

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

Floor Debate  
January 31, 2017

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[LB22 LB119 LB149 LB154 LB167 LB176 LB180A LB438 LB553 LB576 LB607 LB645  
LR19 LR20 LR27 LR28 LR29]

SPEAKER SCHEER PRESIDING

SPEAKER SCHEER: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the nineteenth day of the One Hundred Fifth Legislature, First Session. Our chaplain for today is Senator Brasch. Please rise.

SENATOR BRASCH: (Prayer offered.)

SPEAKER SCHEER: Thank you, Senator Brasch. I call to order the nineteenth day of the One Hundred Fifth Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

CLERK: I have a quorum present, Mr. President.

SPEAKER SCHEER: Thank you, Mr. Clerk. Are there any corrections for the Journal?

CLERK: I have no corrections.

SPEAKER SCHEER: While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR19 and LR20. Thank you. We will now proceed to the first item on the agenda, Mr. Clerk. [LR19 LR20]

CLERK: Mr. President, if I may, right before that, just acknowledge some hearing notices from the Judiciary Committee; Government Committee; Banking, Commerce and Insurance, all signed by their respective Chairs. (Legislative Journal pages 383-385.)

Mr. President, LB119, on General File, a bill offered by Senator Groene. (Read title.) Bill was introduced on January 6, referred to Education, advanced to General File. Senator Groene presented his bill yesterday, Mr. President. I do have a motion on the bill. [LB119]

SPEAKER SCHEER: Senator Groene, could you please give the body a quick synopsis of what the bill comprises of and where we're at, at this point. [LB119]

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SENATOR GROENE: Thank you, Mr. President. Simply, LB119 delays state aid certification from March 1 to June 1. We want to provide the Appropriations Committee ample time to arrive at a budget recommendation and to give this body ample time to determine how much funding is available for state aid and TEEOSA. We do not want to make a financial promise to our schools and then break that promise if we can't help from doing that. Yes, it has been mentioned previously the date has been delayed multiple times. This is a management tool. This is a budget management tool so that we can determine how much revenue is available for education during rough fiscal times. Also, we also...we are trying to keep the fiscal promise that we make to schools as best we can. This is not just an Education bill. This is a tool for the Appropriations. This is a tool for the entire body to do the best we can with managing the state's money. So I would appreciate a green on LB119 when we get to that point. Thank you. [LB119]

SPEAKER SCHEER: Mr. Clerk for a motion. [LB119]

CLERK: Mr. President, Senator Chambers would move to indefinitely postpone. Senator Groene, you would have the option to lay the bill over or take the motion up at this time. [LB119]

SENATOR GROENE: What? [LB119]

SPEAKER SCHEER: Senator Groene? [LB119]

SENATOR GROENE: Thank you, Mr. President. We will take the motion up. [LB119]

SPEAKER SCHEER: Thank you. Senator Chambers, you're recognized to introduce your motion. [LB119]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, some time ago there was a popular song called "Ball of Confusion." That is what I think was generated yesterday on this bill. There is a word that is formed by the first letter of several words. And before I go further, I'd like a little assistance from Senator Groene if he would yield. [LB119]

SPEAKER SCHEER: Senator Groene, would you please yield? [LB119]

SENATOR GROENE: Yes, Mr. President. [LB119]

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SENATOR CHAMBERS: Senator Groene, we keep hearing this term "TEEOSA." Can you tell us what those letters stand for? What words do those letters stand for, for the record? [LB119]

SENATOR GROENE: The equity education... [LB119]

SENATOR CHAMBERS: It's not a trick question. [LB119]

SENATOR GROENE: Oh, I know. I just went blank, sir. I've repeated myself so many times on this that I'm trying to remember. [LB119]

SENATOR CHAMBERS: Well, you can do it later. [LB119]

SENATOR GROENE: Yeah. [LB119]

SENATOR CHAMBERS: Okay. Okay. [LB119]

SENATOR GROENE: It's equity and education and of our state schools. [LB119]

SENATOR CHAMBERS: Whatever, okay. [LB119]

SENATOR GROENE: Yes. [LB119]

SENATOR CHAMBERS: Yesterday there were comments made, all of which I believe were made in good faith based on what the speaker knew or was trying to find out. And when I say speaker, I mean the person who was speaking at the time, not the Speaker of the Legislature. Wait a minute, the last time I looked up there, I thought the Speaker was in that Chair. [LB119]

SENATOR ERDMAN: He's right here. [LB119]

SENATOR CHAMBERS: Oh. Then I would like to ask the Speaker, who has now found his way among us, a question or two if he will yield. [LB119]

SENATOR WATERMEIER PRESIDING

SENATOR WATERMEIER: Speaker Scheer for a question. [LB119]

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SPEAKER SCHEER: Certainly. [LB119]

SENATOR CHAMBERS: Speaker Scheer,... [LB119]

SPEAKER SCHEER: Yes. [LB119]

SENATOR CHAMBERS: ...this bill is before us by virtue of you exercising your authority as Speaker to special order anything you choose. Is that correct? [LB119]

SPEAKER SCHEER: Yes, it is. [LB119]

SENATOR CHAMBERS: And you can special order anything you choose. Is that correct? [LB119]

SPEAKER SCHEER: That's my understanding. [LB119]

SENATOR CHAMBERS: Now, if somebody makes a motion to rerefer a bill from the committee where it rests to another bill and time passes, this is one of those instances I am digressing right now. Time is of the essence in this kind of issue. Mr. Speaker, if a bill is scheduled for hearing, what must be done before that bill could be rereferred to a different committee if such was the will of the Legislature? [LB119]

SPEAKER SCHEER: Well, the Legislature would have to take it up and they would have to authorize the rereferencing to a different committee than it currently is at place. [LB119]

SENATOR CHAMBERS: And would that entail a suspension of the rules so that the hearing that had been scheduled could be canceled? [LB119]

SPEAKER SCHEER: If indeed there has been a hearing scheduled, that would be correct. [LB119]

SENATOR CHAMBERS: Thank you. Members of the Legislature, that is why I have been so insistent on having my motions to rerefer taken up. They could have been special ordered. When you've been here long enough, you know that some things are affected by the timing and time is of the essence, meaning that the timing can change the terrain entirely. Those three bills happen to be bills that the Speaker and the Chairperson of the Executive Board voted, in my opinion, incorrectly on. They voted to put those bills in committees where, in my opinion, they ought not

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to have been placed. Now, the Speaker says that he has acted in good faith, and I'll take him at face value on that. But it does not diminish at all my dissatisfaction with his posture. He and I both agreed that I have previously offered...and I'm going to get to this bill that we're on. But there are a lot of issues that are interwoven these first few days and first few bills with any bill that comes up. I would like not to believe that there is a deliberate attempt to frustrate the legitimate efforts that I make to operate under the rules. Now there may be a very substantive reason why Senator Groene's bill is special ordered. It deals with that TEEOSA and certain interplays between that TEEOSA situation and the budget bill or how much money the state is going to appropriate in connection with that TEEOSA, whatever that is. I'm going to continue pursuing my efforts to bring a clean thing out of the unclean thing, and by unclean I mean the way that the Executive Board, through five members who vote as a bloc, corrupted our system. Then the Speaker is in a position to make sure that corruption remains intact by not special ordering motions that he knows very well can be disadvantaged by his delaying letting them be discussed. Do I know what the outcome of the vote will be if the 27 and the other tagalongs continue to vote as a bloc? I certainly do. But I want to make public idiots out of those who vote against rereferencing those bills and show the contradiction between the way they're dealing with those bills and where in voting as a bloc, or blockheads, they have dealt with other bills. Why in the world would I use the term "blockhead" when some people might think I'm referring to my colleagues? Well, Senator Groene, the paragon of rectitude and propriety, said with reference to Senator Kintner being drummed out of here that he hopes the jackals are now happy, jackals. Well, jackals in the animal kingdom are honorable creatures. They act in accord with their nature. Their nature is what it is because nature had a job that she wanted carried out. Human beings take that term and use it derisively. But if he was referring to me, I don't mind. I love animals. I have yet to see an animal behave contrary to its nature. I have yet to see a jackal pretend to be a chicken in order to sneak up on a creature which would be afraid of a jackal. I have yet to see that happen. But human beings conceal what they are. They conceal their motivation. They act diametrically opposite to what they say they believe. The principles they espouse are observed by breaching or violating those principles rather than adhering to them. They are under no compulsion to say that they believe a certain way. They do so voluntarily. [LB119]

SENATOR WATERMEIER: One minute. [LB119]

SENATOR CHAMBERS: So they can be judged by that space between what they say they believe and their conduct which does not conform. And between their stated beliefs and their conduct opposite to it leaves the room for a cat to wag its tail, a very large cat with a very long tail, one of my favorites in the cat family, the great cats, the regal cat, the majestic cat: the mountain lion. Next time I speak, I'll get more directly on this bill. Thank you, Mr. President. [LB119]

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SENATOR WATERMEIER: Thank you, Senator Chambers. (Doctor of the day introduced.) Those in the queue wishing to speak: Senator Groene, Senator Krist, and Senator Chambers. Senator Groene, you are recognized. [LB119]

SENATOR GROENE: Thank you, Mr. President. Tax Equity and Educational Opportunities Support Act. We all use the term TEEOSA over time for the formula that was passed in 1990 to set up the funding for our schools, as we all know. Sometimes I think maybe we ought to re...quit using the word "formula" and use the word "framework" because basically that's what it's turned out to be. It's turned out to be a framework where we calculate proportionally who gets what tax dollars from the state. And then we change it. It was pointed out to me by a senior senator that our...I think our class was 18 freshmen. This year it's...two years ago and this year it's 17, that when we walked into the body two years ago, that was the exception to the rule that TEEOSA was actually funded as the formula dictated, mainly because of the fact that property taxes skyrocketed and took most of the burden. The state was able to do their part. I think it averaged 4 percent or so in that area. What happened two years ago, my sophomore colleagues and you freshmen, was the exception, not the rule. Most years, what we do is pass LB119-type legislation. We just change the number on it, because what the TEEOSA framework does is create an ideal of how we should fund each individual school. Then this body actually turns around and decides what proportion of that we will fund. Tax Equity and Educational Opportunities Support Act. I think if Senator Chambers would have asked me what the NFL was, I would have missed that one too. National Friendship League or something, isn't it? But anyway, that's where we are on this. We need to pass this and go on from here and do what we do. And, Senator Chambers, you're the lion. You are the lion of the body. Lions take on equal prey. Jackals clean up what the lion wounds. Thank you. [LB119]

SENATOR WATERMEIER: Thank you, Senator Groene. Senator Krist, you are recognized. [LB119]

SENATOR KRIST: Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraska. Yesterday I had the opportunity to sit in a meeting with the Commissioner of Education Matt Blomstedt and I posed to him what I thought was the most pertinent question for LB119 and that is, what else can we do? The commissioner said zero, nada, nothing. We need this to make sure that when, down the road, that when those certifications and the proper amount of money is allocated to those schools, it's done in a way that the Appropriations Committee would like to have it done and that's do it right the first time. So delaying it does just that. It gives the schools a warning. It tells them what to look forward to and it tells them to pay attention to what's happening in Appropriations with our appropriations process. I stood yesterday and said there really isn't any other alternative. I hope that the commissioner's words will resonate with you this morning and we can vote on LB119, do the delay process that needs to be put into place, and move on. And I would invite any of you, and he invited me to invite

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you, to pick up the phone and call his office if you need further information. This is a vote that enables our appropriations process to happen the way it should. And again, for those of you who were on school boards, you know this is nothing new. It gives the teachers, the superintendents a warning of what is to come. Please vote green on LB119. [LB119]

SENATOR WATERMEIER: Thank you, Senator Krist. Senator Chambers, you are recognized. [LB119]

SENATOR CHAMBERS: Thank you, Mr. President. Members of the Legislature, I would like to engage in a bit of dialogue with Senator Krist if he would yield. [LB119]

SENATOR WATERMEIER: Senator Krist for a question. [LB119]

SENATOR KRIST: Absolutely. [LB119]

SENATOR CHAMBERS: Senator Krist, he rephrased what I said. I said I would like to engage you in a bit of dialogue. Are you willing to do that rather than just a question? [LB119]

SENATOR KRIST: Yes, sir. [LB119]

SENATOR CHAMBERS: Thank you. Senator Krist, when you talked to the commissioner, the question dealt with what the Legislature could do as an alternative to moving this bill at that time, and the word "delay" was a part of the conversation. Would you state what was indicated about the need for delay again? [LB119]

SENATOR KRIST: Yes, sir. In order for the schools to do their due diligence and form their budgets for the next couple of years, they would have to have a bogey or a target in terms of what the funding level would be under the TEEOSA formula. And, therefore, if we're not ready to give them that bogey or that target area, then delaying the effort until after the Appropriations Committee was able to develop that number would be the preferred delay as opposed to working with one set of numbers and then completely redoing the process in a few months. I asked him specifically, also, if there was another alternative, and his answer was: not unless you can come up with another formula in the next three months. [LB119]

SENATOR CHAMBERS: And, Senator, this is a bill that deals then specifically with delay. [LB119]

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SENATOR KRIST: Yes, sir. [LB119]

SENATOR CHAMBERS: Do you think that what I do on occasion, as I am doing with a bill like this, fits into the category of delay? [LB119]

SENATOR KRIST: I believe you use the rules to inform the other 48 senators on issues that are important to you. It does delay our process, but it is extended debate in an aimed and very targeted area on your behalf. [LB119]

SENATOR CHAMBERS: Well stated, thou good and faithful servant. Thank you, Senator Krist. [LB119]

SENATOR KRIST: Can I add one more thing, Senator Chambers? [LB119]

SENATOR CHAMBERS: You certainly may. [LB119]

SENATOR KRIST: The only person I've ever heard pronounce it the way that you do is Senator Heidemann who insisted that it was "tee-oh-shuh" (phonetically). The proper pronunciation is "tee-oh-suh" (phonetically). (Laugh) [LB119]

SENATOR CHAMBERS: (Laugh) Thank you. I stand corrected. And it's good for us to listen to what is said. Some things are said intentionally to see who is listening. Senator Krist was listening. Brothers and sisters, friends, enemies, and neutrals, there was a fellow referred to as the great Cunctator, the one who was the master of delay. There was a general from Africa. Napoleon said this man, in carrying out a campaign against Rome, conceived the inconceivable and executed the impossible. He marched over the Alps using elephants. His name was Hannibal. He was black like me. They laid siege to Rome for 14 years. And you ought to check to see if I'm making these things up or if I'm telling the truth. Then he was defeated by a fellow who was a master of delay. [LB119]

SENATOR WATERMEIER: One minute. [LB119]

SENATOR CHAMBERS: That delay was a tactic but in reality a strategy. There was a fellow who was a general. He handled the Army of the Potomac during the Civil War and his name was...well, I'll have to turn on my light because I won't have time to finish. Thank you, Mr. President. [LB119]



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SENATOR WATERMEIER: Thank you, Senator Stinner...excuse me, Senator Chambers. Senator Stinner, you are next in the queue. [LB119]

