

January 20, 1981

LR 6, 7  
LB 490 - 529, 144, 182

SENATOR BURROWS: I move the adoption of the resolution as amended.

SPEAKER MARVEL: Any further discussion on that motion? All those in favor of that motion vote aye, opposed vote no. Have you all voted? Record the vote.

CLERK: 42 ayes, 1 nay on adoption of the resolution, Mr. President.

SPEAKER MARVEL: The motion is carried and the amendment is adopted. Members of the Legislature, it is my privilege to introduce to you a young lady who with her staff has put out at least 869 separate bills and I would like to have her stand, and if it is your will to acknowledge the work that is done. The Clerk will read.

CLERK: Mr. President, new bills: (Read title to LB 490 through LB 517, pages 305 - 311, Legislative, Journal.)

Mr. President, while we are waiting, new resolution, LR 7: (Read. See pages 212 and 213, Legislative Journal.) That will be laid over.

Mr. President, hearing notice is provided by the Business and Labor Committee for February 4.

Mr. President, Senator Labedz offers explanation of vote.

Mr. President, new bills: (Read title to LB 518 through LB 526, pages 314 - 316, Legislative Journal.)

Mr. President, Senator Burrows would like unanimous consent to have his name added to LB 144 as coinroducer.

SPEAKER MARVEL: Hearing no objection, so ordered. One last call, does anybody have any legislation that is buried someplace that you would like to dig up? Now is your chance. Last call for any legislation.

CLERK: Mr. President. (Read title to LB 527 and 528, pages 316 and 317, Legislative Journal.)

Mr. President, Senator Kremer would like to ask unanimous consent to have his name added to LB 182 as coinroducer.

SPEAKER MARVEL: Hearing no objection, so ordered.

CLERK: Mr. President: (Read title to LB 529, page 317, Legislative Journal.)

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of mine, who chide me constantly wondering what kind of a record are we trying to set. The only record we are trying to set is fairness and I would suggest to you that we have with 245, we have had substantial amount of debate and I would also try to get your cooperation to debate this bill until noon and then we will come back and start on General File priority bills. If we can not do this, ladies and gentlemen, what it amounts to is that this Legislature is simply going to go downhill and there will be many of you whose priorities will not be touched. Okay what is the next item on LB 245, Mr. Clerk?

CLERK: Mr. President, if I may read some matters in before that. Very quickly, Senator Schmit, Johnson would like to print amendments to LB 167; Senator Wesely to LB 44. (See pages 1211-1211 of the Journal.)

Your committee on Public Health and Welfare reports LB 378 to General File; 499 General File with amendments; 270 General File with amendments; 212 with amendments; 404 General File with amendments; 522 General File with amendments, all signed, Senator Cullan. (See pages 1212-1218 of the Journal.)

Mr. President, the next amendment I have is from Senator DeCamp and that amendment is found on page 1145 of the Journal.

SENATOR DeCAMP: Mr. President, members of the Legislature, it appeared to me and several others that the real stumbling block on resolving the issue of the vets school and which way we go had to do with the issue of federal funds and whether we were just going to have an indefinite forever date on this and so the purpose of this amendment was to, so to speak, "fish or cut bait," make a decision one way or another on whether we were going to have the vets school and of course that decision was contingent as has been stated many times on what happens at the federal level. So the purpose of this amendment was and is to force that issue. The second purpose of the amendment was to say, if we do not get the federal funds, then we want to use this money for another purpose, some other agricultural purpose. And so I had the money funneled off into the Beef Science Building as of a certain date so that we would not have to fight that issue again. However, it is my understanding that Senator Schmit, Kahle, Lamb, those interested in the vets school have now resolved, so to speak, the issue of the "fish or cut bait" issue which is the principal stumbling block in this thing and they have a separate amendment with a separate date. It is a little more delayed. I am perfectly willing to go along with that since, as I say, that is the big

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inappropriate. If there was a community alternative, there could be a cheaper alternative and a more fulfilling alternative for those individuals. So LB 404 does, I believe, in the long term reduce that cost while enhancing quality of life. It provides some additional resources, a mechanism for additional resources if the Legislature chooses to provide them to extend services to other parts of the state. For those reasons, those of us on the interim study committee felt that LB 404, either in its original form or now as scaled back by the Public Health and Welfare Committee, 404 is an important step for low cost services for the elderly of Nebraska. I would move that it be advanced.

SENATOR NICHOL: We are voting on the advancement of LB 404. All those in favor vote aye, opposed nay. Have you all voted? We are voting on the advancement of LB 404. Record please.

CLERK: 25 ayes, 11 nays on the motion to advance the bill, Mr. President.

SENATOR NICHOL: The bill is advanced. We will next take up LB 522.

CLERK: Mr. President, if I may right before that, Senator Koch would like to print amendments to LB 562. (See page 1611.)

Your committee on Miscellaneous Subjects gives notice of public hearing for Thursday, May 7.

Mr. President, LB 522 was introduced by Senator Vard Johnson. (Read.) The bill was read on January 20, referred to Public Health and Welfare. The bill was referred to General File. There are committee amendments pending by the Public Health and Welfare Committee, Mr. President.

SENATOR NICHOL: Senator Wesely.

SENATOR WESELY: Thank you, Mr. President, members of the Legislature, I am going to explain the committee amendments to LB 522. They are substantial amendments and I think substantially improve the bill as a result. I will go through them one by one. You can look on your committee statement again to find exactly what I am referring to but I will explain them in detail as I go through them. First off, we change the effective date of the proposal from July 1 of 1982 to July 1 of 1983. This is to allow for a greater deal of time to effectuate the change. What we are talking about with this legislation is going from a county welfare system in conjunction with the state to a total state system so that the counties no longer would have a joint role with the state. The state would take over that

function but we are recognizing the fact that that is a major change and we are taking an extra year to accomplish that change. The next change would be that the counties would continue to be responsible for general assistance. Under the bill we change over totally, as introduced, the bill would change over totally all welfare operations that are now county and state to the state. And what we say is that general assistance has always been a county function without state monies, has been a county responsibility and we just preferred, rather than turning that over to the state as well, that the counties handled it in the past. It is purely a county function, responsibility. We might as well just keep it there so the committee asked that we keep it where it is at and just change over the other welfare functions to the state. The third change is that the county contributions to Medicaid will be phased out at a rate of 2% a year rather than by July 1, 1982, as proposed by the bill. Senator Kahle has a bill similar to this phasing out over time, well actually from 16% to 10%, the state, I mean the county match on the Medicaid funding in the State of Nebraska. What we would essentially do is pick up on Senator Kahle's proposal and instead of going 16, 14, 12, 10 and then keep going down to 8, 6, 4, 2 and then phase out totally local support in Medicaid over a period of years at 2% a year. Again, the reasoning is similar to what Senator Kahle talked about. The counties really have very little influence over Medicaid questions. They do not really influence who is eligible that much. They do not have much say over it and yet they are putting up the money that they are which is now at 16% and in the past has been up to 20%. So it is only fair that if they do not have much control over the expenditures, they should not really have to contribute the money. If, in fact, they had more control over the area, then it would be more reasonable that they contribute but that is not the case. The next change is that before any county welfare office could be closed the Director of Public Welfare would have to receive approval by the local County Board of Commissioners or Supervisors. This was to deal with one of the major problems with this proposal, that what we have is local control now with our state-county operation and each county has a welfare office so that is kind of a nice dispersal of offices and assistance and that that is a better way to go. What we say is, okay, we recognize the fact that people probably do not like to lose the accessibility of having a County Welfare Office in every county and although the state, when they take over the welfare system, may find regionalization may be a wise idea. For instance, we may find that you could group two or three counties in certain areas of this state and have just one welfare office to serve those two or three counties and thus save administrative costs and at the same time be a good service for those



people that needed that assistance but what we are saying is although that in time hopefully it would lead to efficiencies, we also want to balance that off with the fact that maybe a county would like to very much keep their office open and so we have a veto power for the local county board to say, no, state, you have taken over the welfare system but we are not going to let you take over our office. We are going to keep our office open in this county and thus, the local county board could oppose that effort. Again, we do a number of things with the bill that I think improve it but essentially the main thrust of the bill which is to take from the county to the state, total administration and responsibility for our welfare system is intact. We try and do these different things to delay implementation, to delay the state taking over the cost and to allow the local veto of losing an office in your county, all these different things we are trying to smooth out that transition and make it a little easier and a little slower. Those are the committee amendments. I would sure offer to answer any questions you have. I move for their adoption.

SENATOR NICHOL: Senator Warner.

SENATOR WARNER: Well, again, I guess, Senator Wesely, I have a question. As I understand the committee amendments the state assumes responsibility for the operation as of 1983 but you will continue county contribution beyond that and perhaps you have already discussed it, but my question is how do you get around the constitutional provisions of the...similar to what happened to the community colleges where I assume that the bill now does, designates this as a state purpose for which we are requiring a local mill levy which I assume we cannot do. Maybe it is not a problem with it, I don't know at this point.

SENATOR WESELY: That is a good question, Senator Warner, and we did discuss it in committee and found that perhaps, well there may be a problem there. I don't think so though. I think it is a state function. Essentially that is what we have now. The counties, essentially, administer through their offices the welfare program although the state has the total authority on who is eligible and sets up the guidelines and really provides the oversight and final authority in this area. So the change is one of administration that I think is going to be, I think, a little clearer line of responsibility but we also realize the fact that the state just can assume the total expenditure that the counties are paying for now that quickly, so the transition may be a problem, I grant you, but I think that is something we can sit down and discuss. But our concern

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was the state just does not have the financial resources to take it all over at once and so we phased it in and we can perhaps phase in a little slower the state take-over of the total responsibility and the administration but essentially I think that problem is not as serious as you may think it is.

SENATOR NICHOL: Senator Cope.

SENATOR COPE: Mr. President, members, a question of Senator Wesely, please. Senator Wesely, the question is, the state will be in absolute control of the offices in the counties. In other words, they will appoint the director, the employees. It will be strictly a state function.

SENATOR WESELY: Yes.

SENATOR COPE: Feeling that we can do a better job by the state doing it than the local county as it is now.

SENATOR WESELY: Yes.

SENATOR COPE: Thank you.

SENATOR NICHOL: Senator Kahle.

SENATOR KAHLE: Mr. President and members, I, of course, have had my nib in this sort of legislation ever since I have been down here, mainly because I was involved in county government as you all know and have some concerns about the welfare program as we have it now in our state and in our counties. And, Senator Wesely is right. The counties have very little to say about the program but Nebraska for some strange reason, when the welfare program was introduced originally took it upon themselves, or were given the task by the federal government to pick up 20% of the medical vendors payment through the counties. I have always had concerns about this mainly because other states around us do not have this provision and in some of the other arguments and discussions we have had we have talked about the State of New York has a similar provision in their laws where the counties pick up part of the medical vendor payments and I found out since then that they are attempting right now to change theirs so that the counties will pay a lesser part at least over a period of years similar to what Senator Johnson is trying to do. As all of you know, LB 39 is sitting up there on, ready for Final Reading which would eliminate the medical vendor payments for three years at, going from 16 to 14 to 12 to 10 and as Senator Wesely also said, this bill would continue to go on down until there was no payment by the county. I am probably going to support this bill although I doubt that

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there are enough of you in this room that would want to go into the future that far and about all I am going to do now is say that I think that the county should have some relief from this so-called burden and that if you cannot see your way clear to vote for this bill, hopefully you will be able to go for LB 39 when it is read. Thank you.

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: Senator Wesely, you are presenting the committee amendments, right?

SENATOR WESELY: Okay. Would you like me to close? Okay, once again these committee amendments do a number of things, one, delay for another year the date in which this transfer to the state would take place. Number two, it would say that the counties would still be responsible for general assistance. That function would not shift to the state as in the original bill. Number three, we phase out the county contribution to Medicaid at 2% a year rather than take it over immediately in 1982 which is in the bill now and, then, fourth, it would say that the County Welfare Office could not be closed without permission of the local county board and I think Senator Johnson made it clear to me that you ought to realize that almost all county welfare employees are considered state employees and are under the State Merit System. So essentially what we have is a state welfare system but it is under the guise of a state-county system that has always had a problem with clarity of responsibility and lines of authority. We are just making it much clearer that it is a state office, it is a state responsibility and essentially that is what we have. We are just clarifying that, and the committee amendments do what I just said. They do a number of things to the bill.

SPEAKER MARVEL: The motion is the adoption of the committee amendments. All those in favor vote aye, opposed vote no. Have you all voted? We are voting on the committee amendments to LB 522. Senator Wesely, what would you like to do?

SENATOR WESELY: How many members are absent, Mr. Speaker, or, the Clerk? There are not twenty-seven...

SPEAKER MARVEL: We have one that is excused. We have one that is excused, Senator Wesely.

SENATOR WESELY: It looks like we are not moving too fast. I would like to ask for a Call of the House at this point.

SPEAKER MARVEL: Shall the House go under Call? All those

in favor of that motion vote aye, opposed vote no. Record.

CLERK: 7 ayes, 1 nay to go under Call, Mr. President.

SPEAKER MARVEL: Okay, the House is under Call. All legislators are to be in their seats and record your presence. I diplomatically ask those that should not be on the floor to get off the floor. Senator Kilgarin, Senator Cope, Senator Kremer, Senator Fowler, Senator Beutler, Senator Hefner, Senator Howard Peterson, Senator Chronister, Senator Richard Peterson, Senator Goodrich, Senator Fitzgerald, Senator Barrett, Senator Landis, Senator Newell, Senator Chambers, Senator VonMinden. Senator Wesely.

SENATOR WESELY: Mr. Speaker, since we are just on the adoption of the committee amendments I think call-in votes would be acceptable to me and take care of that that way.

SPEAKER MARVEL: Senator Marsh. Yes, you can take call-in votes if you want.

CLERK: Mr. President, Senator DeCamp voting yes, Senator Marsh voting yes, Senator Clark voting yes, Senator Beutler voting yes, Senator Kilgarin voting yes, Senator Wiitala voting yes, Senator Goodrich voting yes, Senator Chronister voting yes, Senator Fowler voting yes, Senator Newell voting yes.

SPEAKER MARVEL: Okay, record.

CLERK: Senator Rumery voting yes, 27 ayes, 7 nays, Mr. President, on adoption of committee amendments.

SPEAKER MARVEL: The committee amendments are adopted. Senator Johnson, do you want to explain the bill?

