handed...sent around in regard to the percentages, I can tell you as I was just looking down through this that it's pretty much over for about all those facilities. I know that our Chair, Lavon Heidemann, had spent some time in speaking with some of the major donors at the University of Nebraska at Omaha Medical Center that simply said, you know what, we need you to come up with the amount of money of \$50 million. And if you don't, we don't think we can do this project. It's not a strong enough commitment from the state side for us to go and raise all those dollars. So I hope you'll keep all this in mind because I think it helps us that the project in Kearney is extremely important to the allied health field in that particular region. It will reach all the way out to Scottsbluff. Scottsbluff has a four-year nursing program and between the two institutions we can begin to fulfill some of the demands and some of the needs that are so badly needed in rural Nebraska, colleagues. So I hope that you'll simply vote in opposition to FA55. Thank you, Mr.

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President. [LB131]

SENATOR COASH: Thank you, Senator Harms. Seeing no others wishing to speak, Senator Krist, you're recognized to close on FA55. [LB131]

SENATOR KRIST: Thank you, Mr. President and thank you, colleagues. Thank you for indulging me. I do feel that FA55 was my earnest attempt to reencourage the solidarity that we are going to need in the next few days. The commitment that the Appropriations Committee has made, Senator Heidemann, Harms, Conrad, Fulton, Hansen, Mello, Nelson, Nordquist, Wightman, and their staff, and I thank their staff for helping me out with this amendment. Your efforts should be applauded. You have vetted each of these, I am totally in support of them. I've brought this amendment forward for us all to have the final discussion on a solidarity that will take us forward with these construction programs in particular. But we all have our own priorities and I'd like to say just once again when it comes to family, children, foster care, the dismal condition right now of those areas, and the reinvestment that this state needs to have, we need to have the resolve to go forward in the same way. We've, so far, taken out \$90 million out of the cash fund. It may require us to dig deeper to balance all of the objectives, and as Senator Nelson said, a tax cut may not be appropriate at this time, it may be. We will have that discussion when LB970 comes to the floor. But I thought rather than talking around all the issues today I would once again, as I started out this session, continue to emphasize the resolve to go forward and to clean up the problem within Health and Human Services. To that, I personally want to thank Campbell, Gloor, Bloomfield, Cook, Howard, and Wallman at the time and now Lambert for their dedication in trying to work through that process in the last year and a half. And I would hope, colleagues, that you would have the same trust in us that I am showing in the Appropriations Committee today. And the fact that you have vetted all these projects and it is indeed worth taking money out of our cash fund to move forward, which I believe is the right case. I'd also like to thank Lathrop, Cook, Ashford, Carlson, Burke Harr, Smith, and Wallman for their commitment and dedication to making sure that those people who are providing services to those kids across the state will be reimbursed for those services as we voted yesterday. The discussion on the budget, and I really thank you, Senator Hadley, for bringing Senator Utter up. I actually was going to mention that so you stole my thunder. But I heard also Senator Utter say, these things go by too fast. We need to stand together, 49 with conviction, talk about the things that are our priorities, and stick together in the next few days, have active discussions, and reinforce what is important to us throughout the rest of the few days we have left here this session. Thank you for indulging and listening to me today. With that, I'd like to pull FA55. [LB131 LB970]

SENATOR COASH: FA55 is withdrawn. Anything further on the bill, Mr. Clerk? [LB131]

CLERK: I have nothing further on the bill, Mr. President. [LB131]

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SENATOR COASH: We will return to discussion on LB131. Seeing no other members wishing to speak, Senator Heidemann, you are recognized to close on the advancement of LB131. [LB131]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. It's been a good morning and it's the beginning of the afternoon here. We've had a lot of talk. We're starting to choose some paths. I appreciate the discussion. We now have our Cash Reserve bill and we have it...it's on Select File going to Final Reading. But I think when you look at the bigger picture, I believe that LB131 is a good Cash Reserve bill. When you look at the capital construction side of it, I think it's a great investment in the state of Nebraska. Partner with many communities across the state and I think good things will happen because of it. I do appreciate the discussion and we have two other bills up after this and I'm sure there will be continued discussion on those bills. With that, I urge your advancement of LB131. [LB131]

SENATOR COASH: Thank you, Senator Heidemann. Members, the question before the body is on the advancement of LB131 to E&R for engrossing. All those in favor vote aye; all those opposed vote nay. All those in favor say aye. All those opposed say nay. LB131 is advanced. Next item, Mr. Clerk. [LB131]

CLERK: Mr. President, Select File. I do have E&R amendments, first of all, with respect to LB968. (ER209, Legislative Journal page 933.) [LB968]

SENATOR LANGEMEIER PRESIDING

SENATOR LANGEMEIER: Senator Nordquist for a motion. [LB968]

SENATOR NORDQUIST: Mr. President, I move the E&R amendments to LB968. [LB968]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. Mr. Clerk. [LB968]

CLERK: Mr. President, Senator Flood, first of all, has FA39. I have a note that he would like to withdraw FA39 and offer as a substitute therefor, AM2486. (Legislative Journal pages 967-969.) [LB968]

SENATOR LANGEMEIER: Seeing no objections, so ordered. Senator Flood, you're recognized to open on AM2486. [LB968]

SPEAKER FLOOD: Thank you, Mr. President and members. This amendment does four things and at the outset I want to tell you that Senator Mello has already visited with me and has an interest in dividing the question on AM2486, which I'm willing to work

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with him on, following his formal request, shortly. This amendment takes the \$10 million that was transferred from the Cash Reserve. It applies it to state aid to special education. It eliminates \$424,727 in unspent appropriation remaining after the Community Corrections Council was terminated by this Legislature. It eliminates one-half of the \$1.85 million of estimated excess FY13 behavioral health appropriation and it's been represented to me this does not result in a reduction in rates, benefits, or services, and I'm sure that will be debated on this floor at length, which I think is good. It also eliminates \$2 million estimated excess Medicaid appropriation in FY12 and FY13. Again, no reduction in rates, benefits, or services. Those are the four things that AM2486 does to LB968. This is what I represented to you earlier. This is an effort to find the money in the next fiscal year to allow the Legislature to keep the \$17 million that the Appropriations Committee has identified for consideration by the full Legislature as part of their budget, and make room for a tax cut pursuant to LB970, which will be on the floor next week from the Revenue Committee. I anticipate this will be a healthy discussion and it should be. The reality is that we would be doing this exercise at some point later this session if LB970 moves forward. And the idea is to have the conversation up-front and see what other changes, if any, folks want to make to the underlying LB968. This is complicated. It's obviously messy and it is, unfortunately, necessary, in my opinion, if we're going to consider for the next fiscal year tax cuts pursuant to LB970. Thank you. [LB968 LB970]

SENATOR LANGEMEIER: Thank you, Senator Flood. You have heard the opening on AM2486. Senator Mello, you're recognized. [LB968]

SENATOR MELLO: Mr. President, I'd move to divide the question of AM2486. [LB968]

SENATOR LANGEMEIER: Thank you, Senator Mello. Senator Mello and Senator Flood, would you please come forward. It is the ruling of the Chair that the amendment is divisible into three parts. As they enter those on to your computer, Mr. Clerk, would you explain the divisions. [LB968]

CLERK: Mr. President, three components as you indicated. The first component will consist of what's being described as elimination of \$2 million estimated excess Medicaid appropriation. That amendment you will see soon on your screen will become AM2503 (sic), AM2503 (sic). The second component will be a discussion of \$1,850,000 for behavioral health. That AM number will become AM2504 (sic), AM2504 (sic). And the remaining and final component will consist of \$10 million state aid to appropriation for special education and a \$424,727 lapse of the Community Corrections Council money. That will become and available on your laptop as AM2502, AM2502. So, Mr. President, with that, the amendment pending is AM2503 (sic). (Legislative Journal pages 969.) [LB968]

SENATOR LANGEMEIER: Thank you, and it is visible. Senator Flood, you're

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recognized to open on AM2503 (sic). [LB968]

SPEAKER FLOOD: Thank you, Mr. President. I'm just looking at the amendment here, AM2503 (sic) appears to be the \$2 million in estimated excess Medicaid appropriation. May I ask Senator Heidemann a question, please? [LB968]

SENATOR LANGEMEIER: Senator Heidemann, would you yield? [LB968]

SENATOR HEIDEMANN: Yes. [LB968]