SENATOR STINNER: Thank you, Mr. President. Members of the Legislature, I have cosigned on this bill simply because, as Senator Groene has said, this is a management tool for us. This is really easy for me. I don't want to have to commit to something before I know how much money I have. And that's what we're doing right now if we certify before the April Forecasting Board meets. We don't know if there's a \$50 million swing. And TEEOSA is the largest number that we have to deal with in the budget. So then all of a sudden we have to go back and start to readjust and the rippling effect of that can be fairly dramatic. And if you listen to what Senator Krist said on the other side, I sat on that other side as a school board member and tried to put a budget together and we guessed at what we were going to have. You know, my answer to that guess was it's going to go up or down but we're going to keep enough in cash reserve so that we can continue with the educational staff that we had to keep it all level. So this is a good bill; it's a smart bill. I think it's a workaround for the schools and the superintendents. So I would encourage you all to vote green on this bill. Thank you. [LB119]

SENATOR WATERMEIER: Thank you, Senator Stinner. Senator Chambers, you are recognized. [LB119]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, yesterday I said I have no intention of trying to kill this bill. But as the discussion progressed, it needed more discussion for the sake of the record than had occurred yesterday, and I think more enlightenment in these few minutes has occurred than took place yesterday. But when you listen to Senator Stinner, as I do, you will extrapolate from what he said to make an application elsewhere. When he had to guess as a member of the school board, he wanted to make sure they had enough in their reserve fund. Well, you have a Governor who plans to run for the U.S. Senate in six years who wants to cut and slash and take money from the state reserve to further his political interest, and he has bought enough crickets here to get that done. I look at how these things apply, not just in the one instance being discussed, but extrapolate from that to formulate a principle according to which judgments can be made about entities much larger than the one that led to the mention of it in the first place, going from a school board to the state. You're going to let the Governor drain the so-called rainy-day fund for his political purposes. You've got the votes to do it. I can hear the crickets chirping right now. I need some praying mantises. But at any rate, going back to what I was talking about, this general who was in charge of the Army of the Potomac was a white guy, blue eyes, blonde hair. And when he sat astride a steed, you could take a picture of him and use it as a symbol of the most magnificent general that you could find. The only problem was he wouldn't fight. So Abraham Lincoln, being a gracious fellow, not wanting to hurt anybody's feelings if he could avoid it, sent a communique to his general who commanded the Army of the Potomac. And he said, in effect, General, since you don't intend to

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use your army, do you mind if I borrow it for awhile? Eventually George McClellan met the fate of Douglas MacArthur. He was cashiered, as they call it. I bring that up to retain the thread of what I was saying about strategies, tactics, and delay. I have far more interest in what occurs this session than this "tee-oh-shuh" (phonetically) issue and even the budget, even the Governor's plans to run for the Senate and use you all for background noise. And you are doing it. You're going along with him. I don't know if Toscanini was really a conductor, but he's got the name where it sounds like he could have been a conductor. And that's who the Governor is trying to emulate and you are all his chirping crickets. And I apologize to Buddy Holly. I think Buddy Holly may have met an end in a plane crash. He did. And there was a guy named Richardson on the plane with him. He was known as the Big Bopper. He died also. And Ritchie Valens, who sang "La Bamba," also died. [LB119]

SENATOR WATERMEIER: One minute. [LB119]

SENATOR CHAMBERS: "Para bailar La Bamba / Para bailar La Bamba / Se necessita una poca de gracia / Una poca de gracia" and so forth. His name was not Valens. His name really was Valenzuela. But because Americans were going to be involved and they shortened people's names, he turned it into Valens because they can remember that two syllables. Valenzuela, four syllables: too much. They might have called him Ritchie V. But I think there was already a white guy named Bobby Vee. So in order not to have confusion, he became Ritchie Valens. I'm looking at the Legislature as an institution and regretfully I think there are not enough of us here who do that. And I'm going to have to continue the tactic which I employ in the context of a broader strategy. [LB119]

SENATOR WATERMEIER: Time, Senator. [LB119]

SENATOR CHAMBERS: Thank you, Mr. President. [LB119]

SENATOR WATERMEIER: Thank you, Senator Chambers. Senator Howard, you are recognized. [LB119]

SENATOR HOWARD: Oh, thank you, Mr. President. I yield my time to Senator Chambers. [LB119]

SENATOR WATERMEIER: Senator Chambers, 5:00. [LB119]

SENATOR CHAMBERS: Thank you, Mr. President. Thank you, Senator Howard. This bill is going to move. But if it does not move, that doesn't mean the world ends. There will be

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inconvenience--and I'm borrowing that from you all's President whose administration is in a shambles. They said that those people whose families were broken up, some individuals put in handcuffs, jail clothes, and locked up like criminals overnight, these people in Trump's stable said they were inconvenienced--inconvenienced. That shows what a rich man says when he's messing over poor people, especially when they're of a religion that is going to be condemned. By the way, another radical, white Christian murdered people praying in Quebec--a radical, white Christian. I don't hear Trump talking about that. I don't hear anybody on this floor ever talking about it. The mass shooters have been, by and large, radical, white Christians. This acting Attorney General who was just fired by Donald Trump, the chump, was responsible for putting a guy in prison who bombed the Olympics when they were in Atlanta, Georgia. His name was Eric Robert Rudolph. He was a radical, white Christian, as was Timothy McVeigh who blew up the Murrah Federal Building in Oklahoma City. Do you hear Trump talking about radical, white Christianity? I think if Christianity had been erased from the earth there would not have been an Inquisition; there would not have been Christians called Germans and Christians called Brits who were fighting and killing each other, both in the name of the Lord. Abraham Lincoln talked about men on the South side fighting men on the North side while both praying to the same God. During that war with the Germans, somebody had written a little rhyme because God had streamed a message to them: God bless Germany, God save the Queen! / God this, God that, God the other thing-- / Good God! said God, without a doubt, it's clear to me my work is cut out! If there had been no religion on the earth, there might have been a chance to have peace and goodwill among all people. There is a Christmas song that says, "The wrong shall fail, the right prevail, through (sic: with) peace on earth, good will to men." Women have finally decided that there needs to be a caveat, an addendum. Not only are women the mothers of every man in this place, a woman was the mother of the one you all worship who couldn't have got here without... [LB119]

SENATOR WATERMEIER: One minute. [LB119]

SENATOR CHAMBERS: ...passing through a woman. And yet women are conditioned to feel like they are objects. If they express ambition, then they are condemned for that. Lily Tomlin said that she never wanted to get married. And when she was asked why, she said: I grew up down in Kentucky; my father was a big gambler and he drank all the time, he became an alcoholic, and he was out all night; my mother was a Christian, go-to-church woman, and she had to stay home all the time; I don't want that. The double standard: it's in this Chamber; it's in this building; it's in this state. And that's another issue I think I need to talk about. Mr. President, in the interest of collegiality and to facilitate the process more than the Speaker is willing to do for me, I withdraw that pending motion. [LB119]

SENATOR WATERMEIER: Thank you, Senator Chambers, Senator Howard. The motion is withdrawn. Seeing no one else in the queue, Senator Groene to close on LB119. [LB119]

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SENATOR GROENE: Thank you, Mr. President. Keep this short. We need a vote of green on LB119. Thank you. [LB119]

SENATOR WATERMEIER: Thank you, Senator Groene. Members, you've heard the closing on LB119. All those in favor vote aye; all those opposed vote nay. Have all you voted who wish? Record, Mr. Clerk. [LB119]

CLERK: 29 ayes, 1 nay, Mr. President, on the advancement of LB119. [LB119]

SENATOR WATERMEIER: LB119 does advance. Mr. Clerk, announcements? [LB119]

CLERK: I have no announcements, Mr. President.

SENATOR WATERMEIER: Proceed on the agenda.

CLERK: Mr. President, LB22 is a bill introduced by the Speaker at the request of the Governor. (Read title.) The bill was introduced on January 5 and referred to the Appropriations Committee, advanced to General File. There are Appropriations Committee amendments pending. [LB22]

SENATOR WATERMEIER: Thank you, Mr. Clerk. In the absence of Speaker Scheer, Senator Stinner, you are allowed to open. [LB22]

SENATOR STINNER: Thank you, Mr. President. Members of the Legislature, LB22 is part of the Governor's expedited fiscal year 2016-17 budget adjustment recommendations. The bill makes adjustments to appropriations and reappropriations for state operations, aid, and construction programs in the current fiscal year ended June 30, 2017, provides for transfers and modifies intent language, and earmarks accompanying appropriations approved by the One Hundred Fourth Legislature. If it's okay with you, Mr. President, I would like to proceed to AM13 which is a change recommended by the Appropriations Committee. [LB22]

SENATOR WATERMEIER: Mr. Clerk will need to announce the amendment first here. [LB22]

CLERK: Mr. President, Senator Stinner, Appropriations Committee offers AM13 as a committee amendment to the bill. (Legislative Journal page 365.) [LB22]

SENATOR WATERMEIER: Senator Stinner to open on the amendment. [LB22]

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SENATOR STINNER: The amendment...actually, I passed out some exhibits and if you take a look at those exhibits, I actually want to start with a chronology of where we were at, how we got to where we're at today, and what the recommendations are as we proceed forward. So exhibit number one is back...and I'll source this for you. It's the state of Nebraska's biennial revised budget, was issued May 2016, and it's a financial status report and it's a busy-looking report. I know when I was a freshman I got mesmerized by it until I tied it out to the detail then behind it. But if you want to think of this as a check...kind of a master checkbook, this starts with a beginning balance. You got transfers in; you got transfers out. You got money being deposited from tax receipts which are sales tax, individual income tax, corporate tax, and miscellaneous tax. And then you have expenditures which are called appropriations. Those are the amounts that the Legislature agreed to, to allow each agency to spend during that fiscal year. The other part of this is, and I'll use line 27, 28, 29 is where I want you to focus. At the end of sine die, and this is the last report, this is the last fiscal report, we had to have at least a minimum of 3 percent cash balance. Now that's required by legislation. If you look down the one, two, three columns, 2016-17, you see that we actually do have that balance and we actually left \$4.5 million of excess money. So we were in balance. We had extra money when we left on sine die. You also need to look over two more columns and you can see a negative \$234 million. That is the projected shortfall for the next biennium. So we already had a little bit of a problem showing up. But it does not show that we normally lapse \$100 million of funds, like securities funds that takes in money, that doesn't expend money, so we lapse it into the General Fund and help to balance the budget. So \$100 million is not shown from normal lapses. Also, if you look down through the report, in that little column down toward the end of it, it had...line 30 through 33 it shows that the projections are based on 4.4 percent average two-year spending. Now we've spent 3.7 (percent), so if you do the math, if we cut down to 3.5, 3-point...even under 4, we'll probably pull this balance back down. It's also projected to be on a 4.7 percent revenue growth. As you all know, that didn't happen. So exhibit two really gives you a chronology. And exhibit two comes out of the Tax Rate Review Committee, November 16. That's a report that is issued. And if you want to pull it out or look at it at some time, this is the one that really has the statute on the back for the Tax Rate Review Committee. Its members are the head of Appropriations, Executive Board Chair, Speaker of the Legislature, Revenue Committee Chair, and the Tax Commissioner. And they are tasked with, after July 15 and November 15, they have ten days in which to meet and then to put this formal report together. So that's where the...that's a little bit of the detail. Senator Krist is actually the surviving member of that committee. So if I make a mistake, I've asked him to get on the mike and correct me. But if you follow this down where the \$4.5 (million) on the column in the exhibit, you have a plus that and then you hit minus \$113.7 (million) by the Tax Rate Review Committee. So from April, May, June, June year-end, we actually were short on revenue. And in the Governor's report he shows short on revenue by \$95 (million). There are some adjustments that the Tax Rate Review Committee put into effect that took us to a minus \$113 (million). The point is, it's kind of like the saying "Houston, we have a problem." We have a problem. And so as anybody would if they had their own family situation

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and you were short on...you got cut down on your salary, you know, you call your family members together and you say, you know, that allowance you used to get or that you do get, you now...I'm taking that away, you know, the vacation we were going to go on...you start to cut. That's what normal people do. In business when you have a revenue problem, you call all your folks together and you really have kind of a "come to Jesus" meeting and you explain, hey, we've got a revenue problem. We've got to make some adjustments. So what did the Governor do? He called his folks together in a commonsense way and said we got to make some adjustments, no out-of-state travel, you know, mission critical people will be replaced but not, you know...otherwise we're just going to allow those vacancies to occur. Now what mission critical means is that when you have a vacancy in that agency, you need to come see me and we'll talk about rearranging the chairs...just kind of rearranging the...reengineering the agency. So those were some of the changes he made. The other couple changes he made was in allotments. The Budget Office under normal situations allots on a quarterly basis 25 percent of what your budget says. Now they have the budget. So if you're in an agency that has to spend a lot of money in the first quarter, they'll allot you that money. But normally it's 25 percent. So they're going to cut it back by 1 percent so it's a fiscal restraint for that agency, an outward fiscal constraint for the agency that says, instead of that \$25,000 you get on the quarterly basis, we're giving you \$24,000. So it tells that agency I've got to start making some adjustments. Right? That was another change. The fourth change they actually talked about was the fact that we need to go with budget modifications, move it from 5 percent to 8 percent. Well, what's a budget modification? A budget modification tells the...or we ask the agencies every year, tells us, on a priority basis we know that 95 percent, pretty solid number, you need that to operate under your mission; tell us, give us that 5 percent that you could do without. And they rank order it and sometimes there's ten items, ten being the first one that they want cut, one being...and so that's what we go through. I'm sure the Governor's Office does that in the preparation of their budget as well. Well, this time around we moved it to 8 percent; 8 percent would be a number that we could look at and possibly cut that budget by that much. So that's another sign to those agencies that this is serious, this is important. So as we move forward, and of course we hit the next...the first quarter of September shows the exact same trends. We still have a problem. Forecasting Board meets and we had bets all over the place. I had an \$800 million shortfall. I think Heath Mello was at \$700 (million). Fiscal Office was from \$500 (million) on up. So we didn't know but the Forecasting Board got together and they came in with \$910 million short. So the Tax Rate Review Board meets on the 15th of November. Okay? And I went to the Tax Rate Review Board. So my takeaway from that, and Senator Krist obviously can correct this, my takeaway was do nothing and try to do \$900 million in a biennium budget. That's a two-year deal. Or we could probably have a special session. Well, we're not out of cash and it's...the timing is not great with Thanksgiving and Christmas. The third one was, we could enter our own deficit request right away. Or the fourth was the Governor would take the initiative, enter his deficit request, of which then would go to Appropriations, would work on it, bring it up to the floor for your approval. So

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that was...that's...the fourth is what we actually are doing right now. So that kind of brings you up to speed with that exhibit. [LB22]

SENATOR WATERMEIER: One minute. [LB22]

SENATOR STINNER: Then I'd like to...thank you. [LB22]

SENATOR WATERMEIER: One minute. [LB22]