SENATOR V. JOHNSON: Yes. Mr. Speaker, members of the body, this is a relatively simple bill that has a price tag for the state but the price tag that it has for the state will be a concomitant gain for the counties and for the property taxpayer. Under this measure, come July 1, 1983, the State Department of Public Welfare would become responsible for the administration of the state welfare programs. At this juncture Nebraska is one of eighteen states, we are in the minority of states, we are one of eighteen states that has our state welfare programs supervised by the Nebraska Department of Public Welfare and administered by the ninety-three counties. Now theoretically county administration seems like it is a plus for local control but as virtually any county commissioner will tell you, there is very little local control any more in the federal and state welfare programs

and the simple reason for that is that the welfare programs start out as categorical grant programs. They are federal programs. They have all kinds of mandates and guidelines in them. When the State of Nebraska opts to participate in those programs, those programs come to the state with all the federal constraints on them. The state in turn proposes regulations. It adopts the regulations and finally, the county government administers the programs subject to state regulation and when county government deviates one wit, when it deviates one wit from the state regulatory pattern, the state steps in and it overrules what the county has done and the county has been appropriately chastised. We have supposedly state supervision, county administration. Now, the county welfare employees are truly state employees. They are hired under the state Civil Service System. They are part of the Merit Commission and they are paid for by the state with one small exception. We require the counties to contribute between 3 and 5% of the overall county employee administration cost. So there is that little bit of cost sharing that we still impose on the counties. The other major share requirement that we impose is we require at this juncture the counties to pick up 16% of the overall Medicaid costs and as Senator Kahle pointed out and as Senator Wesely pointed out, that cost is being reduced.... LB 39 would reduce the county's share from 16% to 14% to 12% and finally to 10%. The truth of the matter is, we basically have a state welfare program in everything but name. Now it is my opinion that you and I will have better government if we make certain that full responsibility for the operation of our welfare program lies with the state. Right now if you and I have a constituent that has got a welfare problem, we may go to the county and get one answer but in the end it will be the state that will give the final and definitive answer and in the meantime there will be a lot of finger pointing as to who really is responsible for this problem. Is it the state or is it the county? The county operation in the welfare area essentially is an anachronism. We have had county operation in welfare ever since Nebraska became a state. Why? Because that is the way it always has been. That is the way it was done and it was done that way state by state by state until the Depression and in the Depression the federal government created the categorical welfare programs and the federal government said to those states that were coming into the categorical grant programs and said, look, you can either have a state administered program or you can have a state supervised county administered program. We don't care which you have so long as you ensure that the program is being administered uniformly throughout the state. Nebraska chose the latter route. So did a number of other states but over the passage

of time state after state has moved to full state administration of state programs, the welfare programs. Iowa is a classic example. In 1973 Iowa went to a state administered program and now it administers all of its welfare programs essentially out of state regional offices. When I have talked to John Knight, the existing, the present Director of the Nebraska Department of Public Welfare about a state take over, so to speak, of the county welfare system, Mr. Knight has said to me that it seemed to him that what we should do if we are going to do this is to assure adequately in time so that both the state and the counties are fully prepared for the take over and he has suggested that when we affect the take over, if we do that, that we do it at the beginning of the new term of a Governor. Now whether that be Governor Thone or someone else is not important but the point is he thinks that you need to start such a thing out at the beginning of a new term and it is for that reason that we have a take over date of July 1, 1983. It strikes me that with the changes now going on at the federal level with more and more federal dollars being moved away from the categorical grant program and placed into block grants, such will happen in the welfare arena. That means that a lot of money will come back to the State of Nebraska for the state to do with as it sees fit and it will be up to us as legislators to do with that money as we believe appropriate. The best vehicle for us to be able to deliver those monies and to administer our programs is through a state operated organization, just as a majority of states have now chosen. So all LB 522 does is puts us in the posture of having a state operated program. Now I have passed out several exhibits. One exhibit represents what counties paid out during the 1979-'80 fiscal year for their share of the Medicaid program, for their share of state administration in general assistance dollars and in emergency assistance dollars. Ultimately all of those costs will be borne from our state sales and income tax and would no longer be part of the property tax system. That would be pure and simple property tax relief. I have also passed out a chart prepared for me by our fiscal analyst which shows our general fund appropriations for state aid. What I asked our fiscal analyst to do was to give me some sense as to how our Appropriations Committee was putting new and additional dollars into the state aid allowances because right now our county Medicaid, because right now our state Medicaid program is in a form of state aid and right now our state coverage of the administration of welfare costs is a form of state aid and right on down the line. As you can see from this chart our present appropriations bills are calling for an overall increase in state aid of only 4%, whereas our present appropriation bills are calling for an overall increase in assistance to proposed secondary education of 12.7% and for other state

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governmental operations at 10.7%, for a total appropriational increase of 6.1% and what I suggest these charts really show is that we, the Appropriations Committee again has presented to us appropriational matters which frankly go beyond 7% in terms of the operation of state government but do not even begin to approach 7% in terms of our property tax relief formula. LB 522 is a property tax relief bill because LB 522 when fully implemented has literally relieved county government from any further costs for the state and federal welfare programs and when you relieve county government of any further costs and the costs they presently incur for state and federal welfare programs, you have effected significant and substantial property tax relief. One of the questions is this. How much does this bill cost? What is it really going to cost us? Well you will find in your bill book a fiscal note that has been prepared by Mr. Jim Hanlon from our legislative fiscal analyst's office...

SPEAKER MARVEL: You have one minute.

SENATOR V. JOHNSON: ...he shows the bill as originally drafted would cost us several million dollars this next year and then some 25 million dollars the second year when we have a full take over but that is not the case with the committee amendments which we have approved. The committee amendments call for a Medicaid phase in at 2% a year. Under that scheme this coming year the cost of this bill will be about two and a half million dollars. The following year it will be about 5.7 million dollars and the third year when we finally take it over, when we finally take over the program we pick up an additional 1.5 million dollars in state administrative costs because we are now picking up the counties share of that, plus whatever that Medicaid burden then is which will be about 8 million dollars plus the take over of the emergency assistance.

SPEAKER MARVEL: You have fifteen seconds.

SENATOR V. JOHNSON: My time is getting limited. There are costs incurred to the state but these are no new dollar costs. This is simply a shift from property tax burden to state sales and income tax burden. This bill makes good governmental sense and I ask that it be advanced to Select File.

SPEAKER MARVEL: The motion is the...Senator Vickers, are you there? Would you like to speak a short time?

SENATOR VICKERS: Mr. Chairman and members, yes, I would like to rise in support of LB 522 and I will keep it rather short, Mr. Speaker. Philosophically I agree with the intention of LB 522, that the property taxes on the property taxpayers in

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the State of Nebraska should not be used for such programs as the welfare programs. I think Senator Kahle has a bill dealing with that issue and I certainly support it and I also support Senator Johnson's bill. One point that Senator Johnson brought out I think needs to be expanded on just a little bit. The original intention, I think, of allowing the counties to administer the program was so that counties, through the county commissioners, the county board, would have some control over the welfare program since they were closer to the area and knew the people involved but as it turns out in reality, because of the guidelines imposed by the federal government and some by the state perhaps, the county supervisors, the county boards' hands are tied anyhow. So unless we can somehow change that mechanism which obviously we are not going to be able to, then I certainly think that Senator Johnson has a good idea, that we should fund it from the state and run it from the state. So I would urge this body's adoption of LB 522.

SPEAKER MARVEL: Senator Lamb.

SENATOR LAMB: Mr. President and members, I had a couple of questions of Senator Johnson if he would respond. Would you run through briefly that cost figure you said, in the bill book it is 25 million dollars the second year. I guess my question is, I fail to see how those costs can be substantially decreased by extending it over. Is it an additional year?

SENATOR V. JOHNSON: Well you are absolutely right. Under my bill as I originally wrote I said, come 1982 the state takes over everything. Now in 1982 the cost to the state in taking over everything is about 25 million dollars, but, Senator Lamb, when we spread the take over out over an eight year period of time which is what the committee amendments do, then the costs are less in the initial years but by the time you get to the final year, what with the increase along a Medicaid cost, it is a pretty substantial chunk.

SENATOR LAMB: What would your estimate be of the cost to the state at the end of the eight year period?

SENATOR V. JOHNSON: I have an answer to that and I am going to give it to you but you have got to let me qualify it. The answer that I have right now is that by 1989 the Medicaid cost is expected to be about 71 million dollars which will either be borne by our property tax dollars, by county government or in the alternative, borne by the state out of sales and income tax dollars. It is a high cost by that year.

SENATOR LAMB: Does it compare with the 25 million dollars?

SENATOR V. JOHNSON: Yes, it does.



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SENATOR LAMB: Do you see that much of an escalation in a matter of six years or so?

SENATOR V. JOHNSON: The fiscal analyst says Medicaid is growing at a rate of 20% per annum and when they project it all out they can expect in eight years time, in eight years time the county share of Medicaid cost to be about 71 million dollars in the absence of a state take over.

SENATOR LAMB: Thank you, Senator Johnson. Well I guess this is the point that I want to make is that, I don't know what the answer is but I see a real problem here as we continue down this road in the future and whether you call it property tax, sales and income tax, whatever type of tax it is, there is a real burden here and I am not sure that this solution which really does not do anything to lessen that burden, is one that really attacks the basic problem.

SPEAKER MARVEL: Senator Johnson. Where did Senator Johnson go? Would you like to be the last speaker?

SENATOR V. JOHNSON: I guess the only comments I want to make in addition, I think again I want to just to speak to Senator Lamb's point. His point is that by the end of this decade we can reasonably anticipate, based on present statistics, the Medicaid aspect of the welfare program to have grown quite large and that will continue to be a burden on the property taxpayer under the existing system. So my system says let's start making the change now so that we can relieve the property taxpayer of that burden and place it on the sales and income taxpayer. I should also tell you that I do anticipate significant changes at the federal level in the next year in the Medicaid program because I know some are being discussed very earnestly right now and those changes, in my opinion, will have an effect on ultimate costs. But I have not projected that out. I just said, you know, if the Medicaid program continues to grow as it is presently growing it will be a high cost operation in this state and it will either burden our property or it will burden our sales and income taxes. In my opinion, it is better government for us to have a state operated welfare program where one person is responsible for the administration of that program, i.e. the director of the department, where we can pinpoint accountability and where we know exactly what the story is. It is good government. This I guess is the Johnson equivalent to the Luff report. I ask advancement of the bill.

SPEAKER MARVEL: The motion is to advance the bill. All those in favor of that motion vote aye, opposed vote no. Have you all voted? Senator Johnson.

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LB 522, 525, 532

SENATOR V. JOHNSON: Well I guess we are not under Call any longer. I think I would ask for a Call of the House and a roll call vote.

SPEAKER MARVEL: Shall the House go under Call? All those in favor vote aye, opposed no. Record.

CLERK: 7 ayes, 3 nays to go under Call, Mr. President.

SPEAKER MARVEL: The House is under Call. All legislators please take your seats, record your presence. Senator Burrows, Senator Wiitala, Senator Fowler, Senator Labedz, Senator Carsten, Chambers. Okay, Senator Johnson. Carsten, Chambers, Fowler, Labedz. Will all legislators please return to your seats so we can proceed? Senator Johnson, we have all but one, Senator Carsten. Senator Carsten and Senator Chambers.

SENATOR V. JOHNSON: Go ahead, Mr. Speaker.

SPEAKER MARVEL: Okay, call the roll. The motion....

CLERK: The motion is to advance the bill, Mr. President. (Read roll call vote as found on page 1612 of the Legislative Journal.) 22 ayes, 24 nays, Mr. President, on the motion to advance the bill.

SPEAKER MARVEL: The motion lost.

CLERK: Mr. President, your committee on Judiciary whose chairman is Senator Nichol to whom is referred LB 402 instructs me to report the same back to the Legislature with the recommendation it be advanced to General File with amendments; 525 General File with amendments; 189 indefinitely postponed; 339 indefinitely postponed; LB 532 indefinitely postponed, all (Signed) Senator Nichol. (See pages 1613-1614 of the Legislative Journal.) Senator Warner would like to print amendment to LB 404. (See pages 1614-1618 of the Journal.)

Mr. President, Business and Labor Committee will hold an executive session Thursday, April 30, underneath the North balcony on adjournment. That is signed by Senator Maresh.

March 1, 1982

LR 232  
IB 522, 646, 649, 768,  
831, 860, 874, 885, 834

RECESS

SPEAKER MARVEL PRESIDING

SPEAKER MARVEL: Okay, open the Board and record your presence. Record your presence.

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

SPEAKER MARVEL: Do you have some items to read in?

CLERK: Mr. President, a few items. A communication from the Governor addressed to the Clerk. (Read. Re: LB 646 and 649, and 834.)

Your committee on Public Health and Welfare reports 768 advanced to General File with committee amendments attached; and LB 831 General File with committee amendments attached; both signed by Senator Cullan.

Your committee on Public Works whose Chairman is Senator Kremer reports LB 860 advanced to General File with committee amendments attached; 874 and 885 General File with committee amendments attached. All signed by Senator Kremer.

Mr. President, Senator Vard Johnson would like to print amendments to LB 522 in the Legislative Journal.

SPEAKER MARVEL: Visiting the Legislature today from Senator Marsh's District, May Morley; Mrs. Johnson, Mrs. Pedersen, Mrs. Weisser, teachers; and they are in the North balcony. Can you hold up your hands so we can see where you are? Now, Mr. Clerk, do we have a resolution?

CLERK: Mr. President, we do. Mr. President, LR 232 offered by Senator Schmit, Carsten and Hefner. (Read.) Mr. President, Senator Carsten would move to suspend Rule 4, Section 6, so as to permit consideration of LR 232 today.

SPEAKER MARVEL: The Chair recognizes Senator Carsten.

SENATOR CARSTEN: Mr. President and members of the Legislature, I would ask the Legislature to support us in the move to suspend the rules and adopt this resolution today and that it be in proper form and be carried by Senator Hefner tomorrow to Senator Burbach's funeral and hand delivered to Mrs. Burbach. I would hope that this body would agree to this procedure. Thank you, Mr. President.

SPEAKER MARVEL: The Chair recognizes Senator Hefner.

March 3, 1982

LB 609, 522

SENATOR CLARK: Have you all voted? Once more, have you all voted, please? Record the vote.

CLERK: 25 ayes, 0 nays on the motion to advance the bill, Mr. President.

SENATOR CLARK: The bill is advanced. We will go back to 522.

CLERK: Mr. President, LB 522 (read title). The bill was introduced last year on January 20, 1981, referred to the Public Health Committee for hearing. The bill was advanced to General File, Mr. President. On April 28th of last year the committee amendments were adopted by the Legislature. On that date the bill failed to advance. I now have pending, Mr. President, an amendment from Senator Johnson. I believe copies have been distributed. Senator, as a procedural matter, do you wish to withdraw the amendment we had printed in the Journal, is that correct? Okay.

SENATOR CLARK: Senator Johnson, on the new amendment.