SPEAKER FLOOD: Senator Heidemann, have you had a chance to look at AM2503? [LB968]

SENATOR HEIDEMANN: I have not but I understand it's the Medicaid, I think two and two. [LB968]

SPEAKER FLOOD: That would be true. [LB968]

SENATOR HEIDEMANN: Okay. [LB968]

SPEAKER FLOOD: Can you explain to me as a member of the Appropriations Committee with the benefit of information from the Fiscal Office, what decisions were made and what the Fiscal Office's opinion basically of this amendment is? Not as to whether it should be passed, but the \$2 million in estimated excess Medicaid appropriation in both FY12 and FY13. [LB968]

SENATOR HEIDEMANN: I'll give you a little bit of a background as far as when we started in January. According to the Governor's budget proposal that was brought to the Legislature and that the Appropriations Committee works off of, the Governor proposed taking because of utilization that wasn't realized was \$5 million to lapse back in. The committee at that time decided not to do the \$5 million but we did \$3 million. After that, at the end of our process to deal with some child welfare proposals that were out there that which we are all aware of, the Governor proposed to come in and which we finally adopted was to take fourteen more million dollars out of Medicaid and put that in so that we could deal with issues with child welfare. And now it's my understanding that he'll take another two and two. I have talked to people in the Fiscal Office and it's probably their opinion that...I don't want to say opinion, but it's their thought that because of utilization that they anticipate not to be there that there probably would be room for this. You just have to get to a comfort level about what might happen because it's anticipated. [LB968]

SPEAKER FLOOD: Thank you very much, Senator Heidemann. As Senator Heidemann stated, the Governor's midbiennium budget recommendations did include a reduction of

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\$5 million in the General Fund appropriations for FY11-12 and 12-13 for this program, Medicaid 348, because an evaluation of year-to-date and estimated expenditures being less than the current appropriation. As you know, the Appropriations Committee through AM2123 reduced the appropriations by \$3 million in both fiscal years and they explained those in their budget committee report. This amendment reduces the same appropriations by an additional \$2 million in both FY11-12 and FY12-13. This is part of the process that we go through if you want to find room for LB970 and not impact the \$17 million that has been allotted by the Appropriations Committee on the floor. I don't expect everybody in here is going to wave their hands and say this is what we want to do. Some of you may say, this is acceptable. I want you to know before I introduced this amendment, I did check with the Fiscal Office folks through Senator Heidemann and I did the best job I could to find reductions in the budget so as not to impact what I felt were some of the other priorities. This is where that debate happens, and I anticipate we'll spend the rest of today on this amendment, which is fine. We'll go over the other amendments as we get to them as explained on my opening on the underlying amendment that has now been divided. I would give the balance of my time to Senator Mello. [LB968 LB970]

SENATOR LANGEMEIER: Senator Mello, 5 minutes 38 seconds. [LB968]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. And thank you, Speaker Flood, for yielding time. And thank you for your agreement to divide the question of your original amendment which we will have, I believe, some thoughtful debate on the intent, and ultimately the decisions of this body of whether or not to move forward with these three amendments. The amendment in front of us, AM2504, does take \$2 million each of the next two fiscal years out of Medicaid eligibility and utilization. Speaker Flood just asked Senator Heidemann in regards to whether or not this is something that could work within our current budget parameters and sought some assurance or sought some opinion from our Legislative Fiscal Office. I believe our Fiscal Office provides very nonpartisan, very thoughtful analysis to the Appropriations Committee as we develop ultimately the budget that has been provided for this body in LB968. But there is a little history and there is a perspective on why I ultimately stand in opposition to AM2504. It was our understanding in the Appropriations Committee we initially debated or discussed the Governor's initiative to reduce Medicaid eligibility and utilization by \$5 million this fiscal year and the next fiscal year. In the sense of ultimately what does that do? And a form that was provided to us that I provided to the body is a sheet here that looks at expenditures of Medicaid and CHIP that looks very similar to a cardiograph, I believe is the terminology or the usage, the machine that's in hospitals that show a heartbeat that goes up and down. And you could see this form here that shows the discrepancy of Medicaid and CHIP expenditure and utilization on a year-to-year basis, almost. And you can see by this form how wide of a discrepancy exists in any given year on whether or not Nebraskans utilize Medicaid eligibility and utilization funds that we currently appropriate. Looking at this form, you can see it's

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ranged anywhere from June of 2010, to almost \$145 million, to December, 2011, to \$85 million. That number changes on a monthly basis. That conversation was had within the Appropriations Committee on, one, whether or not we should accept or take the entire \$5 million each year that the Governor proposed of drawing down, so to speak, the money that is in the Medicaid aid. And ultimately there was two perspectives. One, if we take this money now and there's money left over at the end of the fiscal year, we would not be able to take the money come next year when we do the budget. So essentially, there's one point of view that we would be robbing Peter to pay Paul now. The other perspective, which by looking at this chart, shows if we took this money there is a possibility that the department could come in and say, utilization was more than we exceeded, you took our aid, and we need a deficit appropriation in January, 2013. That's a potential. That was a possibility that was raised in the committee. Ultimately, the Appropriations Committee decided to take \$3 million a year, to leave a cushion just in case we saw a rise in utilization. That we didn't want to see the Department of Health and Human Services come in and ask for a deficit appropriation. Now, in talking with Senator Heidemann and a couple colleagues, the thought is the Department just wouldn't do that. If the Governor comes in and says we can take this \$5 million each year, he's not going to let his code agency come back to the Legislature and make a deficit appropriation request come next year. One would normally think that because that's normally how the executive branch operates and that's how the Governor has operated at least the four years I've been on the Appropriations Committee when it comes to Health and Human Services related issues. [LB968]

SENATOR LANGEMEIER: One minute. [LB968]

SENATOR MELLO: But the unique perspective is, if you look at LB968 that's exactly the opposite of what the Governor did this year with the Department of Health and Human Services when it came to the childcare subsidy. The childcare subsidy utilization was significantly higher this year than what was appropriated, and the Governor came back to the Appropriations Committee requesting a \$24 million deficit appropriation because of utilization. Now, drawing logic to the Medicaid and to the childcare subsidy, one could say, and that's the argument I'm laying out to the body, that if we're doing it for childcare now, what's to say this won't happen with Medicaid next year. And ultimately, we're simply just taking money next year and trying to front-load it now to potentially pay for a tax package that we haven't even ultimately debated on this floor. I would question whether or not that's good fiscal policy because I question whether or not we need to be doing it now in the sense of... [LB968]

SENATOR LANGEMEIER: Time. [LB968]

SENATOR MELLO: Thank you, Mr. President. [LB968]

SENATOR LANGEMEIER: Thank you, Senator Mello and Senator Flood. One

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clarification for the record, the three divisions. The first division is AM2504, the second division is AM2503, and the third division is AM2502, and the computer now reflects that. You have heard the opening on the first division, AM2504, offered by Senator Flood to LB968. The floor is now open for discussion. Those wishing to speak, we have Senator Flood, Nordquist, Conrad, Council, Mello, and others. Senator Flood, you're recognized. Senator Nordquist, you're recognized. [LB968]

SENATOR NORDQUIST: Thank you, Mr. President and members. I have a concern about...great concern about the amendment we're on right now, AM2504. And I think it gets to the point of whether or not we should truly call these funds unexpended. And if we do, why...we need to look at why are they unexpended? Senator Mello pointed out the concern and the volatility in the utilization in Medicaid. Obviously looking at that chart, you can tell it's difficult to predict. Certainly, with that much volatility it's probably not that hard to be off of a projection. That's why it makes sense to leave a little more cushion. Even if you don't anticipate spending it, to leave it there to make sure that we're not running short and the department has to come in next year for a deficit, or as Senator Mello said, you know, it's likely they wouldn't be allowed to do that as a code agency, so they would be forced to make do without. But I also think...and I know many of you who have worked on these issues share the same concern. I also think that there's...should be questions raised about the department's decision in authorizing services. I know Senator Campbell can get up and speak to it, and I know Senator Cook has a bill that's pending just five or six bills down here, LB1063, that gets to the point. But in a 603 hearing this last summer, Director Chaumont said, our definition of medical necessity for Medicaid is not as broad as it could be. And Senator Campbell and I and Senator Mello had a conversation last night with the regional director out of Kansas City and they're going to look into the issue a little bit for us as well, but the problem is, it sounds good. We squeeze down Medicaid, it costs the state less. The problem is, though, that those kids that aren't getting services in Medicaid end up getting those services paid for fully with General Funds in the child welfare system. And when we had the department Director Winterer in the Appropriations hearing and asked him about the budget for the child welfare transition cost, the...how, how...I believe at that point we took \$13 million. We've reappropriated or...\$13 million of unexpended Medicaid dollars and shifted over to child welfare, he said that--and the Fiscal Office has also confirmed--that a large part of it, there was some pharmaceutical savings, but a large part of it was the issue that behavioral health providers have been seeing all interim with the transition to PRTF and the restrictions of those services, we are not authorizing those services at the level we used to, not even close. I've heard as little as 40, 50 percent. That is where a lot of these savings have come from that we've taken. Now the question we need to ask as policymakers is, should we...should we be creating that kind of savings in Medicaid. Should we be clamping down that much on utilization? Number one, obviously there's human cost to it when we're not getting kids the services they need at the time that they need them. But also, there's fiscal costs to it when we don't allow Medicaid to pay for these services that Director Chaumont says we probably