SENATOR STINNER: Okay. I would like to go to exhibit three and it's really the proposal by the Governor. And as he shows, \$95 million short, \$200 (million) and...\$172 million short, \$267 million short in revenue as it relates to this budget period. Okay? So we start to work on that number, or he started to work on the number. And what you're going to see in our proposal is right in the middle called Appropriations' part of this. And that's what we worked on. Reappropriations reductions of \$77 million, we have a list; there is a detail. And we got that list and we started to work on that. Well, what's reappropriations? Reappropriations is the difference between what the appropriations were and what they actually spent. So if your appropriations was \$100,000 and they spent \$90,000, \$10,000 goes into reappropriations. These are accumulated balances over a period of time and this is what last biennium we asked for a report on, reappropriations, because we believe it should go through an appropriations process. [LB22]

SENATOR WATERMEIER: Time, Senator. Thank you, Senator Stinner. Members, you've heard the opening on AM13 to LB22. Those in the queue wishing to speak: Senator Bolz, Senator Krist, and Senator Groene. Senator Bolz, you are recognized. [LB22]

SENATOR BOLZ: Thank you, Mr. President. I'd like to thank Senator...Speaker (sic) Stinner and the committee for their good work on this deficit budget. I would say that our Chairman has worked really hard and been very thoughtful and I applaud him for his good work in putting this deficit together, particularly because this is an extraordinary process. This is not the typical way that we do business. Our current budget circumstances have been driven by multiple factors. And Speaker...Senator Stinner spoke to some of those issues, but one is that economic growth has slowed across all tax categories, including individual tax receipts. Two, there are needs and demands in our government and they change over time, from the Supreme Court to education to the Department of Health and Human Services. Those needs and demands fluctuate. Sometimes they go up, sometimes they go down, but they all need our attention. And the third thing is that our previous revenue decisions are coming to bear, for example, the impact of indexing our income tax brackets for inflation. A sheet summarizing recent revenue policy is on your desk. And the real point is that we need to take a look at not only the decisions that we are making in terms of appropriations but also the policy decisions that we're making in terms of revenue. Put a

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different way, we have to look beyond today's budget discussion. We must understand how revenue and appropriations policy lead to balance or imbalance and can work together to achieve our shared state priorities. When we look into the future, we know that protecting investments today can prevent problems in the future. For example, in 2009, we cut funding for security equipment in the Department of Corrections, and we all know the challenges that we've had in the Department of Corrections over the past four or five years. Today's deficit budget is unique. And while in recent years we have expedited deficit budget bills to address specific issues--for example, last year we worked on an expedited deficit budget request to make sure that child welfare could cash flow--this deficit budget package is unique in both its scope and its scale. So in my view, this is not a new precedent being set. It is a response to unique circumstances and the committee's best work in partnership with the Governor to try to manage our circumstances and protect our state's priorities. We implemented three kinds of reductions in this budget: across-the-board reductions for certain programs; specific cuts; and reappropriations. Reappropriations are cost savings that are created by individual agencies or programs that can be brought back into the budget because those agencies were good fiscal managers. Significant reductions were made in higher education. Significant savings were also found by recalibrating public benefits, children's health insurance, and Medicaid expenditures based on both utilization and projections through the end of the year. The committee also protected certain areas. Principles that I followed as a committee member included: protecting legislative priorities, like protecting community-based services through the Supreme Court and in our justice system; funding to fill lost federal funds in the developmental disability services. And another principle we used was to try to keep whole grants that had already been allocated; funds that had already been spent out or sent out, we had tried to protect. Another principle was taking into consideration funding that had a significant federal match, like in the vocational rehabilitation program. Finally, a principle we used was trying to look at compliance with state and federal law as a consideration. If an agency told us that they needed certain funds in order to keep up with the statutes that we put into place as a Legislature, we thought that was appropriate. So let me make clear that these choices were not easy and it is especially difficult to make budget decisions in the middle of a fiscal year. [LB22]

SENATOR WATERMEIER: One minute. [LB22]

SENATOR BOLZ: However, we know that looking into the future, our biennial budget will be exceptionally difficult, especially as it relates to higher education and Health and Human Services. So, colleagues, make no mistake this deficit budget was challenging, but I think as a committee we brought you a balanced approach that tries to protect both principles and priorities. But as we look to the future, we need to look at both sides of the ledger, make sure that we're being thoughtful about both our spending and our tax policies. Balance is needed not only in this deficit budget but also in all of our policy decisions. And I hope you'll take a careful look at the sheet that I sent out because our tax impacts are coming to bear. And some of those you might agree with. Some of those I have voted for myself and I think are good policy. Others



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may need reconsideration in this fiscal year as we try to protect priorities in Health and Human Services, education, and other services and programs that impact all of our districts and communities. Thank you, Mr. President. [LB22]

SENATOR WATERMEIER: Thank you, Senator Bolz. Mr. Clerk for an amendment. [LB22]

CLERK: Mr. President, Senator Krist would move to amend the committee amendments, AM104. (Legislative Journal page 385.) [LB22]

SENATOR WATERMEIER: Senator Krist to open on AM104. [LB22]

SENATOR KRIST: Thank you, Mr. President. This is not an easy thing for me to do and it's not going to be an easy thing for you to listen to, but please pay attention because I am trying to set the stage for your legislative priorities. It's true I'm the last surviving member of that group and the Tax Rate Review Committee that sat on two occasions last year by statute and listened to how bad things were getting. And they became worse and worse and worse. At some point in the last...just prior to the last time we met, I sent a letter to the Governor asking him or his representative to attend that meeting to talk about what we were going to do going forward. I asked the Commissioner Tony Fulton, former state senator, if he had any idea what the Governor's priorities were going to be and how he was going to put a budget together. Never in any of those discussions, nor in any discussion with me, with the administration, was it ever suggested to me that they would look at taking back a large portion, if not all, of reappropriations. Why is that important? If you want to see why it's important, I want you to go down and visit Senator Bolz's Office as the paint peels off the wall in huge chunks. Look at the committee hearing room that your Exec Board meets in and imagine that the back wall where people came to visit us as the Executive Board, the paint was peeling off the wall on not just the front wall but on the side. Point number one, takeaway from this: The Legislature has reappropriations that are carried forward for a reason. We have a rainy-day fund. Maybe that fund is a little bit too big. But the Capitol Commission does not take care of this building in total. When it's a legislative office or something that concerns us, we have expended dollars to maintain this beautiful building. Number two: Those hearing rooms don't happen by accident. Nobody is funding the IT in those hearing rooms except for us. The connectivity, the ability to telecommunicate, to videoconference, our contract with NET for what Nebraska is seeing here today, those don't happen by accident and they're not cheap. There's a reinvestment program that we have used for years. The standard was set by Kristensen and right on down the line, Wightman, and myself. We listened to the staff. We looked ahead. We looked at what our future expenditures would look like. Number three: I worked for two years trying to get the right telecom...I'm sorry, the right instruments on your desk, your telephones. Why did it take two years? Because I was coordinating with OCIO, I was coordinating with the State Patrol, I was

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coordinating with Capitol Security, because security in this building is a paramount and you haven't seen the incidents that we have seen in the last few years, freshmen. You will see them. You will see people trying to commit suicide in front of your door. You'll have phone calls that you don't believe because you're engaged in a debate about things that are very important. I felt it was very important, as did the staff, as did your Safety Committee, made up of members of our body and members of our staff, that we be able to communicate with people in this building. So those phones, those instruments on your desk, would move with you through the HVAC process. It would identify your phone. It would give you an opportunity to dial 911 in a very secure way if you were in danger. The biggest expenses were the update for the IT and connectivity, the new computers that you have, the IT connectivity and the communication with NET and our hearing rooms, buying the phones. Look up in front at those young people that are sitting up there. Who pays them? If these cuts that are identified, which have not, by the way, been heard in committee...if Senator...I'm not going to single anybody out. I'll just tell you that we did not have a voice at the Appropriations hearing. And I'm going to ask Senator Bolz and Senator Stinner to confirm that in their times on the mike. We did not have anybody come in and testify on what the Legislature needed. The Supreme Court did. And you can look at the numbers for the Supreme Court and I agree with them, by the way. But they had a voice in our Appropriations Committee. We just decided to roll over and do what the Governor wanted us to do. That may be necessary in the next two years. It's not necessary now. I had a budget meeting that included Diane Nickolite, Janice Satra, the Clerk, Tom Bergquist. Tom is sitting over on the side. If you don't know him, he's our legislative analyst, along with Mike. We came down to a point where we knew we could take \$895,000 out of our budget and return it as part of our share of looking forward. But we never agreed to do this. You had no voice at the Appropriations hearing to define what it was we were doing long term to reinvest in the Legislature. So that amendment is very clear. It takes the entire section labeled "Legislative Council" on page 2 of your handout and it says, no, we are not going to take those adjustments. Now, if you think that's bold, "embrazened," if you think that's the wrong thing to do, we're going to have at least three more opportunities to change that budget, our budget, to reflect that we're doing our fair share. But this is a deep gouge and it will make us unable to continue the reinvestment in the things that we need to do. One of the things I have said over and over again: The Legislature is probably one of the most frugal operations in this state. We do it on the cheap. We restrict...by the way, another area in that is your travel. When you go to NCSL, CSG, and all those kinds of things, where do you think that money comes from? Sometimes they pay for you to come but most times your legislative budget limited to your travel budget, that's going to be affected. I'm suggesting that we need to be represented in the Appropriations process. I'm suggesting that we need to take a moderate but significant amount of money out of our budget and pay our fair share. But, folks, we're not in a budget crisis in this biennium. We're setting the stage for what is reasonably going to be a tough biennium to follow. Wonder if Senator Kuehn would yield to a question. [LB22]

SENATOR WATERMEIER: Senator Kuehn for a question. [LB22]

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SENATOR KUEHN: Of course. [LB22]

SENATOR KRIST: You're the new Chair, Senator Kuehn--thank you for taking my question--the new Chair of the Performance Audit Committee, are you not? [LB22]

SENATOR KUEHN: That is correct. [LB22]

SENATOR KRIST: Did your staff come to you and ask you and tell you that they couldn't exist, they couldn't do their job with this cut? [LB22]

SENATOR KUEHN: Yeah. We have visited about the role of an agency or a program item which is almost entirely staff and what those implications will be and we're looking at how we will move that forward and how we can ensure we maintain the essential operations of the Legislative Council, Performance Audit, and others, and how we adjust that in this budget. [LB22]

SENATOR KRIST: You're also the Vice Chair of the Executive Board of the Legislative Council. [LB22]

SENATOR KUEHN: That is correct. [LB22]

SENATOR KRIST: And do you see how in my words and our off-line conversations, how this doesn't make sense in terms of sustaining a legislative reinvestment process? [LB22]

SENATOR KUEHN: I fully understand your position. I don't disagree with you on principle. I think we've got several opportunities, in speaking with individual staff members and areas responsible for management of the budget. And we've got several options by which we can ensure that the continuity of both the greater programs as well as the continuity of our efforts... [LB22]

SPEAKER SCHEER PRESIDING

SPEAKER SCHEER: One minute. [LB22]

SENATOR KUEHN: ...that have begun over the last several years can continue. So I certainly agree with you in principle, and I'm right now working on solutions that are options that we can make sure we address your concerns. [LB22]

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SENATOR KRIST: Thank you. [LB22]

SENATOR KUEHN: Thank you. [LB22]

SENATOR KRIST: Senator Bolz, yield to a question? [LB22]

SENATOR BOLZ: Sure. [LB22]

SPEAKER SCHEER: Senator Bolz, will you please yield? [LB22]

SENATOR BOLZ: Sure. [LB22]

SENATOR KRIST: Do you feel that the legislative body was represented in the committee hearing in terms of making the decisions that you've made? [LB22]

SENATOR BOLZ: We did not have any testimony on Legislative Council in our committee hearings. [LB22]

SENATOR KRIST: Thank you. I'll continue on the mike later on. Thank you, Mr. President. [LB22]

SPEAKER SCHEER: Thank you, Senator Krist, Bolz, and Kuehn. Senator Groene, you're recognized. [LB22]

SENATOR GROENE: Thank you, Mr. President. I yield my time to Senator Stinner so he can more fully explain the budget to us. [LB22]

SPEAKER SCHEER: Senator Stinner, you're receiving 4:50. [LB22]

SENATOR STINNER: Thank you, Senator Groene. As I'd left the discussion on exhibit three, the center section is where we kind of focused reappropriations of \$77 million. And the definition of reappropriations is really agency savings over a period of time; it's budget versus actual, if you want to put it in those terms. But that's accumulated dollars that are put into a savings account, just like you would save for a one-time thing, like a vacation or a TV or something along those lines that would break in your house. You would use that savings account. Once it goes into reappropriations, it's never supposed to be used for operating. So as an Appropriations person, we actually made a big deal out of getting an idea of where the

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reappropriations were by agency. And what the Budget Office did was to pull that report, talk to the agencies, subtract encumbrances. Now what's encumbrances? Encumbrances are kind of payables. Or if you actually look at Natural Resources, they have programs that extend over periods of time that have been appropriated, just takes a long time for those programs to be completed. So those reappropriations would carry through to the department on a project-by-project basis. So after Budget Office went through the payable side of things or the encumbrance side of things, they're taking 76 cents on the dollar out of the savings account to help balance this budget. I think it's a prudent action. They leave them 24 cents on the dollar. We had hearings on it. There are...there was an adjustment to reappropriations and I'll discuss that later. Across-the-board reductions, everybody feels kind of the equal pain. This only affected 30 percent of the appropriations. Thirty percent were affected by the across the board and it was operations and it had to do with aid and some construction. And as you worked on specific...well, anybody would go through and strategically look at each agency to see what was possible in terms of reducing funds that may be in...and lapse them into the General Fund and cut those appropriations back down on a strategic basis. You've got a list of those also in the report that the Governor gave you. So there's lots of detail about this. And of course the agency deficits, you got a list of those. Those are add backs. Those are things we have to take care of. Very quickly I'll go to exhibit four which is really a redo of what you have in the green book. And the green book basically at the top shows that, first of all, in the verbiage, we're within 91 percent of the Governor. We differed on a few occasions and I'll try to go through that difference. But he came in with \$151 million in cuts; we came in with \$137 (million). We did not take any action on the other Cash Reserves. We didn't include sales tax from Amazon. We...the transfers in and out we did not take any action on. Actually, actions for the biennium then were \$750 million that we have to deal with in the next biennium. That's what we're working on right now. That's a number that we really need to maybe spend a lot more time with when we come with a biennium budget. But some people ask me, why are we doing this? Well, the simple answer and the simple math is you've got a \$900 million problem; you divide by three, that's \$300 million. [LB22]

SPEAKER SCHEER: One minute. [LB22]

SENATOR STINNER: Or you have a biennium problem, and it's \$450 (million) to get to \$900 (million). So we're building a runway. We are setting the stage. This is phase one. This is that one stair-step down. We're taking that stairway down six inches and then we go and we take it down six inches again. We give that runway an opportunity for agencies to make the appropriate adjustment that they need to take. So I think it's a prudent action. I think it's been done before and I guess it just gives the agencies time to effect some of these changes. The last exhibit that I have--and I hope I've got enough time to go through this--is really... [LB22]

SENATOR WILLIAMS: Take your time. I'm yielding. [LB22]

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SENATOR STINNER: Okay, thank you. You can go through this green report in its mind-numbing detail. So I kind of pulled the entries out and tried to give you some detail, just a short one-liner on the differences that we ended up with and... [LB22]

SPEAKER SCHEER: Time, Senator. [LB22]

SENATOR STINNER: Thank you. [LB22]

SPEAKER SCHEER: Thank you, Senator Stinner and Senator Groene. Senator Williams, Chambers, Wishart and Morfeld and others. Senator Williams, you're recognized. [LB22]

SENATOR WILLIAMS: Thank you, Mr. Speaker, and good morning, friends in the Legislature. I will yield my time to Senator Stinner. [LB22]

SENATOR STINNER: Thank you, Senator Williams. [LB22]

SPEAKER SCHEER: Senator Stinner, you're yielded 4:52. [LB22]

SENATOR STINNER: Thank you. The first one I want to talk about and I'll just talk about the big ones. We have people in the Appropriations Committee going to speak on several of these items in areas that they have interest. But the first one is really the Supreme Court. And I think we heard from the Chief Justice talk about the need to continue on with the programs, the Justice Reinvestment program. And if you can recall, the Governor has made Corrections a priority. We're adding \$20 million to their operating budget as a priority. But when you look at what Justice Reinvestment does, it's a front door and a back door, as the Chief Justice talked about. The front door in LB605...actually, LB605 was passed to kind of reorganize what violent and nonviolent was. So now the nonviolent is going to stay out of your prisons, going to stay at the local level, but you need to have people to service them. You need parole officers; you need probation officers. You need to have programs for these folks to rehabilitate them. The back-door side of this, and I just found a figure come...inmates to be released this year is 800 inmates. If we have parole officers taking care, because I guess it's well established that there is about a 45-day process where a lot of the people that get out, they can't find housing, they don't have money, they don't take their medication, they're not supervised at all, actually end up reentering. So LB605 talks about the back door taking care of and putting a parole officer with them for a period of a year. This looks like a heck of a cost savings if we can get it implemented, if we can get the people in place, because it's \$8,000 to \$10,000 versus \$35,000 to \$40,000 for incarceration. There are a lot of people that are a lot smarter than I am at this. Senator Krist, Senator Williams, Senator Pansing Brooks came to our committee to educate us on this program.