SENATOR VARD JOHNSON: Yes, Mr. Speaker and members of the body, the amendment that you have on your desk right now is relatively straightforward. This legislative bill has been held over from last year, and as a result of its being held over from last year, it is necessary to change a few of the operative dates in the legislation. That is one of the things that the amendment does. What the amendment would do is this, it would make certain that when the State of Nebraska assumes all responsibilities for the administration of public assistance in the state, the first thing the amendment would do is to make certain that it assumes the responsibility for the archaic and ancient program of general assistance which since 1866 has been a county poor relief program. The second thing this amendment would do is it would eliminate from the general assistance statutes all references to counties of legal settlement, those references no longer being necessary once there is a state administered system in place. The third thing this amendment would do is it would effectuate a reduction in county...the county share of the medicaid payment commencing July 1, 1983. The original committee amendments started that reduction July 1, 1982. However, the takeover itself is not to be effected until July 1, 1983 and thus the reduction in the county share of medicaid begins with the takeover on July 1, 1983. The fourth thing that the committee...that this amendment does is it eliminates a provision which says that whenever the State Department of Public Welfare decides that it wishes to actually close out a facility in a county, it first has to get permission from the county

commissioners to do so. Now with the adoption of this amendment that is on your desk, what you will then have is a bill that on July 1, 1983 would say that the welfare programs in the State of Nebraska are to be administered by the Nebraska Department of Public Welfare and not by any county subdivisions, that commencing July 1, 1983 counties will have to pick up only 12% of the medicaid cost, on July 1, 1984 10% of the medicaid cost, on July 1, 1985 8% of the medicaid cost, on July 1, 1986 6% of the medicaid cost, on July 1, 1987 4%, July 1, 1988 2%, and then it is all gone. That is with the committee concept of phasing down the county share of medicaid, that will still be retained once this amendment is adopted. But this amendment when adopted and this bill when passed will, come July 1, 1983, put the State of Nebraska in the substantial majority column of states that administer their welfare programs. At this time I would move the amendment.

SENATOR CLARK: Senator Cullan on the amendment.

SENATOR CULLAN: Mr. President and members of the Legislature, I will address the bill later and I am supporting the bill and I am also supporting Senator Johnson's amendments and I will outline in a little more detail when we get to the bill itself why I think this is a very meritorious proposal and why this is precisely the time that we should take this decisive step to reform the welfare system in the State of Nebraska, but to address the amendments, whether you support Senator Johnson's concept of moving from county administered welfare system to a state administered system or not, I believe that you would be wanting to support the committee amendments. I think it is necessary primarily because this bill was delayed one year and the phase in approach that the committee had set up under 522 is a year out of date because we had envisioned this bill had it been enacted effective already and so that is the main reason that I think that the amendments need to be adopted. The second point, the major reason I think the amendments need to be adopted is they call for eliminating a provision of the committee amendments which would have prohibited a welfare office, a county welfare office, from being closed without the approval of the county commissioners. Since the state would be completely funding the operation of the county welfare offices, I think that the state ought to have the flexibility to reduce the number of employees in administering the welfare system and to design a delivery system which is more effective and so, therefore, really the benefits of LB 522 are not achieved to a substantial extent if that committee amendment is retained. So I would urge you at this point in time then to adopt Senator

Johnson's amendments and later I will speak as to why I support LB 522 itself.

SENATOR CLARK: Senator Kahle and then Senator Nichol.

SENATOR KAHLE: Mr. President and members, this has been a long, a long program that I have been interested in, ever since I have worked with county government. The problems I see with the amendment is this, you are asking that the state take over the program as of July 1983. You are also asking that the funding would start in 1983 so you are talking about, if I am correct, and if I am not right, Senator Johnson, actually the takeover would be as far as funding would be concerned would not take place until 1984. But even if that is not true and we started in 1983, you have got from 14 to 12 to 10 to 8 to 6 to 4 to 2, which is what, six or seven years. I am just not willing to have the state take over the program and the county keep paying and not have anything to say about it. The whole rhubarb over this whole thing has been that the counties have put up a considerable amount of money each year for those programs that are funded or taken care of in their county. So the only way, and I have an amendment up there, I don't know whether to present it now or later, which would say that as soon as the state picks up the entire funding, then the control goes to the state. Until then, it doesn't. It would be very easy for us next year to not fund that and yet, according to the amendment that Senator Johnson has up there, it would turn it over to the state control. So unless there is some safeguard in there, I certainly could not support the amendment.

SENATOR CLARK: There is an amendment on the desk.

CLERK: Mr. President, Senator Kahle I assume would wish to move the Vard Johnson amendment by inserting the following language: (Read Kahle amendment found on page 956, Legislative Journal.)

SENATOR KAHLE: That is the amendment and I have already told you why I feel that way. It is very necessary that this happen. Now if the state wants to pick it up quicker than that, I will not object but we do have some other bills in the making that Senator Johnson knows about that may hurry this process up, but at least until we get some reassurance that the state is going to pick up the program, I cannot go along with this amendment. Thank you.

SENATOR CLARK: Senator Nichol.

SENATOR NICHOL: Mr. Chairman, members of the Legislature, I support the Kahle amendment as this thing has been up before this body the past several years and has always been a bone of contention with some of the county commissioner boards. I really think we should have a look at Senator Kahle's amendment and approve of this before we go further with the bill.

SENATOR CLARK: Senator Johnson on the Kahle amendment.

SENATOR V. JOHNSON: (Mike not on) speak for just a couple of minutes to Senator Kahle's amendment. Incidentally I happen to be conceptually in support of exactly what Senator Kahle is doing. When 522 was initially prepared it said that the state takeover shall be coterminus with the... in effect the full assumption of medicaid costs. However, when the Public Health and Welfare Committee advanced this legislation to the floor, they saw fit to phase in that medicaid reduction over a period of seven years. Now Senator Warner raised with me an interesting question concerning the phase in. He said is that constitutional, he said, because what you really have is if you have a state fully operating a program but you are still requiring counties to pick up part of the cost, you in effect are using property tax money to fund a state program. So I did ask the Attorney General for an opinion on that and you have it on your desk right now. The Attorney General said, yes, that is lawful. He said...then he points out in his opinion why that kind of a procedure could be done. Now is that...what is the best policy? How should we approach this issue? I can tell you unequivocally that I fully and absolutely support the state paying all the medicaid costs. I can tell you so for that reason I am sympathetic with Senator Kahle's amendment but I also don't want to wait for a state takeover until 1983. Why? Because in six years a lot of water will go under the bridge. We have got new federalism coming into place. We have got a lot of things happening and we are going to need to be in a position where we can make fairly rapid and dramatic changes with welfare functions and that means that you have to have a state system. And we also have a bill on the floor, LB 816, which is the \$70 million personal property tax relief fund bill which calls for a full state takeover this year, this year, of the county medicaid functions. All right, if this Legislature sees fit to advance that bill, then obviously my eight year or seven year phase in of the medicaid program, phase out of the medicaid program at the county level is totally and absolutely moot and extraneous. My suggestion would be for us to do this. My suggestion would be for us to reject Senator Kahle's amendment, to reject his amendment, only because I think

his amendment can unduly hamstring that which you need to do to have in fact a state takeover. By the same token, this bill, we can watch this bill as it slowly moves across the board and we will see how this body responds to LB 816, and this body is prepared this year to literally pick up all the county medicaid costs, then that will totally, absolutely obviate Senator Kahle's concern and we can effect a full state takeover of the welfare system come July 1, 1983. If this body turns out not to be in such a mood, then 1983 with that slow phase in is an appropriate vehicle. So I think the better course is, though I am sympathetic with Senator Kahle, I think the better course is to reject the amendment and just to proceed, and then see what happens on LB 816.

SENATOR CLARK: Senator Cullan on the Kahle amendment.

SENATOR CULLAN: Mr. President, members of the Legislature, I was going to withhold some of my comments until we were on the bill itself, but because of the Kahle amendment, I will have to address it now. Irrespective of whether or not the state takes over the county share of funding medicaid, we have got to make a change in the way we administer welfare programs in the State of Nebraska. We have got to make a change and we have got to make a change because it is too expensive to keep operating the system the way we are operating the system. Senator Johnson is going to give you some information later that tells you how our administrative costs compares to other states and it is high. It is much higher than most of the states in the Midwest and I personally think that we ought to be spending those funds on programs and not on administrators. I think that we have excessive number of people administering the welfare system in the State of Nebraska and we could do much better and we could run the system more efficiently and we could divert those funds either to programs or back to the taxpayer. So whether or not we actually eliminate that county medicaid burden, we have got to make a change and that is why Senator Kahle's amendment should be rejected. Today the county is paying part of the bill for the medicaid program and for welfare in the State of Nebraska, but I will contend and I think that the county commissioners in this Legislature would be very hard pressed to disagree with me that the counties have no real control over the welfare program. The counties have virtually nothing to say about the way those welfare program operates and any control that they really try to exert over the way the welfare program in the state operates is very ineffective at best with the exception of the general assistance program and the general assistance program is different in every county in the



state. I really don't think there is any substantial discretion at the county level today. What we have today is the county paying part of the bill but the county not maintaining any significant control at any rate, but that system is maintaining an expensive means of delivering services because it requires a welfare office in every county, every county from Douglas County to Grant County where they have about 1,000 people. Well, I don't think we need that many welfare offices in the State of Nebraska. The State of Iowa had sixteen welfare offices and now they are moving to eight. It is to cut down significantly the cost of administering their program. The other point I would make is that when county boards take actions to deny benefits to individuals who they believe may or may not be eligible, they almost always lose, and the county litigates...if there is a lawyer available for the welfare recipient, they litigate it and they go to the State District Court and then they go to the Supreme Court and the county is thrown out and the county pays the bill for that litigation and then the county loses anyway because the county doesn't often recognize many of the standards that are required by the state and federal law. So the counties can't control the welfare system. They don't have any control and it is just not being realistic to assume that the counties can control welfare costs or have any significant control over the program because they just don't, and to perpetuate a system where we give them a role and they try to exercise it and they wind up in court and they lose and they needlessly spend their money in the courts fighting these cases is not...just doesn't make sense. So I think we need to move to a state administered system whether or not we actually take out that county burden...

SENATOR CLARK: You have one minute.

SENATOR CULLAN: ...because it is more efficient, because it would provide for uniformity statewide, and because it is significant property tax relief. So I urge you to reject Senator Kahle's motion. There isn't any significant control there today. We have got to move away from a county administered welfare system.

SENATOR CLARK: Senator Vickers. On the Kahle amendment.

SENATOR VICKERS: Mr. Speaker, members, I wonder if Senator Kahle would respond to a question please.

SENATOR KAHLE: Certainly, Senator Vickers.

SENATOR VICKERS: Senator Kahle, as a former county com-

missioner, could you explain to me very briefly how much control the county commissioners have right now, the county board members have over the welfare program within the county?

SENATOR KAHLE: Well, in opposition to what Senator Cullan just said, they actually have considerable. The county board meets once a month in the size county that I come from as a welfare board with the welfare director and go over it. We are the only people in the county that have access to the names of those that are on welfare. To my knowledge we have never given out those names to anyone. That secrecy has been kept. They do know who is on the welfare roles. Many is the time that we have looked at the situation and recommended to the welfare director that possibly he ought to look farther into the person, his background, and see if they really need help. Other times we have suggested that people come to the welfare office and ask for help when we knew that they did need help. But I am not really arguing about whether we should have the county welfare office or not at the moment. The amendment that I have is that as soon as the state pays for it, they can run it, but not before.

SENATOR VICKERS: But at the present time doesn't the state pay for the majority of the welfare funds?

SENATOR KAHLE: The state pays the biggest chunk of the bill, there isn't any question about that. Of course, there is a lot of it that they do control.

SENATOR VICKERS: I guess that was the question I was going to ask next because I know several county commissioners in my area that have told me how frustrated they are when they meet, as you indicated, as a welfare board, yet even though they might know of certain individuals that they personally feel perhaps may not qualify or should not qualify because of the standards and the criteria set down by the federal government or perhaps the State Department that they really have their hands tied, and I was under the impression that as far as control was concerned, the local boards really didn't have an awful lot of control as to who got the funds and who didn't at the present time.

SENATOR KAHLE: The county boards have argued about that for a long time. My only comment would be that if they have to pay part of the bill I think they should have some oversight as to program. If they are not going to have to pay the bill, then I guess I would be in favor of

the state doing it, although I could make them a good argument why it should remain at the county level as far as some of the controls are concerned.

SENATOR VICKERS: Okay, thank you, Senator Kahle. I appreciate those answers. The whole subject of LB 522 brings up some philosophical questions that I think we all need to answer and I think I will save my remarks to the bill itself later on. Thank you.

SENATOR CLARK: Senator Nichol.

SENATOR NICHOL: Mr. President, members of the Legislature, this is a big bill. Let's not skim over it lightly. What has been said for the most part is true. Senator Cullan made some points that many times the county commissioners are not qualified to call the shots. Secondly, whoever pays the fiddler calls the tune and this is exactly what happens in the welfare proceedings. When county commissioners do attempt to infringe on rules and regulations as set out by the federal government, they usually get in trouble and that includes my area as well as most of yours. So there is a lot to say for this bill. However, as far as Senator Kahle's amendment is concerned, I think we ought to get this settled before we start so that the counties know where they are, and if we are going to dictate to the counties you pay part of these medical programs without anything to say about it, without even having perhaps a county welfare director, which you probably would not have under this new bill, then they are just paying for something over which they have no control at all and that isn't fair. Now we have been talking the last couple of days about fairness, so let's face that fairness situation right now before we go a little further with this bill. It is fine. I think I approve of the concept. For a long time we have been saying that the county commissioners don't have anything to say about it anyway but let's get this money situation straightened out right from the beginning so that they know where they stand and we know where they stand, and if we want to say we will handle it on the state level, then lets us pay the bill. So with that, I would say let's face Senator Kahle's amendment now because we are going to have to face it sooner or later anyway and the bill, I would think, would have a much better chance sailing along with Senator Kahle's amendment on it than without. Senator Vard Johnson, would you answer one question please. We are supposed to be in contact with the Appropriations Committee when we come up with something of any size at all and this certainly is some size at all, and I wonder if you have visited with the Appropriations Committee on this situation that we are talking about, the

\$30 million or something like that?

SENATOR VARD JOHNSON: Yes, I have. I have visited with Senator Warner on it and Senator Warner has told me that he thinks that a state administered system is the right way to go. He has also told me that he is always nervous about the timing as to when the cost should be picked up. Without any question the cost probably ought not to be picked up, at least under this bill, until 1983, until July, 1983. He has not expressed an opinion with respect to this whole phase in business that I am now talking about.

SENATOR NICHOL: Thank you, Senator Vard Johnson, that is fine, so with that, I think is if we can handle Senator Kahle's amendment, I would certainly be willing to move along with the bill because we are going to have to move along with this this year if we are going to get it passed.

SENATOR CLARK: Senator Marsh.

SENATOR MARSH: Mr. Chairman and members of the Legislature, I can sympathize with Senator Kahle and the wishful thinking that his proposed amendment is indicating, for he would like to see some control at the county level. The facts of the matter are, you cannot very often have successfully two levels unless one is in charge and what we are now trying to do is say the state can more economically and perhaps more fairly considering all of the residents of our state make decisions relating to the area of welfare. The question is, are you sincere in your efforts to move economically and wisely in the direction of the legislation proposed by Senator Vard Johnson which I do support? I do not support the amendment which has been offered by Senator Kahle for I think it would be extraneous language. It would muddy the legislation. It would make it more difficult to put it in place. The proposal is for no funding in the next fiscal year for the State of Nebraska. It would be much easier to have this legislation in place, to have the lead time which the states have been talking about with federal legislative bodies. We need the lead time. The counties need the lead time. It would make for a smoother process if we do not have the Kahle amendment. I still can sympathize with the intent of Senator Kahle's language but the fact is if you are trying to say there are two levels who still are in charge, it cannot be a way to economically save dollars. It cannot be the smoothest mechanism for moving into a new system. Therefore, I shall not support the Kahle amendment.