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could. We probably have some room. Our definition is not as broad as it could be. Then those costs get picked up instead of on a 60-40 Medicaid split or under the CHIP program... [LB968 LB1063]

SENATOR COASH PRESIDING

SENATOR COASH: One minute. [LB968]

SENATOR NORDQUIST: ...70-30, we're paying 100 percent General Funds for it. So my concern is here taking this \$2 million is that we should be leaving that money there and working with the department. We've asked them through our child welfare bills to do a strategic overlook at this at where the dollars are shifted. Director Winterer has said the department is already going to be doing that. We need to make sure that we are not cutting Medicaid short because it costs us more if we provide those services in some other fashion. So I think if we're going to do anything with this \$2 million savings, we should invest it in Senator Cook's bill to make sure that we open up our definition to the appropriate federal levels and kids get the services they need under Medicaid under the state federal split instead of just under the...just under 100 percent General Fund obligations. So as... [LB968]

SENATOR COASH: Time, Senator. Time, Senator. [LB968]

SENATOR NORDQUIST: Thank you. [LB968]

SENATOR COASH: Thank you, Senator Nordquist. Senator Conrad, you're recognized. [LB968]

SENATOR CONRAD: Thank you, Mr. President. Good afternoon, colleagues. I rise in opposition to AM2504 and plan to do so in regards to the pending amendments that are subsequent to this. And let me tell you why, not just because it's outside of our budgetary proposal but that would probably be one strong reason in my mind in terms of how we craft that at the committee level. But because...be wary, colleagues, when you're told that we can go ahead and sweep millions of dollars and it's not going to hurt anybody. It's not going to hurt anybody. It's not going to impact that \$17 million we're squirreling away for other spending projects and don't worry, it's not going to hurt anybody. Well, I'm here to tell you that that's something that you should be very skeptical about. I think Senator Nordquist did a great job of laying out the volatility and the utilization projections and I want to talk more about...because we debated this extensively at the committee level, why we didn't take these full amounts of lapse and here's why. There's nothing wrong with taking a more conservative approach to budgeting than the Governor did. In fact, I think that served us well over many years in trying to address our budgetary impacts and this is one example where the committee said, we're not willing to sweep this much money because we can't adequately project if

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it's there to be swept. And the assurances provided from the department are not that reassuring, let me tell you. I've heard people talk about funny money when it comes to HHS and, colleagues, here's exhibit A in that regard. And make no mistake, if there is indeed a great deal of resource available to address Medicaid and behavioral health issues, there's current need. We have a current crisis in regards to these systems due to recent painful cuts. I would challenge anyone who says that these systems are currently overfunded. Go talk to any provider in your community and ask them if that's the case. Ask them if the restoration of provider rates that we're providing, which is barely half of what their recent cuts have been, are going to cover it. If they're going to be able to keep their doors open. If they're going to be able to serve the people that are in need. Because I can tell you talking to people in Lincoln on the behavioral health side, we're not. We don't have adequate resources. For example, right now, today, providers in Lincoln with behavioral health waiting list who can't serve the needs that exist, 73 folks on the waiting list at Houses of Hope. Up to 60 people on the waiting list for behavioral health treatment at St. Monica's, four of these women who are pregnant and 16 children amongst those other 60 women that are waiting for substance abuse and treatment. Child Guidance Center has a 60-person waiting list. CenterPointe's got 155 people waiting to get treatment. Lutheran Family Services, over 50 people on their waiting list. This is a low-end estimate of almost 400 people right here in my community who depend upon these services that we're not serving currently, let alone if faced with additional cuts. So to say that it's not going to hurt anybody, it's not going to impact anything, be skeptical. Because we're not taking care of our obligations today, what does additional pressure on these systems cause? What kind of consequence does that provoke? And think about these systems. Behavioral health might be a little bit different but Medicaid sure not. Most public assistance programs are countercyclical. Well, what's that mean? It means when times are tough the utilization goes up because families are struggling. Well, we're in uncertain economic times and that's why you see more families become eligible and then utilizing public assistance programs. Senator Nordquist and Senator Mello did a great job... [LB968]

SENATOR COASH: One minute. [LB968]

SENATOR CONRAD: Thank you, Mr. President...of providing you a clear example. Our utilization projections, and they're great projections from the Fiscal Analyst said, we think that childcare is going to be at about this level. We're \$24 million off this year and now those bills have come due. And, thankfully, we're paying for those. But to say it's not going to impact anybody, be wary, be skeptical. And Senator Nordquist made the point. If utilization is so low, why is it so low? We've made policy decisions to provide help to these families. Why isn't the department helping to identify these families who might need help and getting it to them? Every time I turn on the TV, I see advertisements from Iowa encouraging people to join the hawk-i program and get access to healthcare for their kids. Why don't we have that same kind of public relations campaign to educate our citizenry that there is a hand-up out of poverty to help you

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reach self-sufficiency? [LB968]

SENATOR COASH: Time, Senator. [LB968]

SENATOR CONRAD: Those are the questions you should be asking on utilization. Thank you, Mr. President. [LB968]

SENATOR COASH: Thank you, Senator Conrad. Those wishing to speak: Senators Council, Mello, Campbell, and others. Senator Council, you're recognized. [LB968]

SENATOR COUNCIL: Yes, thank you very much, Mr. President. At this point in time and based upon my understanding of the objective of AM2504, I must rise in opposition. And it's due in a large measure to the points that have been previously discussed and that is, if the Appropriations Committee in reviewing and vetting the Governor's proposed budget, did not believe that it was fiscally responsible to take the entire \$5 million of excess Medicaid appropriation and make it available either in the Cash Reserve Fund, or available for appropriation to other items including many of the priority items that are currently pending on priority bills of members of this body, why would we consider it in the context of trying to make a way for a tax cut? Again, it's my understanding that the Appropriations Committee reviewed, vetted, and proposed a budget that did not contemplate a tax cut and contemplated certain funds being available for some of the priority bills that are pending that have appropriations implications. There have been discussion of some of those bills. Senator Dubas spoke about the ACCESSNebraska issue. And perhaps not all of my colleagues get the type of phone calls that I get regarding ACCESSNebraska, and while in our debate of the child welfare reform we heard references to disaster, mess, chaos, those same terms apply to ACCESSNebraska where the department itself will concede that the average wait if someone has to call in is 45 minutes to an hour. Many of the individuals who, due to their circumstances, have to utilize services through Department of Health and Human Services oftentimes have these prepaid cell phones where 45 minutes to an hour wait constitutes a significant loss of their cell phone time. And every time we look at our green sheets, the green sheet as of today shows a variance on the minimum reserve of \$15,141,000 and yesterday it was \$17 million. So, you know, every day that we're here, there are impacts on the amount of dollars that we have available for appropriation, available to maintain in the Cash Reserve. And again, I think if the Appropriations Committee did not believe it prudent to utilize the entirety of the Medicaid excess, and in view of the chart that Senator Mello distributed which shows extreme volatility in that program, that we cannot and should not if we are intent on being fiscally responsible and meeting some of our priority needs in this state and every time we talk about priorities of government among the top three are taking care... [LB968]

SENATOR COASH: One minute. [LB968]

