

April 2, 1981

LB 39

SENATOR WARNER: Mr. President, members of the Legislature, I offer a kill motion on 139 (sic) and I'm not unaware of course that most of you have been contacted, as I have, by various local county officials and I suspect the phrase that was given to me is the same one that you have heard or something comparable which was that if I didn't think the state had the money how could I think the county had the money. That is not the issue that I'm talking about. The issue and the reason I feel that this bill should not be enacted this year, totally, solely relates to the federal funding situation which is probable to effect Nebraska in which we have no idea that LB 39 impact might be next year in relation to the other commitments that the state may have to make in the way of financing. LB 39 specifically, as you recall, has three years of incremental increases. The fiscal note indicates, as I recall, 2½ million this year of general funds next year I believe that it is 5.7 million and the third year is not indicated on the fiscal note but if you had the same rate of growth I would assume that it would be eight or nine million. My concern rests in the fact that I think it would be an error for the Legislature to adopt that kind of a commitment knowing that we may well have substantial increases to pick up next year or at least we are going to be forced to consider not only a increase in general fund appropriations to pick up discontinued federal funds but we are also going to be faced with the problem of distribution of funds to some of the local entities that. . . .which it is a three way split. I think the state absolutely must retain some flexibility to be able to meet that problem when we will know in greater detail what it is. I understand that there are only two areas which according to the federal documents proposed budget provisions in which they openly agree that there will be a necessity for a pick up of the federal funds by some entity of government or at least from some other source and the medicaid payments is one of these. As I understand the proposal this year it is to put a cap on medicaid payments in the appropriation bill. That cap is at 5% but that 5% is to be calculated against a hundred million dollar reduction nationally in their current estimates for federal funding requirements. So any way you cut it there is going to be a substantial increase that we need to look at. Plus there are a whole series of programs that will be discontinued as categorical aids in social areas. As I understand nationally, and no one will know what the impact will be on Nebraska, but nationally throwing those cateogrical aids into a block grant which will then have a 25% proposed 25% reduction in the total amount of money with the state having greater flexibility to use