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SENATOR CLARK: Senator Wesely. You want to call the question? Do I see five hands? All those in favor of ceasing debate will vote aye, opposed vote nay. Have you all voted on ceasing debate? Once more, have you all voted on ceasing debate? Record the vote.

CLERK: 20 ayes, 0 nays to cease debate, Mr. President.

SENATOR CLARK: Debate has not ceased. Senator Higgins.

SENATOR HIGGINS: Mr. President and Senators, just a week or so ago we passed LB 314. If you recall, it was the burial trust fund. I got started on that because of a little old lady in a nursing home that Douglas County had cut down from \$25 that the federal government said she was allowed to keep to \$17.50. I spent one solid month going between the State Department of Welfare and Douglas County Department of Welfare trying to find out if they could indeed take that little \$7.50 away from that woman. I finally got it resolved by putting in a conference call with the State Department of Welfare, with Douglas County Department of Welfare, and the woman's guardian in Omaha and me. That was the only way I could resolve it because Douglas County Welfare said, no, she is not entitled to any more than \$17.50 a month. The State Department says, wrong. The federal government says she has to keep \$25 a month. Now this is a case of where the county and the state could not agree, and after I got them all on the phone together, they finally agreed the state was right. Now it shouldn't have taken me a month to get that straightened out but it just kept footballing back and forth. One would say the other was wrong and the other would say he was wrong. So I think it would be a good thing for all counties and for the state if we had it all under the state and the state made the decisions. The cost to the taxpayer the way we are doing it now I think is a lot more than if the state administered it completely and, furthermore, over a year ago I talked with Douglas County Director of County Welfare, Mike Healey, and he told me at that time I would be more than happy to have the state take over the entire thing. I will be happy if they do and if I can remain a state employee, so the Douglas County Department of Welfare which is the largest one in the county said they don't have any objections to being taken over by the state and, therefore, I would hope that we would advance LB 522. Thank you.

SENATOR CLARK: Senator Vard Johnson. We are still on the Kahle amendment only.

SENATOR V. JOHNSON: Yes, I would like to speak to the Kahle

amendment again, Mr. Speaker. Senator Kahle is just saying, he is saying what in many respects is very common sensical. He says, look, I want to make certain that the state pays all the freight. When the state pays all the freight, then the state can have full responsibility and control, and I am suggesting that given political realities it is better at this juncture for the state to take all the control and slowly over the next seven years bail the counties out. There is a certain inexorableness though about the bailing of the counties out. Incidentally, the relationship between the state and the county in terms of sharing costs over programs is not dissimilar in this case from other situations such as in special education where the state sets up basic standards and pays 90% of the cost but has all determinations regarding who gets special education/who doesn't get special education decided at a local level by school boards where they only pick up 10% of the cost. I have just had passed out on your desks a letter, memorandum dated November 9, 1981 from the Administrative Assistant to John Knight, the then Director of the Department of Public Welfare, to me and I want you to take a look at that very last table. The very last table shows that administrative costs per case per month in all of the states, these are the ADC cases, now look at the year 1973. 1978, the national mean for administrative cost per case was \$25.99. That is every ADC case in this nation cost public officials \$25.99, cost taxpayers \$25.99 per month to administer. Now go down and look at Nebraska. \$33.20 was the administrative cost for Nebraska cases. All right. Now look at Iowa, in 1973 Iowa went to a full state administered program, full state administered program and the Iowa Welfare Department divided the state into sixteen regions. Look at their administrative cost, \$21.15.

SENATOR CLARK: Are we still on the Kahle amendment?

SENATOR V. JOHNSON: Yes. Now, look at Kansas, \$23.22. All right. Now what does this say. It says there could be great savings through a state administration.

SENATOR CLARK: We are not on the Kahle amendment, Senator.

SENATOR V. JOHNSON: Now, Senator Clark, I know that your patience sometimes is short but I am coming to the Kahle amendment one more time. Senator Kahle would have us delay the state takeover until such time as the state fully funds all welfare costs. In my opinion, unless this body changes its attitude about the medicaid bailout, it will take us sometime to get to the point of where there is a full and absolute state takeover and I suggest that we can't wait,



that the savings are too great and we should affect that takeover July 1, 1983 and then phase in full state funding of the county share of medicaid. For that reason I would reject the Kahle amendment. If in fact this year this body passes LB 816, the new revenue sharing formula which totally takes care of county medicaid, then we don't need the six or seven year period in 522, but if it does not, we need a six or seven year period in 522 and the Kahle amendment is not good policy. I would ask that it be rejected.

SENATOR CLARK: Thank you for getting back on the Kahle amendment. Senator Kahle, do you wish to close?

SENATOR KAHLE: Thank you, Mr. President, and I, too, thank you also for getting Senator Johnson back on the Kahle amendment. As you notice, all the argument has been that we are trying to not turn over the management of the Welfare Department to the state. That is not my amendment's purpose at all. I think that any one of you if you had a business deal with someone would not turn over the controls until you had received the funding and we are doing no different than this with our state. I have grave concerns, we don't have the intestinal fortitude this year to raise the taxes to pick up even 2% of the program. You are staving it off until next year, mainly because this is an election year and no one wants to be counted. I just don't believe that we are going to face up to it next year either and certainly not to the extent of seven years in the future. My whole hangup in this thing is not whether we have state control or local control. I have my likes and dislikes about that but that is not the issue in this amendment. The issue in this amendment is that when you put up the money you get the control. Just that simple. And if you want to stave it off for seven years, so help me, that is what it will be. If you want to hurry it up and do it in two or three or do it this year, that is fine. As you all know, I have been one of the proponents ever since I have been in the Legislature to get rid of that county payment that the counties pay. We have whittled away at it. We have whacked off 2% and 2% in one bill and then last year another 2%, so from 20% we have gone down to 14%. Now you want to take another seven years, really it is about eight years I guess before you are going to wind up with the last payment, and that is just too long for me to take a chance on saying, well, the counties are going to have to keep divvying up, keep divvying up, and they aren't going to have any control. If you want to take it over, let's take it over and be done with it. So I would hope that you would support my amendment. I think it is the honest, upright, straightforward way to look at this situation.

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LB 522

This other deal is just a slipshod way of getting around doing it and the Lord only knows when it will happen if we don't do it upfront. Thank you.

SENATOR CLARK: The question is the adoption of the Kahle amendment. All those in favor vote aye, opposed vote nay. This only takes a simple majority. Have you all voted? A Call of the House has been requested. All those in favor of a Call of the House will vote aye, opposed vote nay. Here goes another ten minutes. Record the vote.

CLERK: 8 ayes, 3 nays to go under Call, Mr. President.

SENATOR CLARK: Would you go get the Budget Committee again, Ray, please. The House is under Call. Everyone will report in please. We have four members excused. There are nine members out in the Budget Committee. The Legislature will be at ease until we get the Budget Committee in. Senator Von Minden, will you check in please? Senator Chronister, will you check in please? Senator Johnson, do you want to call the roll? One moment. (Gavel.) Sergeant at Arms, will you get everyone in their seats please and we will call the roll. For the benefit of you who have just come in, we are voting on the Kahle amendment to the Johnson amendment. We will call the roll. Clerk, call the roll.

CLERK: (Roll call vote taken. See pages 956 and 957, Legislative Journal.) 19 ayes, 21 nays, Mr. President, on adoption of the amendment.

SENATOR CLARK: Motion failed. Now we are back on the Johnson amendment. The Call is raised. We are back on the Johnson amendment. Yes, they are all on right now. Senator Kahle's light is still on.

SENATOR KAHLE: Mr. President, members, I really do oppose the bill now because I think that it is a great possibility that it will never be funded for the full seven years that we are talking about and you are going to have state control with the counties still picking up part of the costs and some have said that they have little control now. They will certainly have none then and, of course, we could also argue about the services that will be received if the state takes it over. We've heard all kinds of figures that it is supposed to be cheaper if the federal government or the state takes it over. I would guess I would have to see that first to believe it. The welfare director in the counties that we have now, one in each county, does a great many other services for the public and also for the court



system and for all the benefit of the different programs that we have in the county that may not be classified as welfare, aid to the aging, the abused children, the whole raft of things that the welfare director helps with in our county that really they are not required to exactly. It is a job that they are given because they are the welfare director. We possibly can have a mobile welfare office of some kind that we can go around but it is awfully easy for you folks in Omaha and Lincoln to talk about having state control. You don't know what distances are. You don't have any idea how far it is in Senator Lamb's District for instance to get to the welfare office now, and if we have a regional office which is what could happen, we certainly are going to have a problem getting those people who need the service worst to get help, and Senator Higgins was saying how much trouble she had already, you haven't seen anything yet when you can't get to that welfare director or to that county board. And many is the time instead of having one person in charge of the welfare department, the welfare director or somebody from that office, you have every one of those county supervisors that has a chance to be heard and talked to and asked questions. So I think this is folly to try and take over this program over a period of years if we have no assurance that it is going to be funded and I don't trust the Legislature that much to think that they are going to guarantee funding for seven years in advance. So, therefore, I oppose this whole situation. I think we are much better off just where we are so I hope you vote against this amendment and then kill the bill. Thank you.

SENATOR CLARK: Senator Von Minden.

SENATOR VON MINDEN: Mr. Chairman and members of the body, I have been listening here the whole afternoon to Senator Johnson, Senator Cullan tell us how the state can run it much more efficiently than the counties. That is the same way as the federal government telling us they can run it much more efficiently than the states. I say to you we want to watch this very closely. This is some more local control getting away from us that the state will have. And you will say the state has no control right now. Our control we have in the state is hiring our welfare director. After the state takes it over completely, who is the welfare director or the state going to send to my county for my welfare director? They perhaps might send someone up there who thinks the more money I give away the more popular I am and the county board will have no control over him whatsoever. I say to you, Senator Johnson has put out here in this Transfer of Administration

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of Welfare Programs, he said that last year what we spent in the state, \$213,426,000 on 14,000 ADC cases. He also says in here that if we turn the welfare over to the state that they can save approximately \$1,500,000. Well that is to be seen. I don't think that is very well possible but I say to you of this \$213 million the state hands out for welfare, if you just take a measly 5% of that that could possibly be fraud, that comes up to a figure of \$10,000 or \$10,000,000 versus the million and a half he is going to save. Now I don't want anybody to think there is not fraud. Here in the World Herald, Saturday, January 16, 1982 it states in here how one woman from Omaha, Nebraska alone just by her very self had frauded the government out of \$34,812. Now in my county that would have been watched by our supervisors up there because we know when a man is coming home and living with his wife and when a man is not coming home and living with his wife whereby he could draw ADC payments or he could not draw ADC payment, and I say to you when we turn it over to the state entirely, we will lose that entirely and we may according to Senator Johnson save a million and a half and we will lose about twenty or thirty or forty million in fraud that we can't have no control over. So I oppose his amendment and his bill entirely. Thank you.

SENATOR CLERK: Senator Haberman.

SENATOR HABERMAN: Mr. President, members of the Legislature, I missed a lot of debate so I would like to ask Senator Johnson one question. How did you say you were going to fund this? You are going to raise the sales and income tax?

SENATOR V. JOHNSON: Yes, in 1983 this would have an effect.

SENATOR HABERMAN: How much?

SENATOR V. JOHNSON: Well, it depends on how we go. The bill right now in 1983 would probably not cost more than \$3 million and that probably wouldn't bump either the sales or the income tax rate. That is because of the phase in of the county medicaid reductions.

SENATOR HABERMAN: Okay, thank you. Now I don't know whether you ever shot any craps, excuse me, shot any dice or not, Senator Johnson, but what you are doing here is you're shooting craps. You want us to approve something, approve a bill, going to cost millions of dollars if we raise the sales tax. Now I noticed some of the people who are in favor of this, Legal Services of Southeast Nebraska, and now as I understand it, the people in Legal Services of

Southeast Nebraska Legal Services people are funded by federal funds so I would say it is easy for them to come up and say, boy, this is a good idea but I would like to have the people who are in favor of this bill come home with me and talk to the people out in western Nebraska. My son just received notice that it is going to cost him \$9 an acre more next year on his corn just for his electricity, that is not saying anything about the taxes, the increase in fertilizer, the increase in seed corn, increase in fuel for his tractor. We have businesses that are closing up out in these small towns and this state is in trouble and I can't see any rhyme nor reason for a bill like this unless the people who are supporting it don't understand what is going on. And how could we commit ourselves to something that we don't know what the future is going to bring. I talked a little bit to Vard, Senator Johnson about this. I said, you have a good idea. I think I will support it. I told him that this morning or yesterday afternoon, probably this morning, but after looking at it and thinking about it and chewing on it, it didn't have too many votes, it had three against it to get out of the committee, and I don't think this is the time for us to unload something like this when we don't know what is going to happen in the future. As I said the other day, my Dad taught me to back up and wait, if somebody pushes you, if you are unsure about something, and I think that is what we ought to do on this is back up and wait. This isn't the year for it. Let's wait and see what happens to the economy and then decide whether we want to do this. I, too, served on a county board. I know how to review it. I know the local touch, the local level. When you give something to the state, you are going to be lost in the bureaucracy of it. Senator Kahle brought up the travel. How are my people going to go to North Platte?

SENATOR CLARK: You have 52 seconds left.

SENATOR HABERMAN: You won't even give them studded snow tires so they can travel on the ice, the elderly. Now you want them to drive to North Platte on the ice and snow, a hundred miles, and you take it away for the welfare office. I just don't understand this so I guess I don't have to ask you to vote against it. You can tell that by my remarks. Thank you, Mr. President, for giving me my total time.

SENATOR CLARK: You are more than welcome. Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker, members of the body, I do want to get this conversation back on course. We are talking about amendments to the bill. The amendments, effectively,

are cleanup amendments. The amendments, they do make a few changes to the substance of the bill but the changes are very modest. I think that Senator Haberman and Senator Kahle and others have really addressed themselves to the bill as opposed to the amendments. Now the amendments are pretty straightforward and I would hope that the body would put the amendments on and then we will sit down and we will discuss the bill. One fact that you might want to keep in mind, how many Nebraskans do you think receive some form of social security? A quarter of a million. 250,000 Nebraskans receive either supplemental security income or social security and how many offices in Nebraska do you think exist for the administration of social security. Are there 87 offices as there are for the welfare programs? We have 93 counties but a few counties have gone together and have a multicounty office. Are there 87 social security offices? No, there are 11, 11 social security offices in the State of Nebraska that can administer a caseload for a quarter of a million Nebraskans. You get a few complaints about social security. You do get some complaints about that but you don't get near the complaints about them that you get in the welfare context. Now again, the amendments are very straightforward. They merely set back the operative date of the medicaid bailout by one year simply because we are taking the bill up this year as opposed to taking it up last year. It makes certain that the general assistance function becomes a state function as well and they do give the state in effect the authority to establish whatever regional offices it needs to establish, and if it has to, to close county offices. Iowa now operates with eight regions. That passed this last legislative session in Iowa at a savings according to the Legislature of \$3 million. Are we going to become efficient or are we going to continue to operate an archaic mechanism? I would move the amendments.