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SENATOR COUNCIL: ...of the needs of our most vulnerable and the Medicaid and CHIP programs are programs that serve our most vulnerable, that we would refrain from taking action that would place those programs and services at risk to the extent that there wouldn't be adequate funds available to meet all of the needs of those who are eligible. For those reasons, I would urge the body to oppose AM2504. [LB968]

SENATOR COASH: Thank you, Senator Council. (Visitors introduced.) Senator Mello, you're recognized. [LB968]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. And thank you, Senator Council and Senator Conrad for elaborating on this issue. The underlying issue still, and to some extent Speaker Flood alluded to it in his opening, was whether or not utilization of Medicaid aid will meet its projections. Ultimately, that is going to be determined at a later date. So similar to the argument that I made and others made this morning on LB131, to some extent this is a gamble. We don't know for certain what utilization will be. There are projections, yes. But the reality is, projections don't always meet the final utilization at the end of the year. And logic, as I laid out in the opening, shows that that was the projection with the childcare subsidy last year, and the childcare subsidy this year, which utilization was projected much lower, thus they came in with a much lower appropriation request last year as we developed the budget. For one reason or another, more likely due to the economic climate we're in in regards to low-income families and the difficulties of seeing wage increases, the childcare subsidy utilization increased dramatically this year. And it was projected to stay dramatically increased next year, which is why under LB968 the Governor requested \$24 million additional funding for utilization, which the Appropriations Committee and this body approved on General File. Now once again, none of us can predict the future perfectly. And yes, the department could come in next year with no deficit appropriation request. But if their utilization surpasses where their projection is right now of taking the additional \$2 million each year, one way or another the state of Nebraska, primarily the Medicaid division within the Department of Health and Human Services, will have to find a way to pay their bills. That is something that is not debatable. It's not negotiable. They will have to find a way to cover their expenditures if they choose not to come in for a deficit appropriation request. I know, Senator, I don't want to elaborate too much because I know Senator Cornett is going to ask a few questions about this. But ultimately the Appropriations Committee chose not to follow the same path as the Governor because there was some concern, there was some leering. Medicaid changes year to year. You heard Senator Nordquist describe to you, and I know the Health and Human Services Committee is well aware of the issue of the state's definition of medical necessity. And whether or not because the state's definition does not meet the federal department Health and Human Services definition of whether or not we're deciding not to utilize federal Medicaid dollars, and instead shifting those costs to Program 347 through public assistance which we've been doing with the child welfare privatization effort. The question is whether or not we're cutting our nose to spite our

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face because we're trying to "limit" Medicaid utilization, ultimately costing the state more money in the long run purely to try to free up money for a bill we've yet to discuss. Colleagues, once again, there's not an exact science on this amendment, AM2504. That's the reason the Appropriations Committee ultimately made somewhat of a compromise and ultimately took \$3 million a year instead of the full \$5 million. We did that... [LB968 LB131]

SENATOR COASH: One minute. [LB968]

SENATOR MELLO: ...with a few other items that the Governor provided and put forward to try to draw down funds for the Norfolk Regional Center and the Beatrice State Developmental Center. That there was "excess" funds that were yet to be expended and the Governor wanted to take all of it back. The Appropriations Committee ultimately felt in those instances, as well as this instance with the Medicaid aid, that it was best to leave a cushion because you never know what's going to happen with the turmoil in the Department of Health and Human Services right now. No one could accurately predict whether or not there would need to be an additional \$400,000 left over with operations at the Beatrice State Developmental Center. No one could guarantee whether or not we needed to provide an additional, I believe, \$700,000 at the Norfolk Regional Center. [LB968]

SENATOR COASH: Time, Senator. Thank you, Senator Mello. Senator Campbell, you're recognized. [LB968]

SENATOR CAMPBELL: Thank you, Mr. President and good afternoon, colleagues. You know, this question is very much like the old proverbial joke that's been used for a lot of years where you hold something to your head and you say, the answer is, Medicaid utilization. And you tear open the envelope and the question is, what is the hardest figure to predict? Colleagues, when I took a look at the Speaker's plan, I want to say that certainly one and the next amendment, one and two and the next amendment under LB961, I certainly think it's more than reasonable for us to look at. But I do have questions about this one in the behavioral health. And I want to kind of explain a little bit why I think that the Appropriations Committee's caution should be heeded. Medicaid is an insurance policy. It's like having Blue Cross Blue Shield, or Coventry, or United Health Care. It's the healthcare insurance that we use. And how many people utilize that over the course of the year is really hard to predict. In the past budget as the Appropriations Committee looked at it, there were cuts put in there for in-home care, nursing care. And I look at Senator Bloomfield who had probably one of the most dramatic stories from constituents about why those cuts should not be made. And the Appropriations Committee said, we're not going to make those cuts. And they're going to put language in to say that you can't cut those. So we don't really don't know, number one, how much that population may need to utilize this over the next year because we didn't make those cuts. The second thing is that last year we transferred money--that is

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correct--out of Medicaid. But part of that came from the fact that we used to have five levels of care for behavioral health for kids. And because of now complying with what the federal government says, we now have three levels. And if youth weren't eligible for one of those three levels, their care was transferred over and covered 100 percent with state dollars in child welfare. And that is a problem that the Health and Human Services Committee continues to work with the department. In fact, we met with the Governor about it, and continue briefings from the department. And not only do we have a bill on medical necessity, but the department is also working on many drafts, many guidelines, many criteria. So we don't really know how the utilization may change in this coming year for youth and residential care. When we looked at LR37, if you look under the data section, it would show that yes, Medicaid went down for residential care for kids. But what we continue to puzzle about is that there wasn't a corresponding figure that went over there to community services which are also covered. And what we're very hopeful over this next year as we work with the department and this whole issue of whether it's medically necessary, we are very hopeful that there will be more funds utilized from Medicaid to help kids in their communities. That's what we want to see happen. I would like to...I'd like to hasten... [LB968 LB961 LR37]

SENATOR COASH: One minute. [LB968]

SENATOR CAMPBELL: Thank you, Mr. President...and tell all of you, Medicaid people are not some population out there. Many of these people are your neighbors. They're the elderly, Mrs. Smith down the street, or the person who is homebound, or the young child that needs medical care and qualifies under CHIP. These are all Nebraskans and I caution and I worry that if we take too much out of here, we may not have the funds needed and we would have to come back for a deficit because we do have to serve people as they are eligible. Thank you, Mr. President. [LB968]

SENATOR COASH: Thank you, Senator Campbell. Senator Howard, you're recognized. [LB968]

SENATOR HOWARD: Thank you, Mr. President and members of the body. I have many, many concerns about this amendment, AM2504 to LB968, and Senator Campbell makes such a good point when she discusses the needs and the unknowns with these needs for Nebraska children. I think of how we've lost so many of our resources just in this past year in...particularly since 2009 when this privatization fiasco went into place. Just to remind you, Uta Halee is gone. Uta Halee used to be used by children from across the state. Judges from western Nebraska would request that a girl be allowed to participate in the Uta Halee program because they had nothing out in that area that would address her needs. OMNI has closed down their group homes in at least two locations. With a lack, the diminishing number of resources here in our state, judges are going to find it necessary to send more and more children out of state. And we in the Health Committee know how expensive that can be and especially when

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these children are in out-of-state placements for any extended period of time. It's expensive both in terms of dollars and in terms of damage to families. One of the programs that I am particularly concerned about and that I support wholeheartedly is the Heartland Family's Works Program through the Heartland Family Services. This program provides treatment, residential services, for up to 16 families. These are apartments in an older apartment building in my district. It's nothing to brag about in terms of facility, but it's adequate and it houses these women and their children. This is why I'm particularly...I don't want to use the word "fond" of this program, but why when I talk about this program, I talk about it in such high terms because these children stay with their parents and they don't go into foster care. We need more programs like this. We don't need to cut their number by taking away funding. I have a question for Senator Mello if he would be willing to yield. [LB968]

SENATOR COASH: Senator Mello, will you yield? Senator Mello is unavailable. [LB968]

SENATOR HOWARD: Well, Senator Conrad has graciously offered to assist me with this. [LB968]

SENATOR COASH: Senator Conrad, will you yield? [LB968]

SENATOR CONRAD: Yes, of course. [LB968]

SENATOR HOWARD: Thank you, Senator Conrad. I appreciate that and I probably should have asked you in the first place because you are very well versed in these programs. You're familiar with LB599 that we still have to hear yet on the floor. [LB968 LB599]

SENATOR CONRAD: Yes. [LB968]