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The other big one is Health and Human Services. I think there are people that want to speak on that. This was CMS, which oversees Health and Human Services, decided in an audit that we weren't doing the correct things and from a previous administration put a waiver together. They audit it. They says, okay, we can't pay the 52 cents on the dollar from the fed side. Now the state is still paying it, but it's a \$7 million problem that we have between October and March. This makes up some of that difference. The Governor threw in a million or so dollars in it, and this will maybe stretch out and help these folks until we get a new waiver in March. And again, somebody smarter than me is going to talk about that. Since I'm running out of time, I just want to talk about, you know, the Blind and Visually Impaired (Commission) was one that I picked up, small agency leveraging fed dollars, so we were sensitive to the fact if we cut, we're going to cut fed dollars out. I want to take just a little bit of time and thank certainly the Fiscal staff, Mike Calvert and the Fiscal staff. Obviously we're trying to work out two budgets. We've talked about how professional these people are. They truly are. This is extra work laid on extra work. So I want to thank the Fiscal Office and Mike Calvert for all the effort that they put into this. I also want to thank the Committee on Committees. I've got some of the best and brightest people that I've worked with in my career in my committee. Not only are they crazy smart, they're really committed to doing the right things. They rolled up their sleeve. They stayed the course. This was ugly, gut-wrenching, pound-on-the-table stuff. And I think that we put out a quality report. I think we did our work. [LB22]

SPEAKER SCHEER: One minute. [LB22]

SENATOR STINNER: We brought it to the Legislature. And I guess I just want to make a comment that this is really, at the end of this, this is really the Legislature's budget, the Legislature's budget bill. It's your plan; it's your priorities how we move forward. And I would implore you, we need to set our differences aside. We need to come together. We need to have deliberate, thoughtful discussion relative to this document. It means a lot to the state of Nebraska. It means a lot to you. It means a lot to your constituents. Let's roll up our sleeves and do our best work on this document here. Thank you. [LB22]

SPEAKER SCHEER: Thank you, Senator Williams and Senator Stinner. Senator Chambers, you're recognized. [LB22]

SENATOR CHAMBERS: Thank you, Mr. President, members of the Legislature. This is all quite exciting. I want to say, "be still, my beating heart," in order that I might ask Senator Krist a question or two if he's willing to yield. [LB22]

SPEAKER SCHEER: Senator Krist, would you yield, please? [LB22]

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SENATOR KRIST: Absolutely. [LB22]

SENATOR CHAMBERS: Senator Krist, in a nutshell, what is it that your amendment will do? [LB22]

SENATOR KRIST: It restores all of the monies that we're taking out of our rainy-day fund, our fund to support the Legislature, in an attempt to establish again back to a baseline so that we can give our fair share but not our entire share. [LB22]

SENATOR CHAMBERS: Thank you. That is so patently reasonable, rational, logical that it probably will not be accepted. This Legislature has traveled cheap ever since I've been here. If I hadn't been here, you all wouldn't be signing these documents today to give you expenses while we're in session. You don't appreciate it. You all wouldn't have it. I had to force a lawsuit, do the background work, because a number of Attorneys General said that under the constitution senators could not receive expenses while the Legislature is in session. I didn't believe that. So against what the Attorneys General had said, the Legislature was prevailed on to pass a bill that I introduced. We overrode a veto. I forced the Attorney General's hand so he would go into court and challenge it because I told him, if you don't, I'm going to go to court and get an order to compel our expenses to be paid. The Supreme Court agreed with what we had done, and you get expenses during session which had not occurred since the Legislature existed. You've got as an expense payback one round trip to and from this place. But since you all have so little respect for me, turn that money back over to the state. Don't accept it. Don't accept the sweet things you got from me. You don't listen to anything I tell you. You don't believe anything I tell you. You want to treat me differently and in a discriminatory way from the way others are treated who are white. And you all vote to go along with it. Give that money back that you wouldn't have if a black man hadn't stood here to get it for you. And I got it partly because I listened to these rural senators who talked about how much it cost them to come here paying those expenses out of their pocket, and some of them got more through that expense check than they got from their salary. You all don't know that, do you? I sent you the material. You don't read anything I send you. One of my colleagues whom I respect very deeply now, because I know him better, had said what I am sending out is a waste of time. It probably is. But I do it because, for me, it's the right thing to do. I have always looked out for our employees. You don't see the Governor, the courts mistreating their employees the way we do or did ours: tightfisted, unfair, because you want to impress those silly people who sent you there. And I know Senator Linehan doesn't like constituents referred to as silly people. But they must be silly because you say you're trying to do what they want you to do and that means cutting the nose off the Legislature. [LB22]

SPEAKER SCHEER: One minute. [LB22]



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SENATOR CHAMBERS: This is where we work. It's where we move. It's where we have our being. And the Governor, who is making plans and setting his course to run for the U.S. Senate in six years, is going to get you to contribute to what he wants to do to advance his political fortunes at the expense of the Legislature. I'm going to support, as strongly as I can, Senator Krist's amendment. It probably won't be discussed by anybody, because everybody probably wants to show how smart they are or how dumb they are and forget the part that relates to us. If you don't take care of your own family, don't expect anybody else to. You all are, as I said, all my children: fractious, bumptious, disobedient, disrespectful, hardheaded. The "Bible" told you respect your parents, honor thy father and thy mother. Honor me! (Laugh) That's a joke. [LB22]

SPEAKER SCHEER: Time, Senator. [LB22]

SENATOR CHAMBERS: Thank you, Mr. President. [LB22]

SPEAKER SCHEER: Thank you, Senator Chambers. Senator Wishart, you're recognized. [LB22]

SENATOR WISHART: Thank you, Mr. President. Thank you, colleagues. Senator Chambers, I would like to say I did read those articles you sent me, to my home. So today I rise in support of LB22 and the committee amendment AM13. I need to read through Senator Krist's amendment and will likely be back in on the mike to weigh in on that. First, I want to thank my colleagues who have served with me on the Appropriations Committee. We have a great team of bright and talented individuals, and we worked well together to produce LB22 and AM13 for your consideration today. I also want to thank our Fiscal Office for their expertise. And most importantly, I want to thank our fearless leader, Chairman Stinner. There is nobody I would rather have leading us through this daunting budget times than him. As you are aware, a high percentage of our committee recommendations in LB22 concur with the Governor's budget deficit proposal. I would like to speak for the remainder of my time about one of the adjustments we've made in the deficit bill which are the additional dollars we have appropriated to the Department of Health and Human Services for aid to people with developmental disabilities. And for your reference, I'm referring to page 6 in your green worksheet, line 157. The Governor's deficit proposal recommends approximately \$1.2 million be appropriated for developmental disability aid. Our committee in AM13 added an additional \$3.5 million in aid, which totals about \$4.7 million appropriated in this deficit proposal. Aid to people with developmental disabilities, which you can read more about in your Legislator's Guide to State Agencies, page 188, implements a statewide integrated plan and policies for services to people in our state with developmental disabilities. These services support Nebraskans who have developmental disabilities being able to live and work as independently as possible in their communities. And one of the ways that we fund this program is through state and federal

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matching funds that purchase community-based supports and services through local providers, and the federal funds for this are Medicaid dollars. So to give you some background into why I support the additional appropriation, I want to give you some history, because a large portion of the dollars that go to support aid to people with developmental disabilities are matched between federal and state aid, and Medicaid supports about 50 percent of the services we contract for. And DHHS and the...so what happens is DHHS in the federal government's division of developmental disabilities and the Centers for Medicare and Medicaid Services, which is CMS, they come to an agreement on provider billing guidelines. And then those guidelines are what Nebraska providers go off of to serve people in our state. In the process of developing new rate methodology for providers, CMS discovered a discrepancy between what had been approved by CMS for provider billing and what was being billed for by DHHS, specifically for weekend day services. So to sum this up, DHHS made an error in their billing that caused a discrepancy between the billing guidelines that were agreed upon between the state and federal agencies for services contracted out to providers to support people with developmental disabilities. The result is that the federal government pulled about \$7 million in matching dollars. DHHS is still requiring the providers to provide these services for only half the money that was originally contracted for. So our appropriation of \$3.5 million in addition to the Governor's \$1.2 million is to cover part of those lost dollars that were lost due to an error from one of our state agencies. And those dollars also help make the providers whole... [LB22]

SENATOR LINDSTROM PRESIDING

SENATOR LINDSTROM: One minute. [LB22]

SENATOR WISHART: ...and they will continue to provide services to people with developmental disabilities in our state. I have spoken with providers and advocates for Nebraskans with developmental disabilities and from our conversations I'm deeply concerned that if we as a state do not make up for our mistakes and help fill the gaps created by an error from one of our departments, services to people across the state would be cut and families will not receive the important services they need to live and work independently. Today I speak on behalf of some of our most vulnerable citizens and the people who work hard to provide services to them. I would encourage you to reach out to those providers and your constituents with developmental disabilities to understand how important this increased appropriation is. Thank you. [LB22]

SENATOR LINDSTROM: Thank you, Senator Wishart. Senator Morfeld, you are recognized. [LB22]

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SENATOR MORFELD: Thank you, Mr. President. First off, I would like to thank the Appropriations Committee for their hard work and dedication to the budget. With so much turnover in the Appropriations Committee, I think that they have done an incredible job in putting together a reasonable, fair, and balanced deficit budget. Despite the fact that I would have liked to have seen this done in a special session, they've done an incredible job, and I want to acknowledge that. I also want to note that this is not just the Appropriations Committee's responsibility. This is also the responsibility of the Revenue Committee to find revenue to balance the budget. This should not just simply be borne on the backs of taxpayers and people across the state of Nebraska that rely upon critical services from the state of Nebraska. These are investments, investments in our state. And the only option should not simply be cuts. And as the representative who represents the University of Nebraska-Lincoln, our flagship campus, I feel compelled to talk about the university budget in particular. First, I'd like to also note that I support this committee amendment, and I support the budget put out by the Appropriations Committee. That being said, I believe that the \$50 million in cuts by the Governor to the university budget is entirely unacceptable to me. I think that there are many other cuts that are also equally unacceptable. But because of the importance of the university to the state and particularly to my district, and as somebody who represents 20,000 students, as somebody who represents 20,000 students I think it's important to talk about this issue and discuss the impact that it's going to have on retaining and attracting young Nebraskans. These cuts as proposed in the biennium budget, and I know that we're talking about the deficit budget, these cuts proposed in the biennium budget would lead to at least, or likely, 350 staff being laid off at the university, which are high-paying jobs that provide economic development and opportunity for individuals throughout the state, and potentially a 7 percent tuition increase. Now the working families in my district have not seen 7 percent raises for a long time, and I can probably guess the same for many people in your district. And while the university has done an excellent job at keeping higher education affordable in our state, they've been able to do so because of a commitment by this Legislature and the people of Nebraska to their budget, to investing in education and investing in young talent. When I go across the state, and when I go downtown and talk to the people that create the jobs that hire and attract young Nebraskans, they tell me that the number one issue that they face is retaining and attracting young Nebraskans. Colleagues, our budget is not just a document. It is a statement of our values. It is a moral document. And if we are truly, truly dedicated to addressing the critical work force needs of our state and growing our state and broadening the tax base, we're going to express that in how we address the budget and how we fund the university and other critical departments throughout the state. And I will tell you that cuts are not the only option. This should not be a race to the bottom. The university alone brings in \$3.9 billion each year in economic development to our state. That's an incredible amount. And if we're trying to get ourselves out of a recession or a downturn... [LB22]

SENATOR LINDSTROM: One minute. [LB22]

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SENATOR MORFELD: ...we should--thank you, Mr. President--we should not be looking at \$50 million in cuts to the university. We probably shouldn't be looking at \$50 million in cuts to a lot of other things, too, and I acknowledge that. I bring this up today not to sidetrack or derail the deficit budget. I will support the committee amendment and I will support the budget and I will consider Senator Krist's amendment as well. But I bring this up as a shot over the bow. To me, the \$50 million in cuts to the university and several other agencies is entirely unacceptable, and I will not accept them if that's what's brought to this floor. If we are truly dedicated to retaining and attracting young Nebraskans, we will invest accordingly, because a budget is not just a document. It's a statement of our values. Thank you, Mr. President. [LB22]

SENATOR LINDSTROM: Thank you, Senator Morfeld. Senator Kuehn, you are recognized. [LB22]

SENATOR KUEHN: Thank you, Mr. President. Thank you, colleagues. Just a few items to add to the debate today and then I'm going to pass some time off to our Chairman of Appropriations. With regard to some of the questions about the legislative reappropriation, how that works with regard to Legislative Council, again, I want to reinforce I share Senator Krist's concern and want to make sure that we're able to accomplish all of the programs which have been begun that are important to us here on the Legislative Council, ensure that we support staff. And we have a lot of ways to do that and some of that deals with the nature of reappropriations. Some of that deals with some additional legislative vehicles we have available to us, including another deficit bill, including how we cover some expenses in the next biennial budget. So we have a number of options by which we can address and ensure the continuity of all of the great work that's done in our Fiscal Office and our Performance Audit Office, by our Clerk's Office, and ensure that those initiatives are supported and maintained. So if you are uncertain or unsure about how to vote on AM104, be aware that we have a number of options and are working to ensure that we maintain those programs and services. This is not the only bite of the apple that we have as such. With that, I will yield additional time that I have to our Chairman, Senator Stinner. [LB22]