SENATOR CLARK: Senator Higgins.

SENATOR HIGGINS: Mr. President, I would like to make a couple of remarks here. Senator Haberman. I guess I can't get his attention...

SENATOR CLARK: If you can hear something, you are better off than I am.

SENATOR HIGGINS: Senator Haberman. Well, I just blew a minute so I will forget that.

SENATOR CLARK: Senator Haberman, she would like to ask you a question.

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SENATOR HIGGINS: Senator Haberman, you said if any of us Senators from Omaha would come out to your district, we would see what the situation is. You just invite me and I will be there. Senator Von Minden, you asked who is going to be appointed to come into your district and oversee these ADC payments. I want you to know inasmuch as you told us in Public Health and Welfare and on the floor that everybody is coming over from Sioux City, Iowa to collect ADC, we are going to get somebody from Iowa to come and be your county agent for ADC if that is fair enough to you since you don't have anybody from your own district anyway. So if the bill passes, I will personally write a letter and say please let Senator Von Minden get somebody from Sioux City, Iowa because that is the ones that are collecting from him. Thank you, Senator.

SENATOR CLARK: Senator Johnson, have you already closed? All right. The question before the House is the adoption of the Johnson amendment. All those in favor vote aye, opposed vote nay.

CLERK: Senator Clark voting yes.

SENATOR CLARK: A Call of the House has been requested. All those in favor of a Call of the House will vote aye, opposed vote nay. Record the vote.

CLERK: 7 ayes, 0 nays to go under Call, Mr. President.

SENATOR CLARK: The House is under Call. Come back to our desks and check in please. The State Patrol says that anyone that is going to be out on the highway has got to go out pretty quick because they are in bad shape. I think they said it was all right for Senator Haberman but the others ought to stay off of the highways. We have 5 excused and we have 35 checked in. Will everyone get in their chairs please so we can get the vote taken so you can get to Omaha in a safe fashion. Senator Schmit, will you check in please. Senator Johnson, did you want a roll call vote? This is going to be the last vote today.

SENATOR VARD JOHNSON: Is it really? The very last one today. If I could do a roll call vote...we still have obviously members of the Appropriations Committee out.

SENATOR CLARK: We do. We have five people excused also.

SENATOR V. JOHNSON: Okay, 5 excused so we can get 44.

SENATOR CLARK: Senator Rumery isn't here, Senator Warner and Senator Cope and Senator Johnson, Senator Dworak.

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LR 237  
LB 522, 208, 626, 765

SENATOR V. JOHNSON: Let's wait for them to show up and then we will do a roll call vote, Senator Clark.

SENATOR CLARK: All right, Mr. Sergeant at Arms, can you get everyone back in their chairs now so we can go ahead with the roll call. Senator Haberman, would you get back please. You have permission to rope and tie that one. The Clerk will call the roll. I think the others will be here by the time they get in.

CLERK: (Roll call vote taken. See page 957, Legislative Journal.) 21 ayes, 24 nays, Mr. President, on adoption of the amendment.

SENATOR CLARK: The motion failed. The Call is raised. And Senator Marvel, would you like to excuse us until tomorrow morning at nine o'clock? Oh, we have to read some things in first.

CLERK: Mr. President, very quickly, Senator Wiitala would like to print amendments to LB 765; Senator Schmit to 626; and Senator Koch to 208.

Mr. President, there will be an executive session of the Business and Labor Committee tomorrow morning at ten thirty in the William H. Hasebroock Memorial Hearing Room. That is Business and Labor at ten thirty.

Mr. President, a new resolution, LR 237 by Senator DeCamp. (Read.) (See pages 962 and 963, Legislative Journal.) That will be laid over, Mr. President.

SENATOR CLARK: Senator Marvel.

SENATOR MARVEL: I move that we adjourn until Thursday, March 4, 1982 at nine o'clock.

SENATOR CLARK: You heard the motion. All those in favor. We are adjourned. Administrative Rules will meet under the North balcony here right now.

Edited by Arleen McCrory.  
Arleen McCrory

March 5, 1982

LB 678, 522, 480, 845

the amendment is inserted, "except sales of motor vehicle fuel of less than one hundred dollars shall be accompanied by a delivery ticket containing the following information:", so you would have if fuel oil or heating fuel is delivered in the bulk in excess of \$20, you would still have to issue a delivery ticket. Am I clear?

SENATOR HOAGLAND: I think. In other words, it wouldn't change the law with respect to bulk deliveries of heating fuel by taking that language out?

SENATOR HEFNER: I don't believe so according to the information that I have.

SENATOR HOAGLAND: Thank you, Senator Hefner.

SPEAKER MARVEL: The motion is to advance the bill. All those in favor of that motion vote aye, opposed vote no. Record the vote.

CLERK: 34 ayes, 0 nays, Mr. President, on the motion to advance the bill.

SPEAKER MARVEL: Motion is carried. The bill is advanced. Senator Duda, would you like to recess us? Go ahead. The Clerk has an item and then we will.

CLERK: Mr. President, Senators Cullan would like to add his name to 522 as co-introducer; Senator Sieck to 480; and Senator Hoagland to 845.

SPEAKER MARVEL: Hearing no objections, so ordered.

CLERK: That is all that I have, Mr. President.

SENATOR DUDA: Mr. President, I move that we recess until one-thirty.

SPEAKER MARVEL: Okay, and then we will come back and do some more work from one-thirty to three-thirty. So the motion is to recess. All those in favor of that motion say aye, opposed no. We are recessed to one-thirty.

Edited by *L. M. Benischek*  
L. M. Benischek

March 9, 1982

LB 652, 522, 653A,  
890A, 903A

CLERK: 27 ayes, 0 nays to cease debate, Mr. President.

SPEAKER MARVEL: Debate is ceased. The Chair recognizes Senator Marsh to close on your amendment.

SENATOR MARSH: Thank you, Mr. Speaker. We have stayed pretty quiet today as we have listened to debate on this bill, and if some of you noticed, I stayed very quiet this morning. As a parent of a highly gifted student who is currently tutoring highly gifted students through the Lincoln Public Schools, I cringe at what LB 652 is attempting to do without regard to its affects in the future. I also feel that religion is a very important part of my life and those around me. Because of that, I think we need minimum in spite of what Senator Koch says that high school is asking too much of a teacher, I believe that a teacher should have completed high school. I hope that in your heart you also agree that that is a very minimum qualification. Please try to have the minimum be part of this legislation which is moving quickly now to termination.

SPEAKER MARVEL: The question is the adoption of the Marsh amendment. All those in favor vote aye, opposed vote no. A record vote has been requested. Record. All those in favor of going under Call vote aye, opposed vote no. Have you all voted? Record.

CLERK: 18 ayes, 16 nays to go under Call, Mr. President.

SPEAKER MARVEL: The House is under Call. All legislators return to your seats, unauthorized personnel leave the floor.

CLERK: Mr. President, while we are waiting for the members to check in, I have a report from Public Works regarding a confirmation hearing.

I have a gubernatorial appointment from the Governor.

Senators Cullan, Kahle, Vard Johnson, and Nichol would like to print amendments to LB 522.

Mr. President, a new A bill, 903A offered by Senator Carstens, (Read title); LB 890A by Senator Vickers and Koch, (Read title); and LB 653A by Senator Koch, (Read title). (See pages 1078-1079, Legislative Journal.)

SPEAKER MARVEL: All legislators must be in their seats according to the rules. Senator Schmit, Senator Lamb. Vard Johnson, Senator Lamb, Senator Labedz. Senator Marsh, can we call the roll now? There are three absent at the moment.



March 10, 1982

LB 522

would you ladies stand and be recognized. Welcome, indeed, to your Unicameral, you ladies from Ord. We're ready to go then on agenda item #7, General File, priority bills, special order by the Speaker. Commence with LB 522.

CLERK: Mr. President, LB 522 was a bill introduced by Senator Vard Johnson and Senator Cullan. (Title read.) Mr. President, the bill was first read on January 20 of last year. At that time it was referred to Public Health and Welfare. The committee amendments were adopted, Mr. President. The Public Health and Welfare Committee amendments were adopted on April 28 of last year. At that time the bill failed to advance. The bill was considered on March 3 of this year, Mr. President. There were a couple of motions offered. The first motion I have to the bill, Mr. President, is from Senator Newell. Maybe Senator Johnson should explain the bill.

PRESIDENT: All right, let's give Senator Vard Johnson a chance to explain the bill. Then we'll get to the first amendment. Senator Johnson, do you wish to do that?

SENATOR V. JOHNSON: Mr. Speaker, members of the body, we began our discussion of LB 522 about a week ago this time and we never got to the point of taking a vote of this measure on General File. As you may recall, LB 522 changes the way we administer welfare in the State of Nebraska so that after July 1, 1983 the Nebraska Department of Public Welfare will be solely responsible for the administration of public welfare in the State of Nebraska and county boards who since actually 1866 have had responsibilities for welfare administration will have no responsibilities for welfare administration. They will have no responsibilities for a general assistance program, no responsibilities for an emergency assistance program, no responsibilities for an ADC program, no responsibilities for a medical assistance program, no responsibilities for a supplement to the SSI program. The full responsibility for the administration of those programs will lie with the State of Nebraska as it does now, as it does now with every other state in this Union except eighteen. The basic rationale behind this measure is it permits an efficient delivery mechanism for public assistant benefits throughout the State of Nebraska. A week ago on the legislative floor I indicated that the State of Iowa in 1973 adopted the statewide administration structure. Since that time I have gotten some more information from Iowa which has shown that this year alone Iowa made some alterations in its administrative techniques at a projected savings next year of \$4.5 million. Those kind of things can be done only if there is a state administered welfare program. Now, the bill did not advance last time. We didn't take a vote on it but it became very clear that there were members in here traditionally supportive of this legislation who were nervous because the

committee amendment calls for a gradual reduction of county commitment to the Medicaid funding and finally in 1988 counties have no further commitment to Medicaid funding. That is what the committee amendment did. And when the committee put that amendment on it thought it was doing something that was politically wise. It turned out on the floor not to be so wise. So Senators Cullan, Nichol, Kahle and myself have an amendment which we are going to offer in a few minutes which will provide simply that come July 1st, 1983, the counties will have no financial burdens whatsoever for welfare administration. We'll have the takeover effective July 1st, 1983, and at the same token, the same time, counties will be totally relieved of any financial burdens from that point forward. So it makes the measure very clean cut, clear and absolute measure and that is where it stands. I will be happy to discuss the amendment if it is next in the material. Pat, is my amendment the next one up?

PRESIDENT: We'll take up the amendment, Senator Johnson. I just want to alert everyone that there is a thirty minute time limit on this, LB 522. Read the amendment, Mr. Clerk. Amendment on the desk.

CLERK: Mr. President, Senator Cullan, Kahle, Vard Johnson and Nichol would move to amend the bill and the amendment is found on page 1078 of the Legislative Journal.

PRESIDENT: Senator Johnson.

SENATOR V. JOHNSON: Yes, Mr. Speaker, members of the body, I would really hope that this body would indulge me at least in terms of being limited to a half an hour and by that I would hope that the body would quickly adopt the amendment and then the bill will be in what I call the clean form so that it can be discussed. What does the amendment do? It just says, as I indicated a little earlier, that come July 1, 1983, we will have a state administered welfare program and, and here is where the amendment does it. All the costs traditionally borne by the counties which right now are about \$17 million, those costs will be fully borne by the State of Nebraska and the counties will be fully, totally, absolutely relieved of any further cost for welfare programming and that is the nature of the amendment. I would offer the amendment.

PRESIDENT: Any discussion on the amendment? Senator Kahle or Senator Clark, do you wish to speak to it? Senator Kahle.

SENATOR KAHLE: Mr. President and members, as those of you who have been in this body for a few years know that I have carried legislation to eliminate or to cut down on the part the county pays for medical vendor payments over a period of years. Senator

Goodrich and I had a bill about four or five years ago which we had hoped to take it down to from 20% to 10%. Well that was chopped down a bit and we did get from 20 to 18 to 16% and last year I carried a bill which again we attempted to take it down to 10% and it was chopped down to only a one year program and we took it down to 10%. So the counties now are paying 14% of the medical vendor payments. The other day when the bill came up and the way it was written it would have been phased out over a seven year period of time and I objected to this. I think that if you're going to cut the dog's tail off you should cut it off in one chunk and not just one piece at a time. So I went along with the amendment that has been presented. I think it is a clear cut way of doing it. My philosophy of course is, and I want this for the record, that the state will not take over the program until it funds it and that is what the amendment says. Now should there be some finagling going on either in this session or next session to string out that payment over a period of years I would be very much opposed to it. So in good faith I have supported this amendment that as of July 1st, 1983 the welfare program that is now funded by counties will be completely funded by the state and the state would have complete authority to administer it. With that sort of promise and consent from this body, I would support LB 522 or the amendment that is before us on 522. I think we will have welfare directors and we will have county board members that will not be too thrilled about this. Many feel that they should have some control over the welfare program in the counties. You have heard us argue that they do not and I am convinced that they have very little if any, but we are concerned out in outstate Nebraska that if the state does take over the program we may lose some of the services we now have and we also may not have as good service as we have. But I am willing to take this chance. I think we are going to have to make some changes in the welfare program and even with the possibility of the federal government making some changes this may be very necessary that we transfer the welfare program entirely to the state. I think it would be much easier then should the federal government decide to take over part of it. So with that I support the amendment to LB 522. Thank you.

PRESIDENT: The Chair recognizes Senator VonMinden.

SENATOR VONMINDEN: Mr. Chairman, members of the committee, I rise to oppose this amendment. I, along with Senator Kahle at one time, was a county commissioner and although I did too at the time was disgusted that we had to pay at one time 20% and on down to 14% now. But if we pass this amendment onto this bill we will lose entirely a control we have over welfare.

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LB 522

Small things like if someone comes into a welfare department, a young lady, and says that her husband no longer lives with her and she is drawing ADC, the county commissioners or the supervisors in all localities they nearly know everyone and they know that it is certainly not so. The man is coming home and living with them. It is more or less a watchdog over the funds. Every county commissioner and supervisors know that the more money that they can get into their county, the more money they are going to have indirectly because it is being spent five or six more times but we do like to control the fraud and I truly believe and I know that if we let this program be completely administered by the state government we will lose control in our counties and we'll have so much fraud. As I told Senator Johnson last week when this bill first came up, we have a \$213 million being administered by welfare programs in the State of Nebraska now. If you just take one out of twenty persons who want to put fraud into it, that is 5% of \$200 million, is \$10 million and that is a terrific amount of money and losing control entirely by our counties and although they say we have no control, we have control of our welfare director and there again we can control the welfare in our counties. I wish to oppose the amendment.

SENATOR CLARK PRESIDING

SENATOR CLARK: Senator Johnson, do you wish to close on your amendment?

SENATOR V. JOHNSON: Just a quick closing again because we only have a half an hour's worth of debate on this bill. I would ask that the amendment be advanced irrespective of your feelings about the bill because once it is on then the bill is a very clean bill and it can be discussed. But the amendment simply says that come July 1st, 1983, the State of Nebraska assumes all financial responsibility for the welfare programs. It would then control in toto by virtue of the passage of LB 522.