SENATOR HOWARD: I'll give you a moment to think. (Laugh) It's always hard when somebody throws a number at you. This is the program for prenatal care. [LB968]

SENATOR CONRAD: Yes, yes, thank you, Senator. Absolutely, that's an issue that has haunted this body and this state since the elimination of that important and lifesaving program. [LB968]

SENATOR HOWARD: Well, I am very concerned. We haven't even gotten to this yet, but the proposal is for the funding to go through the CHIP program and the numbers that I have been looking in our computer and the financial statements is that for FY13, this would cost approximately \$6,398,000 and change. And for FY14, again \$6,595,932. [LB968]

SENATOR COASH: One minute. [LB968]

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SENATOR HOWARD: Thank you. Now, I'm going to give the rest of my time to you to address how this program would be affected through these cutbacks. I hope you do have some knowledge of that. [LB968]

SENATOR CONRAD: Thank you, Senator. And I think that that's another primary example of the competing an important obligations that we have to seek balance for and that we have a responsibility to provide for and that we've made a commitment to provide for. So by saying that we're going to put additional pressure on these already underfunded programs, that, in my mind, not an appropriate way to move forward. LB970 should compete, tax cuts should compete with our other funding obligations. That's fair. We shouldn't be going out of our way to carve out money at all cost so that we can pay for one priority. Those should be debated in terms of prenatal care, in terms of ACCESSNebraska, in terms of the claims bill that we spent a great deal of time on this week. Those are the competing state obligations that we have a responsibility to fund and to fix and that should be subject... [LB968 LB970]

SENATOR COASH: Time, Senator. [LB968]

SENATOR CONRAD: Thank you...to competition with LB970. Thank you. [LB968 LB970]

SENATOR COASH: Thank you, Senator Conrad. Those still wishing to speak: Senators Krist, Wallman, McCoy, Conrad, and others. Senator Krist, you're recognized. [LB968]

SENATOR KRIST: Thank you, Mr. President. Good afternoon, Nebraska and colleagues. Having been as close to the issues that are associated with this particular Medicaid fund over the last year and a half, I, too, am uncomfortable with the \$2 million figure. Because these Medicaid and CHIP vendor expenditures that you're seeing here in terms of the variations and if we look for a mean or the average expenditure, what we would need to carry us forward, carry us through the next couple years, those have been affected over the last several years by a reduction in services and the reduction of service to some of our most vulnerable population within the state. So if we try to fix the in-home care, the programs that are funded by Medicaid, which by the way it's been stated before, when we do it with Medicaid, we don't do it with just our dollar, we match and get a matching fund or some kind of match from the federal system. So we're not using dollar for dollar of our own money. When we reduce the services in the Medicaid area, we increase the services potentially in our own General Fund drain which is dollar for dollar, a hundred pennies on the dollar. So what we've seen in the committee, and I think Senator Campbell talked to it, what we've seen is that a definition of medical necessity as it is approached across the board and some restrictions on PRTF, have caused a reduction in services that has led to a savings. So the analysis there would be, wow, is that a good model, are we saving money at the expense of services, or are we

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seeing less services because of a definition? I don't know enough. If this were my own family budget, I wouldn't go out and buy the Lexus. I've already told you that I don't like them, but I wouldn't go out and buy the Lexus at this point or transfer money out of the account. The reason being, I'm not comfortable. Now, I had a conversation off the mike with several colleagues and I do understand we need to find the money if we're going to make everybody happy. I talked earlier on the mike about resolve. What is our resolve? It could very well be, colleagues, we're going to have to take a little bit more money out of savings if we're going to weigh out all, balance all and get to where we need to be. But I'm just, right now, I'm not comfortable. One of the other things that disturbs me about this discussion is that my experience, my personal experience with the Health and Human Services area, with the Department of Health and Human Services, is that they seem to be able to come up with millions of dollars overnight in a couple of minutes. The accountability in that 347 Program I've talked about many times on the mike, moving money from one subprogram to another which they're capable of doing, which doesn't lead to financial accountability, these two others, or 338...Program 338 which is the \$1.85 million and then, of course, 348 Program is where that \$2 million is coming from. So in all, a bit conflicted. My personal experience says \$2 million may not be the right number. There may be some savings there. But again, I talked earlier on the mike today about trust. The Appropriations Committee has indeed gone down that line item and I trust that they have vetted and looked at a proper level of transferring of the funds. Are there other funds out there available within programs? I think there are, but I also think that again we may be forced a situation... [LB968]

SENATOR COASH: One minute. [LB968]

SENATOR KRIST: ...to think about taking more money out of the Cash Reserve to make all the requirements meet if the resolve of this body is to go forward with all of the conditions that are out there. Thanks for listening to me and putting your trust in the committees and the hard work that they have done. At this point, I don't know that I can support the entire \$2 million. And I'm going back to the analyst to figure out if I can support a number and if that's the case, I will come with my own amendment. Thank you, Mr. President. [LB968]

SENATOR COASH: Thank you, Senator Krist. Senator Wallman, you're recognized. [LB968]

SENATOR WALLMAN: Thank you, Mr. President and members of the body. I stand in opposition to this amendment and I'll tell you why. Look at this book here. All the problems we had cost us money. Should it have cost us that much money? No. Whose fault is that? We can blame administration, we can blame anybody, but it's our fault as well. So this is a job. Medicaid dollars, everybody considered it as a cost, you know, what do we have to pay. Well, I give Senator Lambert a hundred bucks, probably 30 percent of that will get spent in his area. And the same way with Medicare, Medicaid.

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Providers, folks, we put providers under the bus. That's asinine. We should be ashamed of ourselves. It took forever to get some of them paid and they weren't rich people, most of them. So now we're going down the same slippery slope, folks. And I think this is a bad amendment. Wait a year or two to see how these things shake out because there's a lot of things has to happen in HHS. It just started. And things like that to turn a big ship around it takes a while. And it's going to cost some money. And we still have a waiting list. All these things. So I'm in strong opposition to this amendment. Thank you, Mr. President. [LB968]

SENATOR COASH: Thank you, Senator Wallman. Senator Conrad, you're recognized. [LB968]

SENATOR CONRAD: Thank you, Mr. President and thank you, colleagues. I was listening careful to some of the debate that's been generated on this subject and I was listening with great interest when Senator Krist talked about, well, maybe you take a little bit out of here, you take a little out of here, and then you can make everybody happy. Well, Senator Krist, let me tell you, there's not enough money in the Cash Reserve or under the sun to make everybody happy in terms of the competing priorities and the significant obligations that we have before us. And that's part of governing. It's part of making difficult decisions. It's recognizing and telling the public straightforwardly, we can't fund everything. We can't pay for tax cuts and our ever-increasing obligations in Health and Human Services, in infrastructure, in public safety. That's what governing is about, making difficult choices and being honest about the consequences thereof. I have great trepidation when I hear, we can take care of tax cuts, we can take care of all these spending bills, and it's not going to hurt anybody when we continue to chip away more and more and more resources to do that. Whether it's \$10 million from the Cash Reserve for...yes, yes, a very, very worthy cause, special education funding, but then that \$10 million not there in the next cycle when we're looking at almost a half a billion dollar deficit that's ever growing. That's not going to be there and we've hit the Cash Reserve pretty hard to try and manage through very difficult times. So that's \$10 million off the table. This go ahead and take \$2 million, go ahead and take \$3 million out of behavioral health, out of Medicaid, it's not going to hurt anybody and we're going to do everything we can to carve out more and more and more dollars and put more and more pressure on these critical human interest system, critical human service systems so that we can provide this tax cut. That's the message. It's loud and clear. The proponents have been very straightforward about it and I commend them because they are indeed intertwined. But we can't make everybody happy. And we can't pay for all of those things and we can't eviscerate our revenue base yet again when we have ever, ever-growing obligations today and into the future in regards to human service, education, public safety, natural resources. The list goes on and on and on and on. And when I look at these decisions as an Appropriations Committee member, and I can't speak for how each senator comes to their own decision making when deciding how to cast a vote, reading the media reports, talking to colleagues, there's a lot of folks who