SENATOR LINDSTROM: Senator Stinner, you're yielded 3:33. [LB22]

SENATOR STINNER: Thank you, Senator Kuehn. This revised Appropriations bill that I have in my hand, you have to understand a few things about it. We have not given up any prerogatives. We can change this. As Senator Kuehn talked about, I dropped the shell bill so that as we go through this year and we find things that we need to change or add or subtract, that shell bill sits there. We're not giving up prerogatives. This is our way forward. Our priorities will be demonstrated in this document. But I'm going to say this, and you need to understand this because I beat on the table in my committee. This isn't business as usual, folks. This is not business as usual. This is making the thoughtful, prudent cuts that we have to make in order that

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we balance the budget. That's what we have to do constitutionally. It's the only thing we have to do in here is to balance the budget. So, yeah, it's hard, and I understand where Senator Krist is at. They, as far as I'm concerned, were invited to a meeting and but they didn't show up, so that's why we took the cuts. Now do we want to debate every one of these items? I can tell you agency after agency came in, same types of lists, and we had to say, no, we're not going to do that. So I would...we have other options. We can do other things. To vote, I'm going to vote against AM104 simply because we have other options. I need time to evaluate it. I don't deny the fact that these are extraordinarily important items. I get that. But I just need time to go through the Appropriations process, for them to state their case and evaluate where we're at. The other thing is a little disingenuous on our part not to take the cuts that everybody else is because we're the Legislature. So thank you, Mr. President. [LB22]

SENATOR LINDSTROM: Thank you, Senators Kuehn and Stinner. Senator Krist, you are recognized. [LB22]

SENATOR KRIST: Thank you, Mr. President. Off mike with Senator Kuehn, I've been assured, once again, that my concerns will be met in the Appropriations Committee and that the issues that I brought to the floor here will be addressed. Any time you change horses, sometimes the saddle needs to be recinched and sometimes information needs to be passed on--that's a veterinarian thing there, right? And sometimes that information needs to be passed on. I am very, very, very concerned that we have now said, Governor, we're going to take all those recommended cuts across the board without you being recognized and our needs being recognized in the Appropriations process. Once again, I've been assured by the Chairman and by Senator Kuehn so far and Senator Bolz that those concerns will be met. But I want you to take a look at those areas and I want you to listen to or hear, if you will, and understand what I'm trying to tell you. We have a mission, and that mission requires a support function. I spent 21 years in the Air Force, and I was a commander and an operations officer and a chief of programs and plans. And I can tell you, you can't do things on the cheap sometimes, but you have to do them efficiently. The reason we didn't spend those reappropriations in the last two years was so that could get all the information that we needed to buy the best product, the best instruments to set on your desks so you could communicate. It took us a couple years. Don't take the reappropriations away before we identify what those things are going to cost. I understand, Senator Stinner. You know, I support LB22. I support AM13. I'll vote for both of those. The reason for my input of AM104 is to bring it to your attention. How else will you know? How else will you know how we are spending money and what our priorities are? Now Senator Watermeier handed out a handout that I think is very appropriate, because the Governor asked everybody for a 4 percent cut across the board. That's that shaded area, that's \$811,893. In our budget meeting when I was still in his chair, I supported it. Anything above and beyond that, I wanted to realign where we were. And if I'd have been there, I'd have been in testifying in front of the committee saying I need \$500,000 for this; I need \$750,000 for this. So the clawback or

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taking away my reappropriations at that point would have been a demonstrated need. That was not demonstrated. In fact, the people who know most about those projects weren't even at the table talking about where we are. We have now established a new baseline in reappropriations. Without AM104, LB22 and AM13 would take the reappropriations away. It does nothing, folks. AM104 does nothing to our fair share of 4 percent across the board. I just don't think we've done enough due diligence to say, yeah, we can wipe out our cash reserve. And it is our cash reserve. It is our rainy-day fund. That HVAC program that's going to start in 2018--God love you all when you're still here--you're going to be moved all over this building, but at least you're going to stay in this building. That's going to cost us money. And not all of that is in the HVAC contract. All those moves, all the things you did just to move into your new offices, where does that money come from? It comes from the fact that the Legislative Council has the money to do what it needs to do to do business. Most of you are small businessmen and you know you need 60 to 90 days of operating cash as a cash reserve in order to do your businesses. Why would it be any different running a budget for the Legislative Council? I think I'm one of the only people in here that has actually operated running a budget, a single budget in the state of Nebraska. [LB22]

SENATOR LINDSTROM: One minute. [LB22]

SENATOR KRIST: Maybe. Correct me if I'm wrong. Thank you, Mr. President. [LB22]

SENATOR LINDSTROM: Thank you, Senator Krist. [LB22]

SENATOR KRIST: Whoa, I'm not done. You gave me a one minute, right? Okay. I may or may not pull this amendment. It depends upon how we discuss it, it depends upon what kind of assurances I can get from the Chair, the Vice Chair of Executive Council...Executive Board, and from Senator Stinner and the Appropriations Committee. Now, rest assured, in my last few seconds, they did great work. LB22 is a great document. AM13 is a great document. But we were not represented in this document. Thank you, Mr. President. [LB22]

SENATOR LINDSTROM: Thank you, Senator Krist. Senator Watermeier, you're recognized. [LB22]

SENATOR WATERMEIER: Thank you, Mr. President. I rise in opposition to AM104, but I certainly rise in wanting to have the conversation that Senator Krist brings up. It's a valid point, what he brings up in the fact of how the Appropriations process works and how we're represented as a Legislative Council. I passed out a couple of sheets here, and I hope they actually got both passed out. This one does haven't my initials on it. A couple of them, but just the light gray one that looks like this that shows all the divisions inside the Legislative Council. I'll just draw attention to about two-thirds of the way down, 129 is Legislative Audit. Let me just

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give you a little bit of history about what had happened. When the Governor had proposed the cuts that were going to have to take place in all the agencies across the state, the Legislative Auditor Martha Carter and I had conversations back in September and October about how to address these issues. And our budget is so tight, we're basically all personnel. And the conversation that we had was the only thing we have room to give on is training and travel to get trained. So I presented a bill inside of Legislative Executive Board this spring, in January here, that talks about addressing to take away the requirement that they have an auditor standard that is good for across the country, because they're mainly an internal auditor for us. So there were lots of proactive steps that were taken inside the Legislative Council budget. That was one that I took last fall, brought a bill to the body here in January. And that was because we were so concerned about how tight our budget is, we felt like we had to pull the training out of our budget so we didn't have to cut people. That's it in a nutshell. That's a description of one line that I was involved with last year. This entire budget that you see in front of Legislative Council--I don't have my glasses on; I can't read it--but I think it's \$5.8 million that was a reappropriations amount. What the body needs to be aware of and even the state of Nebraska is how the appropriations work. Let's just say you were an agency that started today or last year, never had any history before and you were appropriated \$1 million. At the end of the year, you spent \$950,000. You would have a \$50,000 carryover which would be called your reappropriations. The next year if you came in with the same baseline you would probably ask for \$1 million plus maybe 1 percent or 2 percent. But you would have that carryover of \$50,000. If that goes on for five years, you've now got \$250,000 carried over, which is what's being referred to as an agency's cash reserve. We need to be careful how we manage cash reserves in the body. It's a big deal that we don't treat ourselves a lot differently than a lot of other agencies. If you want to get an experience, come in and sit inside Appropriations when every agency comes and fights and defends for their employees. It's tough to say no. Now on the flip side of the Appropriations thing, Appropriations issue is that not every agency grew their reappropriations funds at the same rate. We had \$5.8 million of reappropriations funds in our particular account, in our agency, Agency 3 which is the Legislative Council. That was approximately 25 percent of our budget. Some agencies had hardly none. Well, the Governor went across the board and cut 75 percent out of everybody's reappropriated number. That's not fair. But on the Appropriation side of things, that's where we started with our base. That's where we started with our conversation. So...and the second sheet I want to make light of, that's the second sheet that talks about major items pending, specifically to the Legislative Council. And this refers to some of the issues that Senator Krist had brought up about display board, Chamber hearing, NET, the cameras. I've been highly involved in conversations about what we really have to have and what we need to appropriate. As far as the security issue, what I look at in the state is we need to be responsible for our members, our staff, and still be accessible to the public. So what I'm fighting as hard as I can is, if you look on line 6 which is telephone equipment, that's going to be my main goal for this year to prioritize. We got to get that \$200,000 in the budget. To make things even more complicated, I think... [LB22]

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SENATOR LINDSTROM: One minute. [LB22]

SENATOR WATERMEIER: ...Senator Stinner referred to LB149. Yes, LB149. If you look it up on your widget, you don't have to do it right now, but LB149 is a shell bill that changes our Legislative Council appropriation dollar by \$1. It's a shell bill sitting out there so we have a vehicle, we have a mechanism that we can come back in and talk about what our real priorities are. But make no mistake about it, as an appropriator, we have to treat ourselves very similar to what we treat other agencies. We can take off our hat and say, you know what, we're special because we're the window to the public. But all these other agencies serve the public as well. So be...make no mistake about it, we're represented on the Appropriations Committee through this process, but we have another vehicle with LB149. We can also change things in the two-year biennium budget, which we're two weeks off yet from looking at because we're only about 40 percent through those agencies looking at...looking inside the appropriations. I just...if you have any further... [LB22 LB149]

SENATOR LINDSTROM: Time, Senator. [LB22]

SENATOR WATERMEIER: Thank you, Mr. Speaker...Mr. President. [LB22]

SENATOR LINDSTROM: Thank you, Senator Watermeier. Senator Brewer, you're recognized. [LB22]

SENATOR BREWER: Good morning, Mr. President. I think all of our heads are spinning a little bit on this budget, and I think "Colonel" Krist...sorry, Senator Krist brought up some good points. So if Senator Stinner will address that, I'll just give him...yield him the remainder of my time. [LB22]

SENATOR LINDSTROM: Senator Stinner, you're yielded 4:40. [LB22]

SENATOR STINNER: Thank you, Senator Brewer. I guess after listening to the debate, and I just wanted to get on the mike to assure Senator Krist that he will get his day in Appropriations. They will get...we will entertain those requests, and we will go through that process. But I want to tell you that on the reappropriations, it's up to us in the Legislature to actually pass whether we reappropriate something or not. We've instituted a little bit different process within Appropriations. We want people to come in and explain what their programs are. We don't need to have stealth programs out there that we don't know about that are...that money is being accumulated for. So we'd like them to come in and explain what the increase and the reappropriations specifically are. If they're not for anything, then we're going to lapse them back



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into the General Fund and not allow people to accumulate these big cash reserves, big savings accounts. That's a little bit different than we did before. There was a feeling, I think, in previous administrations before I got here, if you made it, you got to keep it. We'd like to...if they make it, they can keep it if they have a good purpose for it. That's the new reality that they're going to have to deal with on the reappropriation side. I hope you understand that. It's a savings account, it's for specific purposes. If you don't have a specific purpose, now we're in a budget-cutting mode, which means that we need as much as we can get, so we have to evaluate on a priority basis what we need to do or what we don't need to do. And that's the process. We'll treat Senator Krist that way. It's a process that we go through with every agency. And we just want to be fair and level with everybody, so thank you. [LB22]

SENATOR LINDSTROM: Thank you, Senators Brewer and Stinner. Senator Vargas, you're recognized. [LB22]

SENATOR VARGAS: Thank you very much, Chair, members of the body. I want to be able to speak to what I'm in support of, LB22 and AM13. I'm not speaking necessarily on behalf of amendment AM104. I think we're having this discussion and I think there's flexibility in our...and for the committee to make changes as we come along in the biennium budget. I wanted to speak to two specific changes that we're seeing in this, that I want to make sure, shed a little light on the work that we've done. We've been in this room for hours upon hours. I'm really lucky to be part of a committee where everybody has input and puts forward their opinions and is willing to discuss and have dialogue on really important issues. This was not easy by any means, and I think what we encountered is something that has never really been done before. But we rolled up our sleeves and did it. I'm really proud of our Chair for navigating difficult conversations around issues that were particularly special to individual senators based on their constituents. I want to speak to two specific programs, one that's already in here under the proposed adjustment amendment, exhibit 5, under the Postsecondary Coordinating Commission. I just wanted to speak in support of the change that we made from the Nebraska Opportunity Grant, restore program. For those of you who don't know much about this program, this program in particular is a need-based financial aid program for Nebraska resident undergraduate students. Started in 2003, this allowed students that were...already had federal Pell Grant eligibility, which I was one of those students, to be able to then get additional funds to be able to go to any of our public, private...public, independent, or private for-profit institutions. We've seen the demand for this specific fund grow. We've got 15,000 students this last year take advantage out of an eligible 40,000 students. When we talk about the next generation that are going into careers and contributing to our state, we want to make college more affordable. I know there are bills that we're going to be discussing on the floor later in that arena. We need to make sure that we are continually making college affordable across the board in this state. So we're having a discussion about how we can make sure students are able to afford college. This was one of the conversation pieces, and we decided to keep the funding for this knowing that this is a long-term investment in

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the future of Nebraska and our next generations. So I wanted to make sure to provide some clarification on that. The other change, which you'll see in the green packet on table 2 for the proposed changes to FY 2016-17 cash federal revolving and PSL, if you'll look at lines 6 and 7, we did accept the proposed Governor's cut for vocational rehabilitation. I just wanted to shed a little...explain a little bit what we did. We had a conversation about this program. For those of you who don't know, all 50 states currently have state-federal vocational rehabilitation employment programs. Nebraska's VR program was created in 1921. This provides flexible, individualized services to people with disabilities who need more than the general public program jobs can provide. This program has been utilized. We're seeing a continued need. Our population of those that have developmental disabilities continues to grow in our state. And when we were having a conversation about the long-term impact of providing...making sure individuals that are seeking to have the jobs and contribute to our state, a very similar argument we provided to other ones, this was sort of a no-brainer to make sure that we can appropriate the funds. And so what we did is identified a cash fund within the Department of Education that does allocate funds to this, that we are currently able in statute to transfer funds over. And so we transferred over those cash funds. And for those of you, a little bit more rationale, we've been having this conversation about what are the different...with different criteria that we use when we were deciding what to keep and what to change... [LB22]

SENATOR LINDSTROM: One minute. [LB22]

SENATOR VARGAS: ...from the Governor's proposal. Federal dollars, when we're matching federal dollars, when we're losing out on those, that was a huge...that was a very important criteria that we used, specifically for this program. When they came and testified in the hearing, they said that for every dollar that we are putting in, they're getting about \$3.75 from the federal government. This is federal dollars that we cannot afford to lose out on, which is why when we discussed this we wanted to make sure we were keeping those federal dollars, finding a way to fund it, making sure those with developmental disabilities have an avenue and a pathway to have a job in our state. I just wanted to make sure that was clarified for these two changes. And I thank you, and I hope you press green on this. We worked very hard on this, on LB22 and AM13. And I just thank you very much. [LB22]