SENATOR CLARK: The question before the House is the adoption of the Johnson amendment. All those in favor vote aye, opposed vote nay.

CLERK: Senator Clark voting yes.

SENATOR CLARK: Have you all voted? Record the vote.

CLERK: 26 ayes, 6 nays, Mr. President, on adoption of the amendment.

SENATOR CLARK: The Johnson amendment is adopted. Senator Johnson, on the bill.

SENATOR V. JOHNSON: Yes. Let me now speak just to the bill because the bill is a very clean bill. It says simply that on July 1st, 1983, the State of Nebraska will administer the whole welfare system in our state. The counties will be relieved of all responsibility for welfare administration. It does a lot of things for a lot of counties. Number one, it takes off the property tax any responsibilities that the counties have had for Medicaid. Number two, it takes the counties out of the general assistance program. Douglas County right now has been faced with a whole host of lawsuits concerning the way they operate general assistance. So, too, is Butler County, so, too, have other counties. I understand there has been a decision reached by the county attorney in Banner County which is one of our smallest counties saying that Banner County under the general assistance program is going to have to be responsible for a \$200 thousand medical expense incurred by one of the needy persons in Banner County. That is probably about half their regular budget. The old general assistance program is a true and absolute anachronism. It is a genuine anachronism. It comes from the Elizabethan forelaws created in 1601 in England. It is high time that we make these programs basic state programs. What the state will ultimately do when we have effected a full takeover is this. The state will set up the process of having regional offices. The regional offices undoubtedly will provide, they will undoubtedly provide all of the regular services that are done in the welfare programs. They will probably retain basic outreach offices in virtually every county. That is what Iowa did. Iowa still has basic outreach offices in every one of its counties. They have an intake function but they have reduced staffs. Iowa has effected enormous savings, enormous savings in going to this system. So, too, have many states. Senator VonMinden has talked many times about the function of having the county commissioners involved in terms of eliminating fraud. I have statistics which indicate that basically speaking the errors that occur in welfare administration are a product of agency error and not a product of individual misrepresentations and individual shortcomings and that runs contrary to the national norms. Now nationally most states have a state administration and it seems to me that state administration ensures fewer agency errors. It ensures a basic uniformity in the way the programs themselves are administered and if you have more mistakes occurring at the agency level which we do now, than you do nationally, then you are likely through a state takeover to end up effecting a diminution in improper payments. But most importantly you know what is happening. The Governor came in today. He says we're in an economic crisis. He says we have a lot of problems. The Reagan administration has made major changes to the delivery of human services. We, as a state, have got to be in a position to respond to the changes that are occurring nationally and the changes that are occurring economically

and the only way that I, and to the bottom of my heart, am convinced that we can do this is by at least having a state administered program because we are then in a much better posture to affect change as change is needed. Now, finally, what is the cost? Well the cost is this. In the end when the state takes on county assumed responsibilities the state has got to pick up costs that counties have traditionally borne. The cost will be \$20 million. If we later on in this session advance LB 816 which is the personal property tax relief program, that program calls for a total Medicaid bailout today at a cost of no new state dollars. Once that is done then when this bill comes into place July 1st, 1983, it literally adds no new cost to the state. So it strikes me that we are in the position today of doing what is the right thing with our welfare programs and it is for that reason this bill should be advanced. I would ask you to vote green.

SENATOR CLARK: Senator Schmit.

SENATOR SCHMIT: Mr. President and members of the Legislature, I know that there are some good reasons for the bill which Senator Johnson has offered you here today and I know that there are persons here today who are going to change their mind and vote for the bill but I want to just point out to you and I have for many years suggested that if the state is going to tell the counties how to run this program, then they ought to pay for it, but there is one more thing I want to point out to you. This morning we're going to plant the seed that will grow into a giant tree one of these days and that tree is going to be located in an area of the State of Nebraska. I heard that Senator Johnson very wisely quoted the problem in Banner County but the problem really existed in Douglas County, Senator Johnson, and you and I both know it. When the funds for this program begin to roll they are going to roll from the State Capitol here to Douglas County and that is where the principal problem is. Now I just have to admire ability and that is why I am calling attention to what Senator Johnson did to you. He very wisely showed us what could happen, how devastated the budgets of Butler County or Banner County or Boyd County could be with one little problem like this but the facts are that the problem is going to be in Douglas County and it is going to be a serious one and the State of Nebraska is going to pick up that tab and it is going to be a substantial one. So I just want to tell you that regardless of what you do here, vote knowingly because you are going to pick up the responsibility for a substantial investment. I'm sure that Senator Johnson would point that out to you before he closes but I want to do it for him because we work closely together and in this instance I am not

going to vote for the bill but I want to say also that there is some merit, some substantial merit in what Senator VonMinden said about the local responsibility and it is true especially in the rural areas but I think it is true also in the urban areas that there are some people who can view these programs locally and tell more precisely whether or not they are being abused. This area is an area which lends itself to abuse as do many other areas. I have stood on this floor countless times and argued for support of the needy and I will do it again but I do not think we should support those who do not need to be assisted and I am a little bit concerned that if we place all of that responsibility with the State of Nebraska and do away with the local responsibility that we might not have the kind of supervision that we want. So at this time, Senator Johnson, I am sorry to have to desert you but I will not be able to support your bill.

SENATOR CLARK: Senator VonMinden.

SENATOR VONMINDEN: Mr. Chairman, members of the body, I think senators here better be listening to this bill. We don't want to lose local control entirely. President Reagan says he would like to give some of the control back to the states. I think the states should be giving more back to the counties instead of taking more away from us. If this bill goes entirely down to the state government we will have no local control entirely over any of our welfare programs. The county will lose another control that they have and I sincerely think you'd better think twice before you give the local control back to the state. It is one more bureaucracy that we don't want and it is one more that we are going to get if Senator Johnson gets this bill through. I ask you, think about it, think what you are losing, especially to you outstate senators who came down here with the idea that you want more control. You don't want to give it entirely over to the state and we're going to lose it and we're going to lose it here today. Thank you.

SENATOR CLARK: We have about nine minutes left on the bill and I have five speakers. Senator Cullan is next. The question has been called for. Do I see five hands? I see two. Alright, I see five hands. All those in favor of ceasing debate will vote aye, opposed vote nay.

CLERK: Senator Clark voting yes.

SENATOR CLARK: Have you all voted on ceasing debate? Record the vote.

CLERK: 26 ayes, 0 nays to cease debate, Mr. President.

SENATOR CLARK: Debate has ceased. Senator Cullan, would you like to close on it?

SENATOR CULLAN: I'd like to give Senator Nichol a few seconds at the start of my closing and then I will conclude.

SENATOR CLARK: Alright, Senator Nichol.

SENATOR NICHOL: Mr. Chairman, members of the Legislature, thank you, Sam, for the fifteen seconds. I just want to say look at this bill. It has big financial interest, not this year but next year and with what the Governor just told us we should be looking at the financial impact of this bill. It is important. It is not a sleeper. Wake up. Thank you, Sam.

SENATOR CLARK: Senator Cullan.

SENATOR CULLAN: Mr. President, members of the Legislature, I think Senator Johnson and I have been more than up front about what this bill does and it is not a minor bill that is sliding through the Legislature. It is a change in philosophy. It is a major change in the philosophy of the State of Nebraska as far as administration of its welfare programs is concerned. It is a change from county administration to state administration and it is done after this bill has been before the Legislature, many times in front of the Public Health and Welfare Committee. And the Health and Welfare Committee advanced this bill because it believes that it is time to make major changes in the structure of the welfare system in the State of Nebraska. If you want to continue with the welfare system that costs much more to administer than any of our surrounding states, then vote against the bill. If you want to continue with the philosophy that property taxpayers should carry the load from Medicaid and indigent care, then vote against the bill. But if you believe as I do that those functions are not responsibilities of the local property taxpayers, if you believe as I do that there is no local control in the welfare system today anyway, that all the property taxpayers do and all the counties do are pay the bills, then why would you want to retain a county welfare system? There is no local control. When a county board turns down a recipient that is qualified under the federal and state laws, the recipient appeals and the recipient wins and that is expensive to the county because they have to pay for the cost of the appeal and is expensive for the state and in some cases attorneys fees are awarded too so it is an unnecessary problem. I estimate that we can save two and a half to three million dollars at least in administrative costs by reorganizing the way we administer the welfare system in the State of Nebraska. John Knight told me this morning he thinks it is closer to \$4 million but I don't think there is anyone that would dispute that a substantial savings can be made by reducing significantly the number of people, number of bureaucrats who administer the welfare system in the State of Nebraska. I think this bill makes sense. I



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think this is precisely the time to do it because the Revenue Committee has sent us a formula, a distribution formula, to pick up the Medicaid cost at any rate. So whether you believe in 816 or not, I think that now is the time to advance 522 towards Final Reading and that we should make this major change in the philosophy of the welfare program in the State of Nebraska. We should operate more efficiently, more economically and I hope run, do a better job of serving the people that we do serve by operating more efficiently and more economically. I urge you to advance LB 522, take a major step to shift from property taxes to state sales and income taxes in this important area.

SENATOR CLARK: The question before the House is the advancement of 522. All those in favor vote aye, opposed vote nay.

CLERK: Senator Clark voting yes.

SENATOR CLARK: Have you all voted? Once more, have you all voted? Record the vote.

CLERK: 25 ayes, 10 nays, Mr. President, on the motion to advance the bill.

SENATOR CLARK: The bill is advanced. We will now take up LB 647. You will notice on your agenda this morning that it calls for fifteen minutes. That was really a mistake on the agenda and it will be a full thirty minutes for 647.

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PRESIDENT LUEDTKE PRESIDING

PRESIDENT: Roll call. Record the vote, Mr. Clerk, or the presence, I mean.

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

PRESIDENT: A quorum being present, are there any corrections to the Journal?

CLERK: I have no corrections, Mr. President.

PRESIDENT: The Journal will stand as published. Are there any other messages, reports or announcements?

CLERK: Mr. President, I have a report from the Department of Roads. That will be on file in my office.

The Committee on Business and Labor whose chairman is Senator Barrett instructs me to report LB 967 advance to General File with committee amendments attached; LB 968 as indefinitely postponed, both of those signed by Senator Barrett.

A new resolution, LR 248 offered by the Administrative Rules Committee calls for an interim study into the feasibility of employing an independent hearing examiners system for state agencies in Nebraska. (See page 1149 of the Journal.)

Your committee on Enrollment and Review respectfully reports we have carefully examined and engrossed LB 69 and find the same correctly engrossed; 359, 428, 571, 623, 659, 705, 724, 779 all correctly engrossed, those signed by Senator Kilgarin as Chair. (See page 1151 of the Legislative Journal.)

Mr. President, your committee on Enrollment and Review respectfully reports we have carefully examined and reviewed LB 652 and recommend that same be placed on Select File with E & R amendments attached; 522 E & R amendments attached; 568 E & R amendments attached. Those are signed by Senator Kilgarin as Chair. (See pages 1150-1151 of the Legislative Journal.)

Your committee on Public Works whose chairman is Senator Kremer reports LB 785 advance to General File and LR 212 advance to General File. Those are signed by Senator Kremer. (See page 1152 of the Legislative Journal.)

I also have a committee on Public Works report on a gubernatorial confirmation hearing.

And, Mr. President, Senator Beutler would like to add his name to LB 577 as cointroducer.

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LB 522

to be raised. Okay, then we will go on to LB 522.

CLERK: Mr. President, I have E & R amendments to 522.

PRESIDENT: Senator Kilgarin.

SENATOR KILGARIN: I move to adopt the E & R amendments to 522.

PRESIDENT: Motion is to adopt the E & R amendments on 522. All those in favor signify by saying aye, opposed nay. The E & R amendments are adopted on 522.

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

PRESIDENT: Senator Kilgarin.

SENATOR KILGARIN: I move we advance LB 522.

PRESIDENT: Motion is to advance LB 522 to E & R Engrossment. Any discussion? Any further discussion? Senator Kahle.

SENATOR KAHLE: Mr. President, members, while I signed on to the amendment the other day on 522 for the state to pick up the entire cost of the welfare program, whenever they take it over, which would be July 1, 1983, I would not want this vote to go today without those of you in the body knowing what you are voting on. There are many, many people out there in your counties that do not want this to happen. So, I just want to alert you that as you vote today, so you know what you are voting for and perhaps it would be a good idea to find out from your home town people what they want. I have a problem myself because I worked for a number of years to get the state to pick up more of the funding for the Medicare program and have also been an advocate of keeping local control, which in some peoples mind does not mix with this bill. So, I'm in a dilemma myself. I would hope that... I guess I'm sorry that it is coming up this soon or coming up today because I don't believe those that are interested have had time in order to really assess what we are doing. Of course, under the same situation we have 816 that we talked about yesterday which also takes up the Medicare costs or switches and turns them around. So, I guess that my request, and I don't know if I am out of order or not, but I would ask that this bill be laid over at the present time.

PRESIDENT: This is not your bill, is it, Senator Kahle, so

it would be in the nature of a unanimous consent request and there is an objection by Senator Vard Johnson. Now Senator Kahle, do you wish to move to lay it over?

SENATOR KAHLE: I move to lay it over.

PRESIDENT: Now the motion is to lay the bill over and, Senator Vard Johnson, I would imagine that you wish to be recognized at this point, unless, Senator Kahle do you have anything further in the motion to lay over and then we will give Senator Vard Johnson a . . .

SENATOR KAHLE: I think that I have covered it pretty well. I believe that we have conflicting issues coming before us for one thing. I also believe that we have not had a chance to digest what this is going to do to the counties. They are just beginning to respond now as to what we did a week ago or whenever it was. I don't know how. . . I can't vote for the bill today. I may be able to when I get all of the information. I also have a conflict with what we are doing with 816, which did move yesterday also. I think we are on a collision course here of some kind. Thank you.

PRESIDENT: Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker, members of the body, this bill has been before the Legislature since it was filed in 1981. There has been a lot of opportunity for folk to comment on this measure and clearly there is a difference of opinion as to its wisdom and the like but I don't think that it needs to be laid over or passed over so that more time can pass before it moves on to Final Reading. It is my understanding in fact that the Nebraska Association of County Officials at a district meeting in Grand Island yesterday went on record in support of LB 522. I also know, Senator Kahle, I guess I share this with you, I did receive a communication from the Commissioner's of Buffalo County, which is Senator Kahle's county, or one of his counties, supporting 522. There, as far as I am concerned the measure ought to be voted upon at this time and moved. It is very straightforward. The issues have been well argued on the floor. Senator Von Minden I know has one point of view on it, others seem to share that point of view and then there is a different point of view on the matter. I don't personally think there is a lot to be gained by not taking it up at this time. It is for that reason I'd just as soon have the measure taken up and vote it up or vote it down. But I would like to have it voted up.

PRESIDENT: All right, I'm going to ask if Senator Koch, Senator Koch, do you wish to speak on it? How about Senator Landis? Do you wish to speak on the motion to lay over. All right, Senator DeCamp, do you wish to speak on the motion to lay over. LB 522. That is the motion before us to lay over. All right, Senator Cullan, how about you?