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want to give tax cuts. But there's one guy who is really fighting for them and my obligation is not to the Governor. I respect him. He is our Governor. He is an adept politician and when we've had agreements, I've praised that. When we have disagreements, I point those out. But my obligation is not to him. My obligation is first to my district, also to my state, and the future of this great state. And we have to be careful to remember these obligations beyond the bubble that exists in the vacuum at the Capitol. And I know the Governor thought hard at the Revenue Committee level to go down and make his case for these tax cuts. Fair enough. He has every right to do that. I challenge him to sit through the hours of testimony in our committee, or at Health and Human Services where there's disabled Nebraskans there, there's elderly Nebraskans there, there's children on ventilators there and there's their parents. And they're begging and pleading with us... [LB968]

SENATOR COASH: One minute. [LB968]

SENATOR CONRAD: Thank you, Mr. President...each and every year, please don't do any more harm. These aren't funny money dollars that HHS can throw around. These have real impacts to our families and to not be swayed and to not be impacted by those earnest and honest and sincere communications from our citizenry. When the Governor is prepared to do that, then we can talk about tax cuts and priorities and until that time, I remain in opposition. [LB968]

SENATOR COASH: Thank you, Senator Conrad. Senator Mello, you're recognized. [LB968]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. I was just having a conversation with the Fiscal Office in general about just getting a perspective, so to speak, on entitlement programs in regards to some projections and ultimately what happens with projections, whether they're under projection or over projection. But the issue that ultimately is in front of us, and this is something that ultimately the body can take a step back, evaluate, determine whether or not...this is something that really means, I think, an awful lot to each and every one of us is whether or not we want to see a Department of Health and Human Services come back next year for a deficit appropriation request for Medicaid. That is the reality of what we're debating in AM2504. And to some that may not be a big issue. That may just be an issue that ultimately we leave to the Appropriations Committee to figure out and develop, bring the budget to the floor and we have a debate and dialogue as we're having right now on a budget bill. But hearing other senators, Senator Campbell, Senator Krist, Senator Conrad, Senator Nordquist, our Medicaid program ultimately is intertwined with what we're talking about in child welfare, is intertwined with other issues that have been brought up in regards to safe haven. It was just raised earlier, brought up in regards to the lack of universal prenatal care to all unborn children in Nebraska. A variety of programs within the Department of Health and Human Services all touch and

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connect to the Medicaid program. And so we make such a, I think a...I wouldn't use the word "cavalier," but the reality is this does have an impact. To reduce it two additional million dollars will have an impact somewhere or another. It's not just extra money that's lying around in a basement in the Department of Health and Human Services. That's too easy to look at that's the way they operate because if that's really how people in this body view the budget process in regards to what's going on with the Department of Health and Human Services, we have much bigger issues in front of us then. Just seeing and reading what the Health and Human Services Committee did with LR37 raises enough red flags to me, and I think it's raised enough red flags to other members of the Appropriations Committee of the current status of our Department of Health and Human Services when it comes to budgeting. Colleagues, we passed a bill off Select File last week that actually tries to change, it does change, puts new parameters on the way the Department of Health and Human Services does their budget because we ultimately have not trusted the way they've been doing things. Yet, it seems that without much avail from those who want to see this passed, no one has stood up and said, I have full faith in regards to the Department of Health and Human Services of saying they're not going to see an overutilization of Medicaid, and they say it's going to be a \$5 million surplus each in the next two years. If that really was the case, and that was the overwhelming view, then most of those...most of the senators who support this amendment would have been on the floor last week clamoring against us passing LB949 because that bill ultimately changes the Department of Health and Human Services budget in regard to putting more benchmarks in place, in regards to putting more transparency in place. Because we have come to an agreement, colleagues, that we don't ultimately have 100 percent faith in how they've been operating fiscally over the last few years. And it was spelled out very crystal clear in the legislative performance audit report and the LR37 report. And I'm not saying by any means that there's anything wrong with our Fiscal Office, they're fine, double-checking, or providing their perspective that they think... [LB968 LB949 LR37]

SENATOR COASH: One minute. [LB968]

SENATOR MELLO: ...that this money is available. But the question is this, is we had this debate internally. An internal debate, essentially, evolved around whether or not we felt the department was simply trying to come up to a solution when they already had the answer they wanted. And they were just trying to arrange the pieces to fit their puzzle. It wasn't whether or not this was good policy on whether or not we see Medicaid underutilized or overutilized, they had their minds made up. Obviously, it was the executive branch, the Governor, the Governor's budget office, made this decision to fit their end game. And that end game is not spelled out as crystal clear as they would like us to know or see. That's the debate we're having on this issue is on whether or not we fully trust that this not going to have a real impact, and it's simply money found underneath couch cushions somewhere in the Department of Health and Human Services. [LB968]

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SENATOR COASH: Time, Senator. [LB968]

SENATOR MELLO: Thank you, Mr. President. [LB968]

SENATOR COASH: Thank you, Senator Mello. Those still in the queue wishing to speak: Senators Dubas, Cornett, McCoy, and others. Senator Dubas, you're recognized. [LB968]

SENATOR DUBAS: Thank you very much, Mr. President. Good afternoon, colleagues. There was a sentence in an article in the newspaper this morning that really caught my attention and it said, competent government is also a great way to put money in the taxpayers pocket. And I think we've been talking about that a lot this session when we've talked about the child welfare reform and all the other things. We're trying to create programs that are accountable and responsible and transparent. And I think that's an obligation we as legislators have. We need to make sure that the programs that come to us for the money that we appropriate are run in a competent, efficient, effective, and a responsible manner. But as we talk about this particular amendment, which I do oppose, I'm thinking of a young woman that I know. I know her family really well. She's a single mom. She has a good job. She works. Great supportive loving family, many good friends, and she has a child who has very severe physical challenges. This child demands a great amount of care and attention. And even with all of the support systems that she has in play and in place, she relies on Medicaid to help her take care of her child because of all of the things that she has, her job, her family, her friends, I would assume insurance, Medicaid, she's able to have her child at home with her where he belongs. She's able to give him a loving home. But when we talked at the beginning of the session about the potential cuts to Medicaid, you know, she reached out to me, and I believe to other senators, to explain what would happen if those cuts were put in place. So I think many times we think about...when we think about Medicaid, we're thinking about people who maybe aren't working like they should, maybe aren't as personally responsible for themselves and the people in their family as they should be. But as I sat through hearings and listened to one after another person come forward to either talk about their own personal needs for Medicaid services or needs for family members or what have you, these weren't deadbeats. These weren't people who are out there trying to figure out how they take advantage of the system. No matter what kind of program you have in place, no matter what the system you have in place, yes, there's always going to be people who will try to game that system and try to get something for nothing. But by and large, the people that I have met over the course of my tenure in the Legislature and my work on these particular issues, I know these people to be very hardworking, committed to their family, wanting to take care of their family, wanting to be...take personal responsibility for the care of their family members or themselves, but just because of the cost associated with people who have these types of needs without additional assistance, it's impossible for them to do that. So let's

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put a face. These aren't special interest. These aren't people who are out there taking money out of the rest of our pockets. These are people who are out there contributing too. These are their tax dollars that are going into these services too. They're out there being responsible. They're out there trying to do the best that they can for themselves and their family. And I think we have to put that kind of a face on this issue. And sometimes, you know, it's been talked today about we can't be everything to everybody and I agree, we can't. But as I look at what are the...my opinion, what are the responsibilities of government, I think we are responsible for public education. We are responsible for safe infrastructure, and we are responsible to those... [LB968]

SENATOR COASH: One minute. [LB968]

SENATOR DUBAS: Thank you, Mr. President...to those who truly aren't able to take care of themselves. I think that's what we're talking about here. We're hoping that we won't need to use this money. We're hoping we can get by, but that's not the way we run our...I know, it's not the way we run our finances at home by hope. A lot of prayer maybe, but you can't run a budget on hope. It just doesn't work. And I think by taking this money it would pushing the envelope maybe just a little bit too far for what we may need to do. And sometimes you...it's been said, rob Peter to pay Paul, and that sooner or later catches up with you and I'm afraid that's what will happen if we adopt this amendment. Thank you, Mr. President. [LB968]

SENATOR COASH: Thank you, Senator Dubas. Senator Cornett, you're recognized. [LB968]

SENATOR CORNETT: Thank you, Mr. President and members of the body. Would Senator Mello engage in a dialogue with me? [LB968]

SENATOR COASH: Senator Mello, will you yield? [LB968]

SENATOR MELLO: Absolutely. [LB968]