SENATOR LINDSTROM: Thank you, Senator Vargas. Senator McDonnell, you're recognized. [LB22]

SENATOR McDONNELL: Thank you, Mr. President. I rise in support of LB22 and AM13. Also, I'd like to take a moment since it's the first time I spoke, it's an honor and privilege to be here. The people of south Omaha, LD 5, you gave me your thoughts, your ideas, your concerns, your criticisms, sometimes your angers, but also your fears. And every day when you call, and

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any person in the state of Nebraska calls, I take that very seriously. This is a great institution. There's people that are very dedicated. That's what I've learned over the last 19 days. This is a special place. Having the opportunity to be on Appropriations and to learn so much from all the people that have had experience, the staff that have dedicated most of their lives down here to the people of Nebraska has been a great honor. I believe right now where we are with Appropriations, the work we have done and will continue to do and taking ideas like Senator Krist has presented, we will continue to improve the process. But I'd like to at this time thank Senator Stinner and Vice Chair Senator Bolz for their leadership. And please, I will yield the remainder of my time to Senator Stinner. [LB22]

SENATOR LINDSTROM: Thank you, Senator McDonnell. Senator Stinner, you're yielded 3:38. Senator Stinner waives. Senator Williams, you're recognized. [LB22]

SENATOR WILLIAMS: Thank you, Mr. President, and good morning, friends, and good morning, Nebraska. I would like to spend just a few minutes this morning supporting the Corrections and judicial system component to the AM13 as it amends LB22, which I strongly support, and appreciate the work that not only Chairman Stinner but all the members of the Appropriations Committee have endeavored in this process. And one of those was to have the opportunity to listen to Chief Justice Heavican and to several other senators besides myself that talked in depth to the group about the problem of separating Corrections from Probation and drug courts. And the bottom line is those two cannot be separated in a good form, and through our Justice Reinvestment provisions, we need to move forward with this. To refresh the minds of several of the people here, and especially the new freshmen that are with us as senators, we passed a couple of years ago LB605, which has now been called Justice Reinvestment, and this was to address the prison overcrowding situation that we have in our state and find a way to do that. But one...the two major provisions of LB605 that affect prison overcrowding is the presumption that for Felony IVs, which are low-level, nonviolent felonies, there would be a presumption of probation rather than sending these people directly to jail. There also is a provision in LB605 requiring post-release supervision. And as you will remember from the State of the Judiciary address that Judge Heavican presented a couple of weeks ago in this Chamber, he talked about the fact that the judges aren't stupid, and they aren't. And if we take away through the budget process the programs that are available to probationers and to those who are participating in drug courts, we have removed from the judges the opportunity to use probation and post-release supervision and drug court as an alternative to incarceration. Incarceration costs in the range of \$35,000-36,000 per year per inmate versus somewhere in the \$6,000-7,000 a year range for drug court or maybe \$7,000-8,000 a year for probation. So I was extremely pleased that the Appropriations Committee listened intently and recognized that there needed to be a way to incorporate and combine the fact that we have Corrections and the judicial system doing the same thing oftentimes. Remember when Chief Heavican talked about the courts are the front door and the back door to the Corrections Department. So I would strongly support the fact that

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these changes were incorporated. And I think this shows what the intent of the Appropriations Committee means. It also shows how hard they have worked to try to come up with a plan that fits. I like from a financial perspective what Senator Stinner has talked about of dividing this \$900 million into thirds and we basically fix one third of it now and then we have less to fix... [LB22]

SENATOR LINDSTROM: One minute. [LB22]

SENATOR WILLIAMS: ...over the biennium. So I would encourage all of us to vote green on AM13 as it amends LB22 and then vote green on LB22. Thank you, Mr. President. [LB22]

SENATOR LINDSTROM: Thank you, Senator Williams. Senator Pansing Brooks, you are recognized. [LB22]

SENATOR PANSING BROOKS: Thank you, Mr. President. I rise in support of the wonderful work done by the Appropriations Committee. I appreciate their efforts. It's a pretty thankless job, and they've worked really hard. I want to thank Senator Morfeld for his really important comments regarding the university and the fact that that is really a driver for our economy in this state. So that's an important thing that we really need to look at, a \$50 million cut. There are also specific things I'm getting lots of e-mails about like the Master Teacher Program and some other things. I'm also concerned, I appreciate the fact that I gathered the LR34 Committee back together to discuss the cuts to the court and Probation, Parole. So I do appreciate the fact that the committee did add some money back. I guess my main concern is I feel like we're talking about this in a bubble. I feel like, okay, well, now we're going to talk about the reappropriations, and we're going to make these cuts. And, boy, if they can make these cuts then obviously they can live without it. We had numerous people who said we will try to make these cuts at the end of this biennium because of this money we've saved. We've agreed not to hire people. So we're going to get to the biennium budget and then they'll say, well, you made it without that so that's no problem. Meanwhile, we do have a giant amount of money needed in Corrections. And I don't see any kind of extra fluff that we can deal with that. I'm highly concerned that we're talking about each of these things without looking at the whole bigger picture, including the fact that we have members of this body attempting to cut property taxes, attempting to cut income taxes and corporate taxes. So we're going to make all of these cuts, create a budget and cut all the taxes. I don't understand how we live in this state, have good roads that promote our economy, have good jobs and safe places to live. I guess that people that have means can pay for their own security detail and that people with the ability can make sure that their houses are directly connected to fire departments. But I am very concerned about the overarching implications of all of these discussions and the fact that we're just...now we're just talking about revisions to the appropriations and those cuts. And then we'll go to the budget and then we'll say, oh, it looks like

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a good budget. All of these...the \$900 million deficit is directly related to the cuts that have been made in the past. We make more cuts. I'm not against making cuts that we need to do. I'm against not talking about the big picture, which is this picture of cut everything, move forward, become Kansas, I guess. I just do not get where all these discussions are going, and I'm highly concerned. And Senator Krist raises some good points. We have wonderful people in the Legislature who are helping us. We've got to look at those. Yes, we need to make some cuts too. As a reminder, I just received a 25 cent check today because I get insurance through the Legislature and then I got a 25 cent check. So if people think we are just sucking the state dry in the Legislature, I want to remind people, clearly I should have just gotten a stamp rather than the check, of course the stamp would have been more than the check, but anyway... [LB22]

SENATOR LINDSTROM: One minute. [LB22]

SENATOR PANSING BROOKS: ...twenty-five cents, Nebraskans. So that's how we are overspending in our Legislature. Thank you, Mr. President. So I'll give my remaining time to Senator Krist. Thank you. [LB22]

SENATOR LINDSTROM: Senator Krist, you're yielded 0:46. [LB22]

SENATOR KRIST: That's enough time. You keep hearing me use the word HVAC. And I think most of you understand but that's the heating/air-conditioning system that's for this entire building. It's a huge, huge project, but not all of the moves and intricacies and connectivity are included in that budget for the HVAC. We will stand alone in 2018 for seven years dealing with the ramifications of HVAC. Keep that in mind when you want to give up your cash fund as a Legislative Council. [LB22]

SENATOR LINDSTROM: Thank you, Senator Pansing Brooks and Senator Krist. Senator Howard, you are recognized. [LB22]

SENATOR HOWARD: Thank you, Mr. President. I rise in support of AM104, which I'm as surprised at as everybody else. Generally for Appropriations, you support the bill in its entirety and rarely advocate for changes. However, I've spent a lot of time looking at the history of this body, and one of the things that's really crucial for this Legislature is for it to retain its independence. And one of the ways that we do that is by having our own Research. We have our own Fiscal Office. We have our own Performance Audit Committees. And we can't do that without funding. We can't maintain our integrity and our independence unless we have the financial supports to do so. We get paid peanuts, right? Senator Chambers one of my first days in the Legislature said, if you pay peanuts, well, you get monkeys. And so we don't get paid very much. We're not a huge line item in the budget. However, we are able to maintain our

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independence because we have staff, because we have our own research, and we can look at our research versus what the executive gives us or what the agency gives us and make better choices for this state. And in that regard...and I agree with the HVAC because one of my favorite stories to tell is I had a bill that I was working on that I cared about very, very much and I brought all the interested parties to my office and we're fighting and the one person who was like, this bill is terrible, this bill is terrible. And in the middle of her saying this bill is terrible, a piece of the ceiling fell on her head. And I thought, that's just karma in some way. But it's also indicative of the building that we're working in, right? Some parts of it are falling apart and we need to be mindful of that. I would never want this building, as it's falling apart, to be a reflection of what the state of Nebraska and the citizens think of the work that we're doing. That being said, moving off AM104, I do have some questions about the allocation for the Nebraska Families Collaborative. And just by way of history, a few years ago Governor Heineman decided he would try to privatize our child welfare system, our entire child welfare system. And from those original contractors there's one remaining, and that's Nebraska Families Collaborative and that's in the Douglas County or sometimes it's referred to as the eastern service area. That's probably where we have our highest rates of out-of-home placement for children. But one of the things that I worry about with kids is that our out-of-home placement rates are actually going up and they shouldn't be, right? We should be doing a better job for kids, either getting them to a permanent placement or reunifying them with their families. The ultimate goal is we want to get these kids to permanency. And so when I'm looking at this allocation, it looks like we're giving about 7.8 million more dollars in child welfare aid to finance increased costs experienced by Nebraska Families Collaborative. Now what's confusing to me is that we're giving them more money, but our out-of-home placement rates are going up which means that potentially they're doing worse. And so I'm just hoping that Senator Stinner would yield to a question and help me understand this allocation. [LB22]

SENATOR LINDSTROM: Senator Stinner, would you yield? [LB22]

SENATOR STINNER: Yes. [LB22]

SENATOR HOWARD: So can you tell me more about why we're giving \$7.8 million to the Nebraska Families Collaborative? [LB22]

SENATOR STINNER: I guess the short analysis is that the population is building. The intake of kids versus getting some kind of plan in place, some kind of permanency resolved, it takes a court order to get that done is what I've been told. And there is a backlog in that court, that now they're at about 18 months, is what I was told, where if they could get another judge, and I think Senator Chambers talked about this, that might resolve some of the backlog. They'll be able to... [LB22]

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SENATOR LINDSTROM: One minute. [LB22]

SENATOR STINNER: ...move that population back down to where it needs to be. [LB22]

SENATOR HOWARD: And so when you're talking about a court order, are you talking about a court order to terminate parental rights so that these children may be adopted and placed in a permanent home? [LB22]

SENATOR STINNER: That's a possibility, yes, or that they go back to their home or go back to relatives is what I've been understood. [LB22]

SENATOR HOWARD: And you need a court order to place a child back in their home? [LB22]

SENATOR STINNER: You are a lot smarter on that deal than I am, so I'm just telling you the population has increased, the dollars associated with that have increased. We're not getting the kids moved through the process as quickly as they need to be. [LB22]

SENATOR HOWARD: Thank you, Senator Stinner. And, colleagues, I do believe that this allocation is indicative of a larger problem in our child welfare system. It's currently grossly underfunded. But when we look at contractors who aren't able to get kids to permanency, it's actually more costly to have kids in out-of-home care than it is to find them... [LB22]

SENATOR LINDSTROM: Time, Senator. [LB22]

SENATOR HOWARD: ...a permanent home. Thank you, Mr. President. [LB22]

SENATOR LINDSTROM: Thank you, Senators Howard and Stinner. Senator Kolowski, you're recognized. [LB22]

SENATOR KOLOWSKI: Thank you, Mr. President. I also stand in support of LB104, excuse me, AM104, AM13 and LB22. I hope we can move through this. And I want to thank the Appropriations Committee for their excellent work getting us to this particular point at this time. I also commend the Appropriations Committee for finding a way to protect a number of issues. The NOG, Nebraska Opportunity Grant scholarships, the vocational rehab, and ESUs. Sustaining these areas has really helped our...helped us to achieve the success on a number of fronts for a great number of Nebraskans. I hope to also...I simply want to state if anyone in the body has had a chance to go to one of the CSG workshops, the BILLD workshop or the Toll Fellowships or if

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you're planning on trying to do that in the near future, one of the things you're going to learn is just what's talked about as far as Senator Krist in his remarks: how we seem to take a very strange pride in doing everything very much on the cheap. We have some of the lowest expenses of any state as far as its legislature, and the questions that you can ask about that and the directions we're going I think are extremely important as you have very informed individuals standing and pleading their case for these various issues. With that, I'd like to yield the rest of my time to Senator Krist. Thank you. [LB22]

SENATOR LINDSTROM: Senator Krist, you're yielded 3:06. [LB22]

SENATOR KRIST: Thank you, Mr. President. Thank you, Senator Kolowski, for your kindness. We've had a very robust discussion based upon not just what the committee has done, and I support the committee's work 100 percent...let's say 95 percent because the 5 percent I disagree with is not hearing concerns about one portion, which is the Legislative Council's budget. But I support LB22 and the work that went into it and AM13 in Appropriations. This is what this Legislature is all about. It's about a conversation about what's right for the folks in Nebraska, the 1.9 million people across the state, and what's right for your district and your concerns. And you'll have time this biennium to discuss...this session for sure, to discuss what's right in terms of dollars and cents and the proper investment in our state. This is the only thing we have to get done. We have to pass a budget, and it may happen in three parts. It may happen in four parts, but this is our priority. Constitutionally we have to balance a budget every two years. This is our job. I'm not shy about bringing things up that I know something about. I'm also not shy of knowing when it's time to express some collegiality and some concern along with not taking up more time than is necessary. AM104 is a demonstration of a neglected part of the budget because it was not talked about in committee. You've heard the Appropriations Committee say that individually. Senator Stinner has assured me, guaranteed me, and you heard him on the mike, we'll have a chance to talk about this in the committee as it goes forward. And again, reflecting on how things are done and not done in this body, we are on General File. This bill will have two... [LB22]

SENATOR LINDSTROM: One minute. [LB22]

SENATOR KRIST: ...two more chances to be heard and concerns heard. And AM104 will be the blueprint, in my mind, for how to readjust those reappropriations for the Legislative Council. Thank you for your attention today and thanks all of those folks who supported this. The point has been made. Between General and Select, I think we need to readdress the reappropriations for the Legislative Council. With that, Mr. President, I will withdraw AM104. [LB22]



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SENATOR LINDSTROM: The amendment is withdrawn. Moving back to AM13, Senator Bolz, you are recognized. [LB22]