SENATOR CULLAN: Mr. President, how many lights are on?

PRESIDENT: There are a couple more lights and I don't think anyone wants to discuss the motion to lay over.

SENATOR CULLAN: I'll just call the question.

PRESIDENT: Except Senator Kilgarin, I guess does. Senator Cullan, what did you say?

SENATOR CULLAN: I'll just call the question, Mr. President.

PRESIDENT: All right he calls the question then. Do I see five hands? This is on the motion to lay over. All right there are five. The question is, shall debate cease on the motion to lay over. All those in favor of ceasing debate on the motion to lay over vote aye, opposed vote nay. Have you all voted? This is to cease debate at this point. All right record the vote.

CLERK: 28 ayes, 1 nay, Mr. President.

PRESIDENT: All right, debate does cease. Senator Kahle, your motion, so go ahead and close on it. It might help if we (Gavel) get a little bit of attention in here. It is quite noisy.

SENATOR KAHLE: Mr. President, I'm glad you cracked us into order because this is a very serious issue. It is one that we hassled with over a good many years as to whether counties should have control over the welfare program or what little control they may have. I have been on both sides of the issue over the years. The other day when the bill came up it was debated and many of you felt that we would have a better welfare program if the county stayed involved. Now there was a letter, a resolution passed by the Buffalo County board stating that they favored the take over by the state. That is fine. I wish we had that information from all of the counties. But we do not have. I'm just not sure that we should just vote on this blindly. It wasn't really my intention to hold this up. I doubt the way the bill reads

that we lay it over and it takes 25 votes to do that, that there are that 25 votes here this afternoon. My purpose was to make sure that everybody that is from a county that perhaps is not all that thrilled with this bill have the chance to vote on it. So with that, I'd just. . . I can't see any harm in holding it over till we find out what we are going to do with 816. Now, everybody says lets run it over to Select and then we will do something with it on Final. Well you know how we love that. So, I think we ought to hold it right here until we get a good feeling of what we are doing. Thank you.

PRESIDENT: Senator Higgins, he was closing, he was closing on . . . this is the motion to lay it over and he was closing. The question before the House is shall LB 522 be laid over. All those in favor vote aye, opposed vote nay. This, at this point this takes just a majority of those voting too. That is true. That is what the rules now call for. A majority of those voting. Have you all voted? Record the vote.

CLERK: 13 ayes, 20 nays to lay the bill over, Mr. President.

PRESIDENT: The motion fails. The bill is still before us and we are still on the motion, we don't have an amendment. We are just on the motion to advance, right? All right, now who wants to speak? Senator Kahle is the only one. Senator Kahle you want to speak now on the motion to advance, now that you lost the other one.

SENATOR KAHLE: I get a kick out of my colleagues over here. They are the ones that are going to get heck, not me, if this bill goes through. So I think it is a hopeless proposition for me this afternoon to argue with them. I guess my problem is that I need to analyze my own county and the counties I serve whether they are really interested in getting that fund relief or whether they would like to keep some control. I just believe that we are hurrying this along too fast at this stage of the game. There is a lot of arguments for keeping it in the counties, a lot of arguments. The service is going to be less, absolutely, there is no question about it. Senator Cullan argues that the costs are going to be less if we go to a centralized program, I'm not convinced of this. I just don't believe, we have talked many, many times, hundreds of times since I have been in this legislature about local control. This is one issue that you still could keep some local control over, a costly program where you have some effect on who receives benefits and who does not. I'm not going to take up any more time this afternoon. I want to get my two cents

worth said. You remember what Senator Warner said the other day. He said, I'm not going to tell you I told you so, but I told you so. I think you are going to get a lot of flak from your constituents, from the people in your county who receive these services and they have to go for miles to get them or have a van come in once or twice a month to satisfy their programs right at the time when welfare programs are going to get larger instead of smaller. No matter what you say about the bringing it home to the people and about getting less involved in welfare programs, with the unemployment, with the increase in age we have in our elderly, we are getting older all of the time, this type of program is not going to get smaller, it is going to get larger. So, I think we are making a big mistake by rushing into this today and say well we are just going to take it over and we will take the authority away, what little they have, from the counties and many, many are the clients that I helped when I was in county work get on welfare programs. People that I thought needed it. We did shut off a few. There is just nothing like that local touch that people have with their county people to get the services they need. So, let's don't do this hastily. Thank you.

PRESIDENT: Chair recognizes Senator Von Minden.

SENATOR VON MINDEN: Mr. Speaker, members of the body, it is not very often that I rise, but I want to ask you this time to listen to me please. This is very important for us to keep this for local control and that isn't the only reason. Senator Johnson, Senator Cullan have been telling you how much cheaper it will be done if they take it over. I ask you again, when federal government takes over control from Nebraska, is it done cheaper? I ask you again, when the state takes control over from a county is it done cheaper? Never is it done cheaper. It is going to cost you a whole lot more money. Senator Johnson said that we will centralize this thing more and we will do away with the 85 different centers we have so that will be cheaper. Let me tell you that of all these people you are trying to help, some of them don't have automobiles and some of them can't get to the place where they want to apply for help. How are they supposed to get there? I say it will be a lot higher price for those people who maybe have to drive a hundred or two hundred miles to get some place to apply for their assistance rather than go to each and every county where they probably can have a son or a daughter or a friend that takes them. How are they going to get there? I want to say one more thing to you and I'd like to have you listen to me. This morning I received a call from one of my ADC or welfare. . . a person who works in a welfare office in Ponca, Nebraska

she says, I understand if this bill goes through I will lose my job. I said, well it could be. It probably won't be for a year or two but yes I think you will lose your job in time. Senator Johnson said something about having perhaps 15-20 of these located throughout Nebraska. We will lose up in our county outstate places where we have unemployment also. I think we have seven girls working in my. . . or working in the Welfare Department in Dixon County. Those seven people will go someplace else. I feel my taxes should be for employment for my people where I live. This is a very serious bill and look at it again before you vote and advance this thing any further. It is going to take our local control away. It is going to cost you a lot more dollars than the way it is right now. Think about it before you vote on it. Thank you.

PRESIDENT: Chair recognizes Senator Cullan.

SENATOR CULLAN: Mr. President, members of the Legislature I'm glad that we have an opportunity to debate this issue this afternoon. I guess I'm a little surprised at what is going on here today. A little surprised particularly at Senator Kahle's position here on Select File. Senator Kahle has been pushing for years to lower the county share of Medicaid from 20% and now it is down to 14%. I've supported Senator Kahle every step of the way. I've got those bills, worked hard to get those bills out of the Health and Welfare Committee early enough in the session so they would be considered, I worked diligently with Senator Kahle to help get those bills enacted to lower the amount of money that the counties put in the welfare system. Why did I do that? I did that because I thought it was very unjust for us to force the counties to pay for Medicaid when the counties could do nothing, nothing to control their Medicaid costs. They really have virtually no control. They just pay the bill. It really, in my mind, is just a means of us paying for the system with property taxes rather than sales and income tax dollars because we don't want to be responsible for the taxes for the state program which we set up. I don't see how you can say a program, this program is a local program. It just isn't. It is not a local program. But, Senator Kahle says we like to have our county boards, county boards of supervisors look over these welfare cases. I say, fine. If Senator Kahle and the county officials want to move down that road, then let's turn around. Let's reverse what Senator Kahle has been doing in this legislature for years. Because, if the counties want control then they ought to pay for it. We ought not to be bailing the counties out as long as they want to run the programs. But the counties don't want to run the programs and that is why almost everybody



in this Legislature has heard from the county officials on this issue. That is why Senator Kahle's own county has endorsed LB 522, because they know they have no local control and they know all they are doing is paying the bills. But if LB 522 fails to advance, then I think the bill ought to be used for this purpose. It ought to be used to adopt an amendment to reinstate, for the counties, the cost of paying for the welfare workers that the state pays for now. It ought to be used to give the counties the opportunity to assert their local control by picking up that 6% Medicaid that we just gave to them over the last several years. If the counties want control then pay for it. But, we have been bailing them out for years and I think that is right, but why stop halfway. I'm saying to the counties today you can't have it both ways. You can't force the State of Nebraska to operate an expensive, duplicative, high overhead program so that you can have some "local control" in it and still come here and ask us to continue to bail you out. I think LB 522 is a logical, rational move. I think it is legitimately state responsibility and it is clear the County Officials Association supports this bill as do a lot of people who want to meaningfully reform the welfare system in the State of Nebraska. But again I would say to you, if we do not advance this bill today then it is time for us to make a decision. If we want local control then there has got to be more local dollars involved too, and it is time to stop this phase out of bailing the counties out. The choice is clear. State control or move the other direction to let the counties pay for the control that Senator Kahle says they want. Again, I don't think that is the county position. The county officials are supporting LB 522. . .

PRESIDENT: One minute Senator Cullan.

SENATOR CULLAN . . . I think we should too. Lets move this bill now.

PRESIDENT: Chair recognizes Senator Hefner.

SENATOR HEFNER: Mr. President and colleagues, I wasn't going to speak on this bill but I think I should. This is because I think we need to keep some local control in our welfare program. Senator Cullan says that if we supply the money then we should have full control. So I submit to him that we pay out nearly half of the money that we collect and half of our budget goes to local government. I think we ought to take a little time on this. I think we ought to vote red on this bill today and discuss it a

little more. It is true that the County Officials Association are supporting the bill as it is written. But I have talked to some of the members, to some of the county officials in my district and they say, "Hey, let's hold up a little bit on this. We want to keep our finger on it. We believe that we can do a better job of controlling welfare costs than the state.", so I say to you here today, let's vote red on this bill.

PRESIDENT: The Chair recognizes Senator Higgins.

SENATOR HIGGINS: Call the question.

PRESIDENT: All right, Senator Higgins calls for the question. Do I see five hands? I do see five hands. The question is shall debate cease. All those in favor vote aye, opposed vote nay. The question is, shall debate cease. Record the vote, we don't have to wait all day. Record it, go ahead.

ASSISTANT CLERK: 18 ayes, 7 nays, Mr. President.

PRESIDENT: Motion fails. We go on talking. Chair recognizes Senator Vard Johnson.

SENATOR V. JOHNSON: Mr. Speaker, members of the body, I want to just make a couple of points on LB 522. Senator Von Minden thinks that if we have a statewide welfare system we will be shortchanging needy people. Now, do any of you here in this body think that I would bring in a legislative bill knowing that it would shortchange needy people? You are supposed to answer no to that rhetorical question. How come I got these affirmative responses? In the end, this bill will assist needy people rather than hurt needy people because this bill will lead to a more efficient and effective administration of welfare. Now I happen to think that it is wrong that our limited welfare staffers end up being malapportioned so that we can have some staffers in counties where there are few cases basically overseeing 35 to 30 cases per staff person and we can have some staffers in other counties where there are huge numbers of welfare cases responsible for 250 cases. I think that is just wrong. One thing a state administered system does is it allows a better allocation of workers so that you can have an even number of workers for an even number of cases. That assures more effective coverage. Now in terms of welfare recipients having to drive hundreds of miles to get to a local office, again let me tell you what happened in Iowa. Iowa went to a state administered system in 1973. Has Iowa literally eliminated any offices in any counties? No, it has not done that. What it has done is

it has reduced some of the functions in the local offices. The local office becomes effectively an intake office. But it doesn't provide the whole panoply and range of welfare services that every local office now has to provide. Instead, the full range of services are provided out of regional offices. Iowa up until recently has had 16 regional offices. Again, let me remind you the Social Security program in this state, which administers benefits to a quarter of a million of our citizens does that out of eleven offices. That is not too bad in terms of being able to administer major benefits to a lot of folks out of a few number of offices. We know that there are enormous changes occurring in human services programs at the federal level and I think that we need to place our state in a position so it can respond to those kinds of changes. I think the first step we have to do is to assure the State of Nebraska that it has got full administrative authority over the welfare function, which as you well know is a very broad spectrum function. If the welfare department is placed in a position where it really always has to see how each county board will go along, will go along with its various decisions, it will have a hard time really adapting to the federal changes that are occurring now. I have been assured time and time again by John Knight, the former Director of the Department of Welfare, that this change alone will effect economies. There are some natural economies in being able to administer welfare on a statewide basis where we don't have to have the same level of operation in each county office. Then of course, finally, there is the ultimate issue, the ultimate issue of basic property tax relief to those persons throughout the State of Nebraska who have to pay their property taxes to support, in part, the welfare function. Once the state fully takes over the welfare function it will be costed solely to sales and income tax and obviously will have the ability of effecting some kind of property tax relief. The amount of relief depends upon . . .

PRESIDENT: Half a minute, Senator Johnson.

SENATOR V. JOHNSON: . . .but this in my opinion is one of the solid welfare reform measures to come before the body. I don't think that it is going to cruelly hurt poor people. I think that it is going to be efficient for our state. I think that it is going to provide us some economies. Finally I know that it is going to effect some degree of property tax relief in rural Nebraska and in urban Nebraska and it is an important bill and it is truly one that should be advanced to Final Reading and then passed into law. Finally, let me say one thing. It still doesn't become effective until July 1, 1983. If by July 1, 1983 there has

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been an outcry from the counties that they can't tolerate this kind of system. . .

PRESIDENT: Time, Senator.

SENATOR JOHNSON: . . .it can be undone next year.

PRESIDENT: Chair recognizes Senator Kahle.

SENATOR KAHLE: Mr. President, members, I'm looking for the A bill on 822 (sic). . . no wonder I can't find it. Senator Haberman seems to have it. I guess my big concern today is I don't know what we are doing. We have 816 up which is supposed to take a part of the seventy million dollars and wipe out the medical vendor payments. Perhaps I could ask Senator Carsten if that is not correct. Would you yield to a question, Senator Carsten.

PRESIDENT: Senator Carsten, will you respond?

SENATOR CARSTEN: That is my understanding, yes, sir.

SENATOR KAHLE: So how would you suggest that we handle an A bill on 822 (sic). 522, I'm. . . I don't know why I'm on the eight's today. Sorry. I'm thinking of 816, I know that is what is the matter.

SENATOR CARSTEN: I suspect as how we can not handle either one until we see which one goes first, if one goes. Then the A bill will have to be adjusted accordingly.

SENATOR KAHLE: One more question now. Would it be your view that if 816 passed in its present form and that money was appointed, assessed, attached to the county welfare part of Medicare, would that change the governing part of the county board's authority in any way? In your estimation? In 816 it says nothing about the control of the program. Is that correct?

SENATOR CARSTEN: That is correct.