SENATOR CORNETT: Senator Mello, I've had a number of conversations off the mike with some members of the body and with yourself, and as Speaker Flood said in his opening, this is a fairly complicated issue in regards to this funding. And there were just a few points that I wanted to clarify with you on the record and maybe have you, as a member of the Appropriations Committee, explain this a little bit. And I'm going to...if I'm incorrect, let me know, okay. [LB968]

SENATOR MELLO: Okay. [LB968]

SENATOR CORNETT: This does not represent a cut in services, benefits, or provider rates this year, am I correct? [LB968]

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SENATOR MELLO: We do not know that until the end of the fiscal year because this essentially is aid that is to be used for utilization of services and it all is determined upon what is that level of utilization. [LB968]

SENATOR CORNETT: Correct. And this was a conversation that you and I had off the mike and I just wanted to get everyone familiar or comfortable with what...at least what we're talking about here. This is money that they at this point are saying they will not spend and they have turned back, theoretically. But at the end of the year, they could have a deficit or they could not have a deficit, am I correct? [LB968]

SENATOR MELLO: You're correct in the sense that depending upon utilization of Medicaid, there could be a need for the department to come in for a deficit request or not come in for a deficit request depending upon utilization of Medicaid services. [LB968]

SENATOR CORNETT: When you were on the mike earlier, you were discussing that if there is a deficit appropriation that they'll come back in next year asking for that money, is that correct? [LB968]

SENATOR MELLO: Yes. [LB968]

SENATOR CORNETT: Now, let me walk a little bit through Appropriations because I don't sit on Appropriations. When an agency comes in and needs a deficit appropriations, generally what does the Appropriations Committee do? [LB968]

SENATOR MELLO: The Appropriations Committee takes each specific request by each agency on its own merit. And so some requests look to be a little bit more cut and dry than other requests, but each request ultimately has its own evaluation by the committee and the committee makes that determination based on what that request is. [LB968]

SENATOR CORNETT: But generally, and we did it this year, or the Appropriations Committee did it this year, and I believe it's reflected in the budget that there was a deficit request in regards to child welfare, am I correct? [LB968]

SENATOR MELLO: Well, this year there was a good number of...and I brought my book just in case someone had questions. There were a good number of deficit appropriation requests that ultimately we didn't give. But there was a good number of larger ones. Obviously, the biggest one I mentioned, so to speak, on the floor today is the \$24 million budget request that came from the Department of Health and Human Services which was a deficit request of \$12 million and then 12 additional million dollars for next year. [LB968]

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SENATOR CORNETT: And the only reason that I'm engaging with you in this particular topic is when you were on the mike earlier it sounded like that there would be...that you probably wouldn't fund or maybe not Appropriations or the executive branch wouldn't agree to a deficit appropriations, but generally in these types of circumstances the agency does receive the deficit appropriation, am I correct? [LB968]

SENATOR MELLO: There's two answers to that question. One, code agencies under the direct supervision and leadership of the Governor have had a historical perspective of not coming in for deficit appropriations request unless it was looked as an emergency, so to speak. As this year, for an example, the National Guard or the Governor's emergency fund was a deficit appropriations request of \$8 million because of flood issues that we saw across the state. [LB968]

SENATOR COASH: One minute. [LB968]

SENATOR MELLO: There are times, though, when the department ultimately doesn't come in for deficit appropriation requests and absorbs that in their...either in their existing budget. [LB968]

SENATOR CORNETT: Thank you, Senator Mello. But again, I just want it to be clear in the record, this is money that the agency is turning back to you currently that they don't believe that they will utilize this year. If they come in next year and have had to...have to request a deficit appropriations, that would be reflected, because earlier you had said this was borrowing money from next year for this year, am I correct? [LB968]

SENATOR MELLO: Yes, actually. If the money this year was not to be expended, it would be rolled over through the reappropriations process we do with agencies to next year's budget. [LB968]

SENATOR COASH: Time. Thank you, Senators. Senator McCoy, you're recognized. [LB968]

SENATOR McCOY: Thank you, Mr. President and members. I stand in support of AM2504 and I'm interested in this ongoing dialogue between Senator Cornett and Senator Mello. And I would...I defer the remainder of my time to Senator Cornett. [LB968]

SENATOR COASH: Senator Cornett, 4 minutes 40 seconds. [LB968]

SENATOR CORNETT: Thank you, Senator McCoy. The thing that...a couple of things that I'm trying to get on the record. One is, this is money the agency is saying that they will not utilize this year. It was sent back to Appropriations and Appropriations

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determined that they would keep that in case they needed it next year. And Senator Conrad had commented that she...I don't want to put...at least it was perceived that she might be angry or offended that we were looking at this money. The budget is like any other bill that is sent out from a committee. Everyone in this body has a right to look at it and determine what...if the Appropriations Committee has recommended, what we agree with or not. The question here is, do we agree that the money that is sitting there should sit there or should we be able to utilize it this year? With that, I thank Senator McCoy and I thank Senator Mello for his time. [LB968]

SENATOR COASH: Thank you, Senators. Those still in the queue: Senators Price, Schilz, Flood, and others. Senator Price, you're recognized. [LB968]

SENATOR PRICE: Thank you, Mr. President and members of the body. I rise in support of the amendment. And I have to say, you know, I've had a lot of time in life doing forecasts. But I forecasted the weather, which some might agree is a little more tricky than forecasting budgets. But in that work in forecasting weather, I ended up forecasting budgets in program management, understand the delicacy in the complexity involved in how we derive things. We set things and we build a model with a lot of, hopefully, with scientific data that we hope that we can understand how we are going to project things. And the historical record would show that we've done quite a good job in this and we've had a lot of debate in these budget discussions which talked to the delta that was in the budget. What we see here in the out years is kind of difficult and not always representative to what happens. I mean, so what we're trying to do here, we're trying to do as we can as we move along. Obviously these economic times that we've been experiencing in these past few years haven't led us to the...have the flexibility to fund everything fully, nor do I believe we ever have. And I'm mindful of when I was first elected and brought down here, the budget was woefully decimated due to the economic issues that we were facing. And because of that, sort of an artificial environment was created because we weren't having to make a decision of what we were going to do with limited resources. We were trying to, you know, shake the proverbial couch for every penny, nickel, and dime along the way and we had big issues to deal with and the entire state of Nebraska was a tremendous asset and player and everybody pulled together and we did a great job in securing the funds we needed to get through that period of time. But now we are faced for the first year in my time down here with there being just a little bit. And now it really gets to that point where, unfortunately, and as Senator Conrad had alluded to earlier comments of there isn't going to be enough money to give everybody everything they want all the time. And so now this is really the tough time and no one wants to say that one...and I'm sure no senator wants to sit there and say one thing is more important than the other or one is less important, but we're looking for objectives. We're looking for targets and things that we can achieve and still maintain a balance and the Speaker has put forward a plan here. Obviously, this plan was well-articulated and circulated with the paperwork we got this morning. Understanding when we had the division of this amendment and it came

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out, we knew ahead of time, there's no chicanery, no trickery going on here. What's going on is the very difficult business we have before us of trying to figure out what can we do and how we will do it. And we heard from Senator Cornett about these are funds that were brought back and now we are going to expend them. And I believe that when we do these things and we help out as much as we can, there is no political gain here to say that someone is being helped. And I don't suspect anybody here is trying to make that a claim. But what we do have here is an incremental opportunity to get a little healthier. And again, I think I've said before on the mike the old story about the gentleman walking on a beach throwing a starfish back in the water. And somebody comes up to him and says, well, what are you doing? And he says, well, I'm trying to, you know, save the starfish. And he says, you'll never save the starfish. It doesn't really matter. And he says... [LB968]

SENATOR COASH: One minute. [LB968]

SENATOR PRICE: Thank you, Mr. President. And he replies back, it did to that one. So \$2 million is going to make a difference to those individuals who are on the receiving end. And I know these are challenging times and I know that if it could be otherwise, we would prefer that. And there are other colloquial sayings that could be out there, but the long and short of it is, this is the reality we've been handed and this is what we're working on, and I stand in support of AM2504 for the ones that it will help. Thank you, Mr. President. [LB968]

SENATOR COASH: Thank you, Senator Price. Senator Schilz, you're recognized. Senator Flood, you're recognized. [LB968]