SENATOR BOLZ: Thank you, Mr. President. I wanted to address a couple of questions that were brought up on the floor as well as discuss a couple of variances from the Governor's original proposal. The first issue that I wanted to mention was issues related to the Nebraska Families Collaborative and Medicaid funding. The reason that there is an approximately \$7 million appropriation to Nebraska Families Collaborative, and to be clear, even though the majority of the deficit budget relates to finding cost savings, there were certain items like NFC and like the developmental disabilities funding that we thought were urgent enough that they needed an active appropriation, an active allotment of dollars at this point in time. So the Nebraska Families Collaborative appropriation is a contracted...is funds for contracted service to Nebraska Families Collaborative, which is our only private child welfare program in the state. And what we found in the Omaha area where they operate is two things. We had additional caseloads, more demand because of both delays in the court system and because of higher demand because of the needs of families in that community, some of which have been related to increased drug use. And you'll hear additional information about a funding request that was made related to trying to provide medication assistance therapy to those families to try to address that problem in the Douglas County area. So the \$7 million helps keep the Nebraska Families Collaborative contract whole through the end of the fiscal year so that we can meet those higher demands. They are developing a new contract and a new request for proposals process for those services, and so we may see something different in the future. But for now for the safety and well-being of those kids and the stability of the program, we need to make those investments now. I also heard on the mike a question about Medicaid funding and utilization, and I was off the floor for a couple of minutes with the Executive Board. But just for the body's education, the reason that we're able to create some cost savings in the public assistance Medicaid and Children's Health Insurance Programs are because of utilization. And our utilization in those programs has been either steady or slightly down, and that is a good thing. It's good that that demand is down. We always appropriate a very careful amount to those programs because those are entitlement programs. Those are programs that if you qualify you get it. And so we need to make sure we have adequate funds in our appropriations process to cover what is a reasonable projection and maybe then a little bit more so that we don't end up in a special session trying to backfill demands for what is an entitlement program. I also heard a question about how we got to those numbers and those projections. Normally in a typical budget process, our Legislative Fiscal Office would work with the Department of Health and Human Services to identify those projections, up or down a percent or two and the correlating dollars within the program in any given budget year. This year was a little bit different, and we did get some numbers from the Department of Health and Human Services that helped to justify these numbers. Colleagues, this is one of those areas that I, as an appropriator and I as someone in the legislative branch, would say is an exception and should not be the rule. The rule should be that we have a partnership

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between the department and the Legislative Fiscal Office and that the Appropriations Committee carefully reviews projections and expected utilization. This time around we did look at the department's numbers, and I think as a committee we were more or less comfortable with that. But as a typical process, our Legislative Fiscal Office projections are the ones that we should defer to. This unique process led to us looking to numbers from Heritage Health,... [LB22]

SENATOR LINDSTROM: One minute. [LB22]

SENATOR BOLZ: ...which is our managed care contracted provider, as well as the recommendation of the Department of Health and Human Services--a little bit different, probably shouldn't be our practice, but it is what got us to a deficit budget recommendation today. In my last minute I just want to highlight a few areas that were different from the Governor's recommendation and rise in support of the committee's work on all of those areas. The first is the Supreme Court, which provides community-based services in terms of adult substance use and juvenile justice services as well as Probation staff so that we can continue our work to have community-based solutions rather than institutionalization of individuals who are involved in the criminal justice system. The developmental disability dollars helped keep our providers whole despite the loss of some federal funds and will help ensure that people with developmental disabilities keep their homes and jobs. And we were also able to protect dollars related to scholarships, educational service units, vocational rehabilitation, and the blind and visually impaired. [LB22]

SENATOR LINDSTROM: Time, Senator. [LB22]

SENATOR BOLZ: Thank you, Mr. President. [LB22]

SENATOR LINDSTROM: (Visitors introduced.) Senator Chambers, you are recognized. [LB22]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, I regret that Senator Krist withdrew his amendment. When the train leaves the station, I want to be on the train. The way it is now, we've been told that we can discuss these matters that are contained in Senator Krist's amendment, but that is no assurance that anything will happen from it. Being a black man, I'm accustomed to having things discussed again and again and again and nothing ever happens. They say an author should write about what he or she knows. You wouldn't find Tolstoy and Dostoevsky writing about seed corn in Nebraska because they didn't know about it. So they wrote about what their experience in Russia taught them. My experience based on my personal memory, my reading, and the racial memory of black people in this country is that the slave most easily whipped is most often whipped. The Legislature is the one most often whipped because it's the easiest to whip. Want to show everybody that the Legislature will travel cheap.

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When I came down here, these walls were filthy. Talk to Bob Ripley about the work that I did to help get some things through this Legislature and shamed my colleagues into doing something about it. Those walls, you couldn't have seen them. You would have seen thick grime, dirt, and layers, which if you dug through them you could tell which senators were here, how much smoking was done at that time, how much John Barleycorn was on their breath by just going through the layers like geologists do. They had thick drapes over those windows. You didn't have this light coming in here. You know why? Because when it rained, the water leaked down the walls. There was stains on those walls. They tried to hide it instead of correcting it. I tried to shame them and say, you all...you've heard me say about the master race. Look what you're letting happen to this beautiful building. So since this is known as the Chambers, I don't want anything connected to my name to be as shabby as this Chamber had been. The carpets were filthy, thread bare, worn. I wanted to do something about it. You all didn't have the kind of furniture you've got in your offices now. You had mismatched chairs, folding chairs, those wooden chairs. And if you were higher on the hog, you got some steel folding chairs but they were not painted the same color and they might have fewer chips of paint out. Ladies, in the days when I was here years ago, wore what they called...well, anyway, they were dresses made like sweaters. And if you leaned against one of those desks with all the chips and you walked out, if that thread was caught then by the time you got to the hallway you were doing a striptease because it would unravel your clothing. They got desks in your rooms, which were rescued from the school where Abraham Lincoln went. And when they shut that down, they claimed the desks and put it in your legislative offices. If you leaned on it this way, that's the way the desk leaned. And if you leaned on it that way, that's the way the desk leaned. Don't even talk about having individual offices. Talk to Ripley about how you got a lot of what you got here. Somebody had to work with him inside the Legislature. I flew to Chicago with him. We picked out furniture. You all don't know what I did for you, do you, for you and your children so you would have some kind of legacy to show those who come after you? Those who were here before, you didn't care about it. I looked at the ceilings and when I looked at the ceilings I noticed that when you got those eagles up there on the dollar bill, the arrows of the eagle are in the right claw. [LB22]

SENATOR LINDSTROM: One minute. [LB22]

SENATOR CHAMBERS: And the palm branches are in the left claw. They're reversed up there. You all didn't notice it. You all didn't even know eagles were up there, did you? If you look up here, you see all those horses and different animals. There are more legs than the number of animals to accommodate. There are things around you that you don't even pay attention to. So when Senator Krist is talking about what we need to do for the Legislature, he was right down my street. I don't want to be told the train has left the station, but, Ernie, if you and Bob run across the field, through that drainage tunnel, climb that hill, jump off the mountain as it goes around the bend, you might land on a boxcar and get to ride it to the station. But you're not going

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to get anything. Why can't we put what we need in the bill now and then let you all kind of work and massage it to get where we need to be? [LB22]

SENATOR LINDSTROM: Time, Senator. [LB22]

SENATOR CHAMBERS: But instead, we give it all up. I don't even have the time...thank you, Mr. President. [LB22]

SENATOR LINDSTROM: Thank you, Senator Chambers. Senator Morfeld, you are recognized. [LB22]

SENATOR MORFELD: Thank you, Mr. President. I always find it interesting to listen to Senator Chambers and get a history lesson from time to time. I don't know about all of you, but I think furniture shopping with Senator Chambers in Chicago would be kind of fun and maybe interesting. But that being said, I did want to address a comment that a senator made to me on the side of the floor here. And I won't identify the senator, but one thing that they did bring up and it's something that people often do is that our tax climate, and particularly when we're looking at the budget and what then leads to a certain tax climate, can also impact recruiting and retaining young Nebraskans. And while I'll admit that the tax climate may impact whether or not businesses or companies come here, and we can have a larger discussion about that later. I think we will on the Nebraska Advantage Act. I will tell you as someone who represents 20,000 students, which is half of my district, I have not heard one student tell me that they are leaving the state or not staying here because of our oppressive tax climate--not one student. And I talk to them a lot about this because this is an issue that I work on with many other senators from across the political spectrum in this body. They do tell me they decide whether or not to stay in Nebraska or leave Nebraska because of entertainment options, tuition rates, civil rights protections, recreational opportunities, the lack of public transportation or the availability of it, all things that require investment, investment by the state which then leads to investment by young people and businesses and in some cases the businesses they create. So I want to keep that in mind and keep that in perspective as we look at this deficit budget and then also the biennium budget, which I know that the Appropriations Committee is already hard at work on. Thank you, Mr. President. [LB22]

SPEAKER SCHEER PRESIDING

SPEAKER SCHEER: Thank you, Senator Morfeld. Senator Walz, you're recognized. [LB22]

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SENATOR WALZ: Thank you, Mr. President, and thank you to the members of the Appropriations Committee for all your hard work. I'd like to speak today in regards to the cuts to DD services because this is an area I'm very passionate about. My first job at 18 years old, I went from living with my parents into moving into a home with three ladies who had developmental disabilities. I worked for ENCOR. And I taught daily living skills to them--cooking, cleaning, hygiene. But really I did not feel like I was working with them. I felt like I was just a part of their family. I loved this job. I loved advocating for the people that I worked with, and I loved advocating for the families and supporting the families of those ladies who had developmental disabilities. After I received my degree, I was hired as a director for Bethphage, which is now Mosaic, and I started services for people who had developmental disabilities in Columbus and also in Fremont. One of my favorite memories and success stories, I would say, would be transitioning three men from BSDC into the community and just watching them grow and succeed and, I guess, learning how many opportunity and learning about the freedom they have in the community-based services. Cuts to these services not only will affect the people receiving or people with developmental disabilities, but it will also affect families. It will affect employees who work for providers. It will affect businesses who contract labor to day service programs and many other community businesses. I also just learned outside that NorthStar in Fremont, who is a provider for people with developmental disabilities, may likely have to close the doors for services for people in Fremont if these cuts are made. Having firsthand experience working as an advocate for people with disabilities and families and knowing the huge impact cuts in this area will make, I urge you to carefully consider fully funding the \$7 million to DD services. I will yield the rest of my time to Senator Chambers. [LB22]

SPEAKER SCHEER: Senator Chambers, you have 2:30. [LB22]

SENATOR CHAMBERS: Thank you, Mr. President. Thank you, Senator Walz. You must have been reading my thoughts, seriously. The people who have no voice here need a voice. They need a voice from somebody who has worked with them and will see them as human beings, not objects, not those that you talk about when they're there as though they're not there. They're not looked at because people are embarrassed or ashamed because they don't know how to talk to them. These are our brothers and our sisters. We play like we don't know how to talk to them. We know more about polar bears in the arctic, tigers in India than we know about our less fortunate brothers and sisters in this state. Senator Morfeld touched on something that's correct. When these young people leave those racist, narrow-minded, backward towns in Nebraska and go anywhere, even like Lincoln and Omaha, they don't want to go back to that. It's not like the song "I haven't been to heaven but I've been to Oklahoma." Well, how are you going to keep them on the farm? They don't have to go to New York. It doesn't take much to get into a better environment than... [LB22]

SPEAKER SCHEER: One minute. [LB22]

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SENATOR CHAMBERS: ...these people in Nebraska are providing. The fact that we can have a budget that even considers cutting the money from those who have the most need and cannot speak for themselves, it's shameful. That's why I get so upset on this floor. If you all wouldn't talk so much about religion, if you wouldn't say your prayers, you wouldn't hear me say this. I don't talk like this to the drunks because, you know what, there are a lot of drunks who can beat you talking about how unfortunate people need to be treated because that's why they're drunk. They have to get away from it. They want to forget about it for a short time, be delusional. But the delusion is better than the reality that they face in a cold, cruel world like in Nebraska. Cuts should not even be proposed in those programs, but the cuts will stay. Watch and see. And the Governor will go to the Senate in six years and leave this state in a shambles. And we in the Legislature will have been willing aiders and abettors. [LB22]

SPEAKER SCHEER: Time, Senator. [LB22]

SENATOR CHAMBERS: Thank you, Mr. President. [LB22]

SPEAKER SCHEER: Thank you, Senator Walz and Chambers. Senator Schumacher, you're recognized. [LB22]

SENATOR SCHUMACHER: Thank you, Mr. Speaker, members of the body. First of all, I want to compliment Senator Stinner for doing a really, really good job in explaining how they arrived and at the figures that we have before us today and the process. I think we probably use two or three refresher courses and we'd have our head around it, but very excellent explanation as to the process and even though I think we probably need a little rehearsal on that a couple of times in order to really have it sink in. One of the ways...well, there's two ways that we spend money. One of the ways is this process of appropriations where a budget is assembled from the various folks and departments that spend money, and they make requests and it eventually goes through the Governor and through our Appropriations Committee, and in surprisingly little debate most times, gets passed through the Legislature. And there's a lot of work that goes into that and a lot of review. The people wanting money often have to appear before the Appropriations Committee and undoubtedly through the Governor's people and try to justify their budgets. As I understand this particular process, it began with a recognition that we were going to come up short on money and a decision not to call a special session, and thus those various folks were asked to pare back their requests, do something to reduce the amount of money we would need in order to pay the bills. And many of them, out of good conscience, complied. Now we need to ask ourselves in this process--and I understand the difficulty into getting a handle on what the number might be--how much of these supposed cuts are really cuts, and how much just deferring a needed expense into the future and is going to cost us in the future what we defer, plus, because it's kind of borrowing from the future. To the extent these cuts aren't really cuts but, well, we

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need to hire a third of a person a year extra in order to meet our workload in order to meet the burdens assigned through, say, this LB605 process where we try to push people into Probation and not into the penitentiary, that we say we're going to defer the one-third person this year, doesn't mean that next year instead of having to hire one-third we have to hire two-thirds persons. These cuts may not indeed be cuts at all, but a shifting of burden into the future, a debt, a borrowing. So I think we need to be cognizant of that, particularly as we move toward the bigger Appropriations bill which is going to be mucho headache. We also need to look at the revenue side of this because when we do things by giving away things called tax credits, which means basically you don't have to pay your taxes if you get one of these things, that's also spending money. And we lose track of those because there's no review process. There's no keeping track of how much they start running up. There's one program, for example, where we give away \$15 million a year in tax credits to fix up old buildings and to get it you got to promise you're going to fix up old buildings according to a plan and keep them fixed up for five years in the way you said you would. Okay. That \$15 million a year project isn't being asked to ante up 4 percent or 8 percent or even... [LB22]

SPEAKER SCHEER: One minute. [LB22]

SENATOR SCHUMACHER: ...on any schedule. We have another tax "bene" where if you take your compensation in the form of a stock option or stock in a company and then liquidate that stock out according to the rules, you don't have to pay tax on that portion of your compensation, and the list goes on and on. The list that Senator Bolz handed out is kind of a good overview list. I actually think it's low in many categories and probably there's more money involved than what's shown there, but that shows three-quarters of a billion dollars in lost revenue because of actions we took. Some are justified. Some are favorable. But we're...not have any active role in reviewing those. And that part of our expenditures right now aren't being asked to contribute to this problem when, in fact, I think if we look at the numbers we're going to find out... [LB22]

SPEAKER SCHEER: Time, Senator. [LB22]

SENATOR SCHUMACHER: ...they're a major cause of the problem. [LB22]

SPEAKER SCHEER: Thank you, Senator Schumacher. Senator Howard, you're recognized. [LB22]