SENATOR KAHLE: Okay, thank you Senator Carsten. I think you are beginning to see what I am driving at. We have two factions working here, not two factions, two different ideas of how we are going to fund that welfare program and how much control is going to be kept. What we are really talking about today is perhaps if we are going to have any local control at all or not. We are not really talking about the funding. I think Senator Johnson has it in his

head that that money that is in 816 is what is going to be used to fund LB 522. That is the reason I think you are premature in voting on it today. I think that this should be put together so we determine whether the issue is the money or whether it is the control or whether it is neither. I would like to answer Senator Cullan a little bit, he was a little sharp on me because he doesn't like it that I voted the other day to...for an amendment that would put...take over the funding of the welfare program at the same time that the state took over the control. Well that is only one step of the program. I certainly couldn't have accepted it if the state hadn't taken over the funding at the same time they take over the control. So we differ a little bit on that. Senator Cullan is a little bit unhappy because he wanted to close down the Norfolk Regional Center last year and also do a lot of things with the mental health program which haven't happened. Our mental health program is going to be in awful shape out-state if we continue to take this attitude. So, I think my reason for doing this is just as honorable as the one he has.

PRESIDENT: One minute, Senator Kahle.

SENATOR KAHLE: I don't believe, I shouldn't say this because I know Senator Johnson's wife teaches school out in Kearney and he does know something about distance. But I believe that most people in this body do not realize the distances that are involved for our people to get to the center. I would guess that in my own area if we had a regional welfare center it would be in Grand Island or Hastings or Kearney. I guess it would be in Grand Island. It would take in a good number of counties in that area, some of them which would be at least 150 to 175 miles from the center of that hub. The people that you are asking to make that kind of a trip, even if you bring the service out there, it is going to be very expensive. It is just different than it is in the cities of Omaha and Lincoln and even our larger cities because they could go to the welfare office any day of the week, anytime they want to.

PRESIDENT: Your time is up, Senator Kahle.

SENATOR KAHLE: With that I just hope that you defeat this issue today.

PRESIDENT: For a . . . Senator Johnson you or Senator Cullan, which one will close? Is Senator Cullan going to close? Are you going to take part of it, Senator Cullan, and . . .

before you do, Senator Cullan, may I just introduce some guests of Senator Jim Goll, his brother and wife, Mr. and Mrs. Dick Goll are from Tekamah are under the north balcony. Would they stand up back there and be recognized. Jim, would you have your brother and wife stand up. Welcome to the Goll's. Welcome to your Legislature.

SENATOR CULLAN: Mr. President, members of the Legislature, particularly Senator Kahle. I think I would agree with Senator Kahle that counties have shared too much of the burden of the Medicaid program and I have always supported Senator Kahle in that direction. But I really disagree with Senator Kahle in the element of local control. I just don't think there is much, if any, significant local control left there. There is no reason for us to pretend that there is. My only point, Senator Kahle, and I know county commissioners work hard and they do...they try their best to do a good job in this area, but my only point is that we can't. . . counties shouldn't be able to have it both ways, shouldn't be able to have us continue to pick up the bills and have them assert some type of local control. I'm sure that the great, great majority of counties support this legislation. I know their association does. So I urge you to advance LB 522 because I think it is a major positive step in the welfare system and I hope that we can move on with it today. Senator Johnson.

PRESIDENT: Senator Johnson, will you complete the. . .

SENATOR JOHNSON: Yes, I would. One point I wanted to make clear, I want to straighten out two things. One thing I want to straighten out is the issue of jobs. The welfare department has a turnover of 12% of its employees annually. It is a tough job. Now what will happen about jobs in the event this legislation passes? Welfare department says that it doubts if anyone will ever be laid off. It says, the attrition rate will take care of it. We may do some re-classifying of some employees but we doubt that we will ever have to lay anybody off because of the rate of attrition that occurs. So, I don't think jobs, I don't think the involuntary termination of anybody is really at issue in this measure. Secondly I've got to take care of the 816 issue. Yesterday this body amended 816. Senator Kahle, are you listening to this? Yesterday this body amended LB 816 and took out the Medicaid feature. That is gone from LB 816. So 816 is not in dispute with 522. I mean 522 stands by itself, has nothing to do with 816. Now that means when 522 goes into effect in 1983 there will

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LB 522

be a large price tag on it, because we are not in effect buying some state funds now through 816 for welfare take-over. We are going to have to do the whole thing at a large price tag a year from now. I think that price tag is well worth it. I hope this body agrees. I would ask you at this juncture to advance 522 to Final Reading.

PRESIDENT: Senator Carsten, they were closing. Did you have a question or a clarification or something?

SENATOR CARSTEN: Mr. President, I do need to make a point of clarification, if I may sir.

PRESIDENT: You may.

SENATOR CARSTEN: In answer to Senator Kahle's question, I misunderstood his question. We did not have anything in the amendments to 816 that included Medicaid. There was no Medicaid in 816. To Senator Kahle and the rest of the body, I apologize for that because I did misinterpret his question.

PRESIDENT: Senator Higgins, do you have a clarification or . . . he was closing. He did close. He did close and we are now ready for a vote on the advance of LB 522. All those in favor of advancing. . . I suppose somebody wants a vote on the board, too, I suppose. All right, all those in favor of advancing LB 522. . . well, Senator Kahle, I was waiting for. . . okay, all those in favor of advancing 522 vote aye, opposed vote nay. You better have a. . . record what is on the board and you want a Call of the House? All right, Senator V. Johnson requests a Call of the House. The question before the House now is shall the House go under Call. All those in favor of a Call of the House vote aye, opposed vote nay. Record the vote.

CLERK: 19 ayes, 0 nays to go under Call.

PRESIDENT: House is under Call. Sergeant at Arms will see that all members are. . . return to their desks, all unauthorized personnel leave the floor and the members will register your presence immediately. Four are excused. Senator Vard Johnson, do you want a roll call vote as soon as we get these members in? You want to have a roll call vote. We are all here now. Senator Vard Johnson, shall we proceed to have a roll call vote on the advance of LB 522. Motion to advance. Go ahead, Mr. Clerk. Did everybody. . . (GAVEL), give the Clerk your attention so he can hear. It is getting very difficult to hear again. Go ahead.

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LB 522, 568, 688, 652, 480,  
428, 626, 571, 573,

CLERK: (Roll call vote.) 27 ayes, 18 nays, and 4 excused and not voting. (Vote appears on pages 1311-12 of the Legislative Journal.)

PRESIDENT: Motion carries and LB 522 is advanced to E & R for Engrossment. Next bill is LB 568. Senator Nichol, are you ready? Not ready, so there are some amendments being worked on, as I understand. Do you want it just passed over until you get those amendments?

CLERK: Mr. President, Senator Beutler would like to print amendments to LB 688 in the Journal. Senator Fowler amendments to LB 652. Senator's Hoagland, Beyer and Sieck to LB 480. Senator Hoagland to 687.

Mr. President, your committee on Enrollment and Review respectfully reports that they have carefully examined and engrossed LB 428 and find the same correctly engrossed. 571, 626 all correctly engrossed.

PRESIDENT: Before we get started on the next bill, one announcement from Senator Lamb that we will work up till 4:00 p.m., just so you know about what time we are planning on adjourning. Secondly, Senator Wiitala would like us to greet some friends of his from Senator Dworak's district, Darrel and Judy Nelson and their son's John and Darren. They are located under the north balcony. Would the Nelson's stand up and be recognized. Welcome to your Legislature. Welcome, Nelson's. We are ready now, Mr. Clerk, for the next bill on Select File. Are there any E & R amendments?

CLERK: There are E & R amendments to LB 573, Mr. President.

PRESIDENT: Chair recognizes Senator Kilgarin.

SENATOR KILGARIN: I move we adopt the E & R amendments to LB 573.

PRESIDENT: Motion to adopt the E & R amendments to 573. Any discussion? All those in favor of adopting the E & R amendments on LB 573 signify by saying aye, opposed nay. The E & R amendments are adopted. Are there other amendments, Mr. Clerk?

CLERK: Senator's Wesely and Kremer would move to amend the bill, Mr. President. The amendment is on page 1099 of the Journal.



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LB 966, 522, 817, 852

SENATOR WARNER: Mr. President, I would move the bill be advanced and, again, the bulk of this bill is for the purpose of reducing the impact of the General Fund, to have some of these costs partially shared by fees, and again if there are some aspect of it that you feel may not be workable or is not fair or equitable, why we can look at those amendments on Select File.

SENATOR KAHLE: Okay, we are voting on the Warner amendments to LB 966. This takes 25 votes. Please vote. We need to move along. I know a number of you are going to be leaving in a bit and perhaps we can get this bill out of the way. Record the vote.

CLERK: 26 ayes, 0 nays, Mr. President, on adoption of the committee amendments.

SENATOR KAHLE: The committee amendments are adopted. Is there anything else on the bill?

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

SENATOR KAHLE: Senator Warner, would you like to close?

SENATOR WARNER: Mr. President, I move the bill be advanced.

SENATOR KAHLE: Okay, the issue before us is the advancement of LB 966 as amended.

CLERK: Senator Kahle voting yes.

SENATOR KAHLE: Senator Burrows, did you have something you wanted to tell us?

SENATOR BURROWS: Yes, I would like to explain that I oppose the bill because I think every portion of this is a general revenue function.

SENATOR KAHLE: Senator Warner has closed. Record, Mr. Clerk.

CLERK: 27 ayes, 1 nay, Mr. President, on the motion to advance LB 966.

SENATOR KAHLE: The bill is advanced. The Clerk has something to read into the record.

CLERK: Mr. President, your committee on Enrollment and Review respectfully reports they have carefully examined and engrossed LB 522 and find the same correctly engrossed; LB 817 and LB 852 all correctly engrossed.

SENATOR LAMB: The motion passes. Item #5...just a minute. Senator Lowell Johnson, for what reason do you arise?

SENATOR L. JOHNSON: A point of special privilege.

SENATOR LAMB: Please state your point to the Chair.

SENATOR L. JOHNSON: I would like to make reference to the statutes of Nebraska, Section 50-116 concerning the display of our state banner. Referring to that section it says, "It shall be the duty of the Sergeant at Arms to procure a banner of the State of Nebraska as described in Section 84-714 and to place the same on top of the State Capitol Building, there to be kept during the time the Legislature is in session." Now I've shared the concern of this body and I am sure many of the citizens of the State of Nebraska about the health and the security and the condition of our great Nebraska ship of state. The past few days, however, I have noticed that our state banner flying above the State Capitol has been upside down. This is the international signal of distress. Now on this last day of the second session of the 87th Legislature, it would be my suggestion that the Sergeant at Arms be instructed to properly display the state banner as an indicator that our great state has survived the rigors of another legislative session. Thank you.

SENATOR LAMB: Thank you. So ordered. Item #5, Final Reading. Will the Sergeant at Arms see that all legislators are in their seats. All unauthorized persons leave the floor. Senator Beutler and Senator Peterson, we would like to begin Final Reading as soon as everyone is in their seats. Senator Schmit. Please begin. LB 522 on Final Reading.

ASSISTANT CLERK: (Read LB 522 on Final Reading.)

SENATOR NICHOL PRESIDING

SENATOR NICHOL: All provisions of law relative to procedure having been complied with, the question is, shall the bill pass.

CLERK: Senator Nichol voting yes.

SENATOR NICHOL: Have you all voted? Record please.

CLERK: (Read record vote as found on pages 1962-63 of the Legislative Journal.) 33 ayes, 0 nays, 3 excused and not voting, 1 present and not voting, Mr. President.

SENATOR NICHOL: The bill passes. Mr. Clerk.

LR 212, 266, 268, 269, 272, 274, 277,  
278, 287, 292, 293, 295, 298, 304,  
313, 316, 331, 359, 380, 388, 389  
LB 278, 378, 378A, 480, 568, 602A,  
604, 629, 629A, 669A, 688, 693, 708, 760,  
835, 909, 967, 522, 212, 212A, 255, 255A

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RECESS

PRESIDENT LUEDTKI PRESIDING

PRESIDENT: Has everybody recorded your presence?  
Record the presence, Mr. Clerk.

CLERK: Quorum present, Mr. President. Mr. President, I have a reference report from the Executive Board referring a gubernatorial appointment. (Page 1971 of the Legislative Journal.)

Mr. President, new resolutions. LR 388 offered by Senators Cullan and Newell. (Read LR 388 as found on pages 1973 and 1974 of the Legislative Journal.) Mr. President, 389 offered by Senator Wesely. (Read LR 389 as found on page 1974 of the Legislative Journal.)

Mr. President, I have an Attorney General's Opinion addressed to Senator Koch. That will be inserted in the Journal. (See pages 1974 through 1976 of the Legislative Journal regarding LB 602A.) That is on LB....Bingo, that is right, senator.

Mr. President, I have a message from the Governor addressed to the Legislature. (Read message. Pages 1976-77 of the Journal regarding LB 669A.)

Mr. President, two other communications from the Governor addressed to the Clerk. (Read communications regarding LBs 278, 378, 378A, 480, 568, 604, 629, 629A, 688, 693, 708, 760, 835, 909, 967. Page 1977 of the Journal.) A second letter to the Clerk, Mr. President. (Read letter regarding LBs 609, 609A, 669, 714, 714A, 854, 854A. Page 177 of the Journal.)

Mr. President, I have a gubernatorial appointment of Mr. Robert Borgmann to the Motor Vehicle Industry Licensing Board. (See page 1978 of the Journal.)

Mr. President, the bills that we have read on Final Reading this morning are now ready for your signature as well as the resolutions that were passed Wednesday of this week by the Legislature.

PRESIDENT: While the Legislature is in session and capable of transacting business I propose to sign and I do sign LR 212, LR 266 and LR 268, 269, 272, 274, 277, 278, 287, 292, 293, 295, 298, 304, 313, 316, 331, 359, and 380. And the LBs are engrossed legislative bills 522, 212, 212A, 255, and 255A. Okay, as I understand it we

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LB 212, 212A, 255, 255A, 522,  
759, 787E, 799, 816A

SENATOR LAMB: Have you all voted? Record.

CLERK: (Read the record vote as found on page 1991 of the Legislative Journal.) 40 ayes, 7 nays, 2 excused and not voting, Mr. President.

SENATOR LAMB: LB 759 passes on Final Reading. The next bill is LB 787E.

ASSISTANT CLERK: (Read LB 787E on Final Reading.)

SENATOR LAMB: All provisions of law relative to procedure having been complied with, the question is, shall the bill pass with the emergency clause attached? All those in support vote yes, all those opposed vote no. It requires 33 votes.

CLERK: Senator Lamb voting yes.

SENATOR LAMB: Have you all voted? Record.

CLERK: (Read the record vote as found on page 1992 of the Legislative Journal.) 46 ayes, 0 nays, 2 excused and not voting, 1 present and not voting, Mr. President.

SENATOR LAMB: LB 787 passes with the emergency clause attached. LB 799.

CLERK: Mr. President, if I may right before that read some items in. I have a lobby report for the week of April 8 through April 15. (See page 1993 of the Journal.) Your Enrolling Clerk has presented to the Governor the initial bills that were read on Final Reading this morning. (See page 1993 regarding LBs 522, 212, 212A, 255 and 255A in the Journal.)

Mr. President, I have two Attorney General's Opinions, one to Senator Warner and one to Senator DeCamp. (See pages 1993-97 of the Legislative Journal.)

Mr. President, I have a reference report referring a gubernatorial appointment.

SENATOR LAMB: Please read the bill.

CLERK: Mr. President, I have a motion on the bill. Senator Remmers would move to return LB 799 to Select File for a specific amendment, that amendment being to strike the enacting clause.