SPEAKER FLOOD: Thank you, Mr. President. Good afternoon, members. I think we're anticipating a 3:00 adjournment today. I think what has happened today has been helpful and productive. I know that it's not comfortable, certainly not comfortable when the air isn't moving very good in here but I do appreciate the Clerk's Office and the effort with the fans. But on to more serious matters. We're approaching a weekend and the Legislature works best when we try and find common ground. And the best thing for us is to reflect on some of the decisions that we're confronted with and where we want to go. It would have been easy to keep our heads down and roll through Select File on the budget, consider the other bills with Appropriations impact, and then have this discussion three weeks from now and leave a lot of disappointed people and members in the wake. This is the front part of the discussion and I think that has value. The amendments that I've presented here in AM1504 present one idea in terms of how we could prepare for LB970. I've talked to a lot of folks today that are inclined to vote for LB970 which is the tax cut plan. I've talked to folks that are adamantly against it. Nobody knows what will happen ultimately on that bill until it's had an opportunity to be heard. But I think we're all very prepared for the discussion now that we've been going through the amendments and looking at the types of decisions that can be made, or

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would be made, or have to be made if you want to make it work and leave some room for the rest of the Legislature with the \$17 million that the Appropriations Committee has presented to us in the budget. The other good thing that's happened today is that every member is getting very, very engaged in what our budget looks like. And next year that will have value in and of itself. I would urge your adoption of AM2504. I recognize there are those that disagree but we can do that and not make it personal. This discussion will continue on Monday. Thank you very much. [LB968 LB970]

SENATOR COASH: Thank you, Speaker Flood. Senator Lathrop, you're recognized. [LB968]

SENATOR LATHROP: Thank you, Mr. President and colleagues. I stand opposed to AM2504 and I want to share with you a couple of thoughts. First, you know, I spent a little time working with insurance companies and they are required to leave a reserve in their account. They can't just put a...set aside a certain amount of money. They need a little cushion in there. And I think what we've heard today is that when it comes to Medicaid, they have money set aside by the Appropriations Committee which includes what do we expect and perhaps a cushion. It's not a cushion that is a careless cushion. It's not a piggy bank. It's a cushion that's there because insurance companies and Medicaid know that we do not have a crystal ball nor a printout that will tell us how much Medicaid will be used and how much people will draw down against that account. So it is altogether appropriate that we leave this money alone, now. That doesn't mean we give it back to the federal government or that it will go to waste. It just means that instead of taking away the cushion or effectively borrowing money from a surplus we hope will be there at the end of the year, instead of doing that we ought to leave it and if it's there next year, we'll roll it over and it will help. I'm going to talk about LB970 since Speaker Flood did to give you kind of a thought before you go home for the weekend. And that is, if AM2504 is an example of how we are going to finance the tax cuts that we're going to look at next week, then maybe it says something about whether we can afford them. The first approach to coming up with the money is to do something an insurance company wouldn't do if they had obligations to pay health claims in the future and that's take money out of your reserve. It is, in a manner of speaking, a gimmick. It's a gimmick when you are borrowing money that isn't really there, it isn't really a surplus, and if this doesn't work out, then we've got a big problem. The money isn't there to pay the Medicaid claims and that's what this is about. I stand against AM2504 for those reasons. This is not a prudent place to be getting money from. It is a reserve that if it is available to us in a year from now, we will find a good use for it, perhaps tax cuts that we can take up next year, but we shouldn't be using money that is questionable to pay for tax cuts this year. Thank you. [LB968 LB970]

SENATOR COASH: Thank you, Senator Lathrop. Senator Conrad, you're recognized. [LB968]

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SENATOR CONRAD: Thank you, Mr. President. I'm glad that I made it before our 3:00 adjournment because there's a few points that I did want to address specifically in terms of processing, in terms of personalities, I guess, so to speak. Senator Cornett indicated that maybe I was angry at people for engaging in a budget debate. That couldn't be further from the truth. And if I...if my passion or advocacy rose to that level, I apologize. I certainly don't think it did this afternoon. I've certainly been far more passionate in far many more instances, but I welcome the debate. I think it's long overdue that we've had a budget debate in this body. So it would never be to say that other people don't have a right to participate and engage and add their thoughts. That's always, always welcome in my belief and in my style. We're the only deliberative body in the state. We should debate. Debate is not a bad thing. Different perspectives are not a bad thing. And zealous advocacy in support of different perspectives helps us find the middle ground. So please, please don't think for one second that that would be the case. But the point I think that did get missed was that somehow we're just arbitrarily supporting this because this is what our committee came forward with to make it all work. No. Each line in this budget is the product of thoughtful and careful consideration based upon a great deal of information from Fiscal, from other committees, from our citizenry. So that, in addition to our traditions, is why we rise in strong support of our budget package as committee members. The Speaker noted that it's never personal and I couldn't agree more. It's not personal between myself and Speaker Flood. It's not personal between Senator Nordquist and Senator McCoy. But you know who it is personal to? It's personal to those Nebraskans who came to our committee with significant and serious healthcare needs. And it's not these people who are out there abusing the system when we talk about Medicaid. You know who the majority of users are? Kids. Do you know who the biggest cost spenders are? The elderly. Do you know who else is there? A very, very small amount of working poor and a huge amount of disabled folks. It's personal to them and it should be personal to them because these are not only quality-of-life issues, these are literally life and death issues for many of them. They don't come to the Nebraska Legislature to try and get one over on us. They come down because they as citizens want to engage their government and provide thoughtful information about what happens when we put pressure on critical human services as we've done time and time and time again to meet projected budget deficits. And so to continue to put pressure on those systems and say it has no consequence, be skeptical. Is it personal between any of us on this floor? I sure hope so. I sure hope not. Excuse me. I sure hope not. It's not the tradition of the Nebraska Legislature and I'm proud that it's not that tradition. We can talk across the aisle. We can socialize. We can find things that we have common ground on and then find other things where we have a disagreement. And the next bill, it's that very, that very tradition. We put that aside and move on to the next issue before us and we should. But it is personal to the Nebraskans who depend upon those programs. And do they get emotional? Yes. Should they get emotional? Yes. Because they're not here with a bunch of lobbyists. They're here to tell us what our decisions do to their daily lives. And if it's tax cuts or standing up for those folks, you bet I'm going to stand up for those folks. Any of you who have known me for

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five seconds, know that's where my priorities are. [LB968]

SENATOR COASH: One minute. [LB968]

SENATOR CONRAD: And so when I come out in strong support of those priorities, it's not personal to me or to my colleagues. But it's personal to me and those Nebraskans who have made that sincere, honest, and important statement about what our actions do. These funny-money dollars that are flying around in HHS world, they have real impacts. They have real impacts in real people's lives. And what happens if we keep digging our hole deeper and deeper and putting more and more pressure, we impact people's lives in a negative way. And I think we need to find a more positive path forward that includes not eviscerating our revenue base but taking care of the many, many obligations we have. It was said, well, what happens with deficit appropriations? Colleagues, here's a book of deficit appropriations that came in this year. We funded maybe 10 percent of them. So that puts another bit of pressure on existing resources in every single agency and every single program that we don't fill the deficit request on. [LB968]

SENATOR COASH: Time, Senator. [LB968]

SENATOR CONRAD: That's how the process works. Thank you, Mr. President. [LB968]

SENATOR COASH: Thank you, Senator Conrad. Mr. Clerk, items. [LB968]

CLERK: I do, Mr. President. Thank you. Your Committee on Urban Affairs chaired by Senator McGill reports LB1115 to General File with amendments. Judiciary chaired by Senator Ashford reports LB804 to General File with amendments. Amendments to be printed: Senators Mello, LB357; Cornett, LB1050 and LB1080; Senator Schilz, LB670; Senator Howard, LB968, likewise, Senator Ashford, Senator Lautenbaugh, Senator Langemeier. Senator Lautenbaugh to LB969; Senator McCoy, LB782; and Senator Adams to LB870. Mr. President the name adds: Senator Price would like to add his name to LB804; Senators Price, Janssen, Schilz, Larson, Lambert, Brasch to LB970. And Senator Larson to withdraw his name from LR358CA. (Legislative Journal pages 971-983.) [LB1115 LB804 LB357 LB1050 LB1080 LB670 LB968 LB969 LB782 LB870 LB804 LB970 LR358CA]

Priority motion. Senator Cornett would move to adjourn the body until Monday, March 19, at 10:00 a.m.

SENATOR COASH: Members, you've heard the motion to adjourn until Monday. All those in favor say aye. All those opposed say nay. We are adjourned.