SENATOR HOWARD: Thank you, Mr. President. I wanted to get a little bit more information about some of the cuts in regards to the Foster Care Review Office. And I'm going to look to Senator Bolz because I know that she knows a little bit more about some of the Health and Human Services issues. The Foster Care Review Office is our citizen agency that has little teams

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across the state, and it looks at how we're doing for kids who are in child welfare and out-of-home placement or who are court involved. The Foster Care Review Office is one of our critical sort of puzzle pieces in terms of how we understand what's going on in our child welfare system, not that we can't trust the agency, but rather the Foster Care Review Office is able to get us more information in a timely fashion. And so I'm curious as to...if Senator Bolz would yield to a question. [LB22]

SENATOR HOWARD: Senator Bolz, will you please yield? [LB22]

SENATOR BOLZ: Sure. [LB22]

SENATOR HOWARD: Senator Bolz, can you tell me a little bit about the cuts to the Foster Care Review Office and sort of the reasoning behind them? [LB22]

SENATOR BOLZ: Sure. So you are absolutely correct in terms of the differences between the functions and responsibilities of the Department of Health and Human Services versus the functions and responsibilities of the Foster Care Review Office. The Foster Care Review Office is really an oversight function that helps us understand how kids are doing in the foster care system, makes sure we're tracking them, and looks at trends and system-wide issues. In the past, we have appropriated dollars to update and improve their ability to manage data and look at our system as a whole. The reduction that you see in the deficit budget request relates to holding back the next phase of a data analysis process, and the next phase relates to something called predictive analytics, which you're probably familiar with because we both serve on the Children's Commission. But those predictive analytics can help us look at what's happening in our state child welfare system, identify trends, and get out ahead of issues or problems. So you may have seen in the Office of the Inspector General's most recent report that there are some trends related to sex abuse, and there are some trends related to child deaths that are of concern to us. Those predictive analytics would be helpful in getting ahead of those trends. The reason we took a pause and the reason we...that cut is included in the deficit budget request is that those contracts haven't been completed yet, and so we'll have another bite of this apple when we go to the agency budget requests. And we may be able to address it in the agency budget request and/or in the secondary deficit budget bill that Senator Stinner has mentioned. I hope I haven't taken up too much of your time, but that is the answer to your question. [LB22]

SENATOR HOWARD: No, that is absolutely fine, and I appreciate the answer. Colleagues, I always worry when we're removing our ability to perform our ultimate function which is oversight of the agencies and of the government. You know, when you look at Health and Human Services, our role is to make sure we have enough information to provide appropriate oversight. And I worry that if we do lose some of that oversight in the Foster Care Review Office and we



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lose some of those predictive analytics we won't be able to do our job as effectively as we need to. The other question I had--and I'll direct it to Senator Bolz as well if she would continue to yield for a question. [LB22]

SENATOR BOLZ: (Laugh) Yes, Senator Howard. [LB22]

SENATOR HOWARD: (Laugh) Senator Kuehn just told her to say no. So thanks. I wanted to learn a little bit more about the projections within the Medicaid and CHIP program. And just as a refresher for the freshmen, our Medicaid program is different than the CHIP program. The CHIP program is our Children's Health Insurance Program. It's specific to children who are under a specific poverty level. I believe it's at 200 percent right now, whereas our Medicaid is for individuals who are aged, blind, disabled... [LB22]

SPEAKER SCHEER: One minute. [LB22]

SENATOR HOWARD: ...children, or pregnant women or individuals who are parenting and very poor. Can you tell me where we got the numbers that our enrollments are going down in both CHIP and Medicaid? [LB22]

SENATOR BOLZ: Sure. At the Health and Human Services Committee hearing, I requested from CEO Phillips some of the background information on the recommendations that were included in the Governor's deficit budget related to public assistance, Medicaid, and CHIP. And so I have a summary that's been shared with the Appropriations Committee. I shared it with you. I'd be happy to share it with anyone else who's on the floor. But basically they worked with Heritage...sorry, with their managed care contractor to look at some audits and some forecasts related to the utilization and trends. And they found that utilization and trends... [LB22]

SPEAKER SCHEER: Time, Senator. [LB22]

SENATOR BOLZ: ...were under expected. [LB22]

SPEAKER SCHEER: Thank you, Senator Howard and Senator Bolz. Senator Krist, you're recognized. [LB22]

SENATOR KRIST: Thank you, Mr. President, and again, good morning, colleagues. In pulling the amendment that I put up there, I was assured by the Appropriations Committee that they would look into the items that I brought to your attention and your concern, I hope, this morning. I refiled that amendment on Select File, so it will come back up as it was. And the alternative

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there and the reason I make this clear is that sometimes in the course of having a debate, enough has been said to point a direction that we need to go, and in one man's opinion I was...I am reasonably assured that those concerns have been made and received and the direction that the Appropriations Committee will go will be in all of our best interests. But I just want one more time to stand up here and say, if you, as Senator Howard has done, as Senator Vargas has done, as Senator Pansing Brooks has done this morning, if you don't take the opportunity to go line item by line item on these bills and make sure that your constituency and your concerns are cared for and you're blanketly trusting another committee, any committee, to vote green, red, or not voting, you haven't done your due diligence. I learned that the hard way. In 2009 I was here for that special session. I don't think you can look around this room and see a sitting senator that was part of that Legislature. In fact, I know that to be true. I was here in 2009 when we had a special session and massive budget cuts and the unintended consequences that have lurked and doomed us in certain areas since then. The '09 to '11 time frame, as has been pointed out, are times when we cut services to the bone, because we had to. We reached into cash funds because we had to. We had to balance the budget, a billion dollar cut. What the Appropriations Committee is doing in taking this \$900 million deficit, which by the way, happens in the next biennium. It doesn't happen in this budget cycle. In taking it in three bites of the apple and trying to get it down is not going to be enough. I sat on that Tax Rate Review Committee and watched the numbers go down, and we're projecting even worse tax revenue review in the future. I don't believe that all of the restoration of our funds that I talked about this morning will be possible because we'll have to make some tough decisions. But the point is, at the point that I'm at right now--I'm sorry that some of you were disappointed that I pulled it--but we've had the discussion, we have a direction, and we will discuss it again on Select if some of those...if some of the restorations are not brought forward. So for the record, the Chairman and Vice Chairman of the Executive Board have kindly assured me that they will take a look at those. They are both on the Appropriations Committee as well. The Chairman of the Appropriations Committee has assured me. The Vice Chairman of the Appropriations Committee, Senator Bolz, has assured me. So we'll let this play out until Select File and see where we go. The DD area that has been talked about so many times is, again, near and dear to my heart--I've just shifted gears here just in case you were wondering--near and dear to my heart because of my daughter's needs and those of her friends. I made the analogy in the press and I'll make it here again. [LB22]

SPEAKER SCHEER: One minute. [LB22]

SENATOR KRIST: Those providers of care are the air that inflates the tires that keeps that community humming. If you take the air out of those tires, we'll see the same result that we saw in '11-14 in a debacle of the privatization of the child and family services in this state. Thirty-two PSI needs to be maintained in those tires to keep those providers on-line and provide those services for those who cannot advocate for themselves. Thank you for your time and thank you for your attention. [LB22]

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SPEAKER SCHEER: Thank you, Senator Krist. Senator Chambers, you're recognized. [LB22]

SENATOR CHAMBERS: Mr. President, members of the Legislature, I'm staying on point. We're working on the only thing that we actually have to do, that's the budget. We can stay on this budget for the rest of the session, and we ought to. The cuts that are being made, in my opinion, would make Scrooge look like a philanthropist. To even suggest that some of these programs should be cut just because that's the way it's done is wrong. These projected cuts, even if they are restored, cause a lot of agony, a lot of depression, a lot of uncertainty among those people who are going to suffer if the cuts are made. And I'm not sure they'll be restored. I've been in this Legislature 42 years. This is where you have some of the hardest-hearted, coldest-blooded people on this planet. They'll look after themselves. You got a Governor who's rich. You think he cares if some of these poor people are left out in the cold? He can get his daddy to take care of him. When he hurt his foot or leg running, he went to a specialist in Chicago. He didn't go to the Medical Center in Omaha. You think he'll ever be hungry? He doesn't even know what that means. And you all are helping him go to the Senate. That's all he has on his mind. If he had any compassion, which he has none, he would not do the kind of things he did in the budget he suggested. But if we roll over as a Legislature, we would deserve the contempt that people give to us. We set the policy and the way we budget and spend money, establishes where we place our values. You think he cares that Jesus said, it's easier for a camel to go through the eye of a needle than for a rich man to go to heaven? Jesus told you that people like your Governor are going to hell. That's what he told you. You think that that man over there cares about hell or heaven or Jesus or these things we're talking about? Heavens no. And we're going to go along with it to help him. You don't want to be out of step with him and the people who sent you here. Sometimes you say you're interested in your constituents until we have to do something about it. Then the Governor and the political party are the ones that gain. I think we should stay on this bill, and we should stay on it for the whole session if necessary. I haven't offered an amendment, but I'm thinking about it. I'm glad that Senator--and I call him "Professor"--Schumacher brought up these tax giveaways. Here's how they trick people, and the Governor had the biggest laugh the other day when he had these small businesspeople with him. Cut the tax rates for the top and let it trickle down to you little guys. And in the meantime we're going to give tax breaks to these big companies and you can't get it because you're too little, so you're going to subsidize this big company who's the competitor that's going to run you out of business. That's the kind of shell game that is run on these people, and they don't even know what's happening to them. You all don't even think about it. Did you ever think about the small businesspeople who have to pay taxes because the big companies that will run them out of business don't pay taxes thanks to the giveaways you all give them? And then I come in here or other people and say, let's do something for the poor people and you act like we're committing a crime. Shameful, it's disgusting. Stop those prayers. If I offer a resolution to stop those prayers, how many of you would sign it because you got to put on the front? You ought to stop doing those things. But at any rate, you're... [LB22]

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SPEAKER SCHEER: One minute. [LB22]

SENATOR CHAMBERS: ...not going to stop. You said time? [LB22]

SPEAKER SCHEER: One minute, Senator. [LB22]

SENATOR CHAMBERS: Thank you. And the Legislature is different from the other two branches. Somebody mentioned oversight which is what we exercise. Nobody else does. The U.S. Supreme Court said that the Legislature is the only branch of government that truly represents the people. We formulate the policy. The executive branch enforces the law. The judicial branch interprets the law. The Legislature enacts the laws on behalf of the people. We say that but we don't mean it. But we're going to stay on this bill; and if I have to start offering motions, I'll do it, but it shouldn't be necessary. There are enough things wrong with this bill right now with all the praise being bestowed that can keep us right here on General File, and we ought to do the work here. Thank you, Mr. President. [LB22]

SPEAKER SCHEER: Thank you, Senator Chambers. Senator Hansen, you're recognized. [LB22]

SENATOR HANSEN: Thank you, Mr. President. First, colleagues, this is my first time getting up to speak on LB22 and AM13. And let me just start off by thanking the work that the Appropriations Committee has done this year. I know Senator Stinner and all of the members have been putting in a quite unusual amount of work in the front end and certainly it's not been my experience to be debating wholesale budget issues on the floor this early in session. So the fact that they have this prepared and ready for us is quite a feat on their part. I did want to get up and talk, when we're talking about appropriations and I'm piecing together different things that several different speakers have shared this morning. But I do think it's appropriate obviously when talking with the budget, when talking with appropriations, to talk about revenue and kind of to talk about as an opportunity for our...how we view the state. You know, some of the things we're making here in the budget are going to influence what we think is possible on the revenue side. The decisions we make on the revenue side obviously influence what we think is possible in the budget. So they go hand in hand. I'm thankful that Senator Bolz has passed out the major tax changes starting 2006, and that really does go to show that we have made, as a Legislature, both in my time and prior to my time, have made a significant effort to change our tax system here in the state of Nebraska. But as you look at those numbers when we are trying to balance the budget in the coming years, those numbers on the bottom of the page are getting very close to the amount of money we need to come up with this year, so that's something to keep in mind. But what kind of getting to the point then. I was spurred to turn on my microphone when Senator Morfeld got up and talked about representing the university. And Senator Morfeld represents the

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university. My district is right next to him. I have definitely a lot of student housing because my district goes around east campus on the north and south and east side as well as Nebraska Wesleyan as well as Southeast Community College out on East O Street. So if you are in...a student who's going for an associate or bachelor's in the city of Lincoln, you're probably going to school or living in one of our two districts. And when we talk about all these tax issues, never once have I heard a student talk about taxes as the reason they were looking about moving away from the state of Nebraska. For my generational cohort, for us millennials, I don't know if I'm speaking to the wrong constituents, I don't know if I'm speaking to the wrong students, but that is not something that comes up and is on the tip of their tongue of this is what they need to change and this is what they need to stay. So when we're talking wholesale about how we want to grow the state, we want to grow the state, we want to change things, well, obviously part of that is stopping the brain drain and keeping my generation and our newest students, youngest students, and those who choose not to go to school here in the state. And I think that's more broad quality-of-life issues. That's not on the revenue side. Frankly, that's probably closer to the appropriations side. So when I see things here where we're taking cuts to the university, we're taking cuts to education, taking cuts to the community colleges, I think that might be counterproductive and that might be something that we want to make sure long term that we make sure we get up and support. I understand the financial realities of the current situation. I understand that something must be done, so I'm appreciative that we can start looking there. But when we start doing these things, I don't want to make like...make the universities and the community colleges and all of our institutions of education take a real tight budget cut so we can reduce revenue side in the effort to keep students here, keep our young Nebraskans here when probably investing in education, investing in community colleges, investing in a university system would be the more appropriate way to go. To me... [LB22]

SPEAKER SCHEER: One minute. [LB22]

SENATOR HANSEN: Thank you, Mr. President. To me, I have concern that we're going to start going the wrong direction if our goal is to continue to broaden the state, grow our economy, grow our tax base. I think that's something we're going to have to be very careful to look to make sure we're continuing to protect education. Thank you, Mr. President. [LB22]

SPEAKER SCHEER: Thank you, Senator Hansen. Mr. Clerk for announcements. [LB22]

CLERK: Mr. President, new resolutions. Senator McDonnell, LR28. It's an interim study resolution. It will be referred to the Executive Board. LR29, Senator Pansing Brooks, that will be laid over. Natural Resources Committee reports LB154 and LB176 to General File. I have hearing notices from the Government, Military and Veterans Affairs Committee. New A Bill, LB180A, a bill by Senator Bolz. (Read LB180A by title for the first time.) Name adds: Senator

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Chambers to LB167; McDonnell to LB607 (sic--Senator McDonnell name withdrawn from LB607); Linehan to LB576; Harr to LB645 and LB553; McCollister to LB553; McDonnell to LR27; Quick to LR27; Senator Blood, LB438; and Crawford, LB438. Mr. President, Referencing will meet upon adjournment in Room 2102. (Legislative Journal pages 386-388.) [LB154 LB176 LB180A LB167 LB607 LB576 LB645 LB553 LB438 LR28 LR29 LR27]

And a priority motion, Mr. President. Senator Hansen would move to adjourn the body until Wednesday morning, February 1, at 9:00 a.m.

SPEAKER SCHEER: You've heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. We are adjourned.