

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

KELLY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the forty-second day of the One Hundred Eighth Legislature, Second Session. Our chaplain for today is Pastor John Schnell. Encounter Life Ministries in Mead from Senator Bostelman's district. Please rise.

PASTOR SCHNELL: I'd like to offer a prayer based on a prayer at Congress by Pastor Jack Hibbs. Join me. Let us pray. Almighty God and father of our Lord and Savior, Jesus Christ, we come-- we come before you in humility as fragmented and insolent people in need of your forgiveness, your mercy, your goodness, your healing, and your grace. For 157 years, our state and our fathers have assembled here, and they've prayed for your guidance and protection. So we stand here today in humble petition that you will do the same. Almighty God, may the state and the nation and our unparalleled national constitution, your great gift to all freedom loving people, be renowned here and across this land as a beacon of hope to all who seek peace and truth. I ask you today, Father, to bring us a great awakening of your righteousness and assur-- and assurance in you who alone are mighty to save. Hear my cry in this hour of great need, that we might be blessed before you in the repentance of our national and collective sins. You, Almighty Creator, are the source of all wisdom. There's no wisdom but that which comes from you. So please come upon those here today who are the stewards of the business of our state with your wisdom which comes from above, and give us your holy fear, knowing that the coming day of judgment draws near, when all who have been and are now in authority will answer to you, the great judge of heaven and earth, for the decisions they make here in this place. And I offer you this prayer, Father, in the name of Jesus Christ, your son, our crucified Savior, and the resurrected Lord of all mankind. Amen.

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

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

KELLY: Thank you. I call to order the forty-second day of the One Hundred Eighth Legislature, Second Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

KELLY: Are there any corrections for the Journal?

CLERK: I have no corrections this morning, sir.

KELLY: Any messages, reports or announcements?

CLERK: There are, Mr. President. The Government Committee announces an Executive Session at 10:30 under the south balcony; Government Committee, 10:30 under the south balcony for an Executive Session. That's all I have this morning, Mr. President.

KELLY: Thank you, Mr. Clerk. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR316 and LR317. Speaker Arch, you're recognized for a message.

ARCH: Thank you, Mr. President. The memo outlining the dates for evening debate will be distributed momentarily. As I indicated early in the session, evening debate will begin next Monday, March 18. The memo outlines the specific dates we will plan on evening debate, but basically it's the first 3 days of the next 3 weeks and, and, and Day 57, the last day for Select File and amendments to Final Reading bills. Adjournment time on late nights will be around 8:30 to 9:00, but could certainly go later. We'll have a 30-minute dinner break at around 6:00 p.m. each scheduled late night; and as last year, a meal will be provided for senators in the Capitol building. More information about the meals will be provided to senators next week. If I cancel a reserved late night, I'll provide you with as much notice as possible. However, a canceled late night may still mean working through the dinner hour and then adjourning sometime early evening. Lunch recess will remain from noon to 1:30, except for the last day of the workweek, when we will work through the lunch and adjourn between 1:00 to 3:00 p.m. So please arrange your schedule accordingly for the few weeks remaining in the session. Thank you, Mr. President.

KELLY: Thank you, Mr. Speaker. Mr. Clerk, first item on the agenda.

CLERK: Mr. President, legislative agenda, General File, LB1412. When the Legislature left, the bill pending was a motion from Senator Machaela Cavanaugh, MO1244, to indefinitely postpone the bill pursuant to Rule 6, Section 3(f).

KELLY: Senator Clements, you're recognized for a 1-minute refresh.

CLEMENTS: Thank you, Mr. President. LB1412 is the mainline budget adjustment for the mid-biennium budget bill. And page 44 shows you the net amount of appropriations that we have, \$88 million that we've

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

spent. We only received \$50 million extra revenue from the Forecasting Board. So pretty much all of our new money has been spent. We can look at page 44 in the green book to review the details. And I would appreciate you supporting that budget. We've worked hard on it. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Senator Machaela Cavanaugh, you're recognized for a 1-minute refresh on your motion.

M. CAVANAUGH: Thank you, Mr. President. Good morning, colleagues. Motion 1244 with Rule 6, Section 3(f) is indefinitely postponing the budget that is LB1412. And what that means is that it goes up before the committee amendment. So right now, if we were to go to cloture on this and vote on cloture and cloture were successful, then the motion, assume the motion fails, then the budget moves forward as introduced. So that's what would happen with what's on the board right now. I assume that that's not what's going to happen today, but I just thought I would give you an update on that's how that works. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Returning to the queue, Senator John Cavanaugh, you're recognized to speak, and this is your third time on the-- it restarts. You're recognized to speak.

J. CAVANAUGH: Thank you, Mr. Lieutenant Governor. And that was-- that's-- it's always good to, you know, take an opportunity for learning and growth. And, colleagues, the rule is you get 3 times speaking on a day on a motion. So if you used your 3 times yesterday, you can talk on the indefinitely postpone motion 3 more times today. I guess I'm disappointed in myself I didn't use 3 yesterday. So, well, first off, I guess I rise in support of the IPP. And I do thank the Appropriations Committee for their hard work and their diligence. I saw Senator Dover's pile of binders yesterday, and I commend them. I laud them for their hard work and their diligence across the biennium to look through and drill down on all of these things. And my general opposition to the product of that work is not in any way to diminish how hard they worked. It's more of a, I guess, a philosophical difference with the determinations. But the other part about why these debates are really important is the Appropriations Committee had all of that time and all of those binders and got to see everything, you know, compared against each other, and got to see what was originally proposed. And they got to hear the arguments as to why it was proposed. And so it's not particularly surprising that many of us, when something comes to the floor and we get it on Thursday and we're debating it on Tuesday, have some pause about whether it's the right

decision to be made. Maybe if the arguments for the, the decisions are clearly articulated to the Legislature as a whole, those of us who have initial opposition maybe would change our position. So that's why it's really important we have this conversation. I do appreciate the members of the Appropriations Committee who have risen in support of the bill proposal so far and their explanations. I would hope to continue to hear other specific arguments and justifications for the decisions that have been made by the Appropriations Committee. The one thing I, like I said, I do appreciate the work of the Appropriations Committee. The one thing that I don't think is acceptable is to say we did all this work, trust us, just vote for it, because you're asking us to make decisions that impact millions of Nebraskans, and millions and billions of dollars and have long-ranging future impacts. And so it is not only acceptable, but appropriate and required that the rest of us hold you accountable and be suspicious of the decisions that you've made, regardless of if we ultimately agree or you convince us. So that's, I guess, just a jumping off point. I'm probably gonna run out of time here, but I'll push my light again because again, I get 3 times. My initial problem with this budget is the reliance on cash transfers to keep us in the black. And I've had this-- talked about this many times in the past now, 3 years, 4 years that I've been here. We have this-- the General Fund revenue growth adjustment, which is on page 12 of the green book, shows the annual growth each year. And then it has a, a trend line which shows the historical average, 5.3%. And so we have-- we, we project into the future whether or not we're going to have enough money in the Cash Reserve to sustain us in leaner times. And as Senator Erdman correctly pointed out yesterday, that perhaps lean-- leaner times may be just around the corner.

KELLY: One minute.

J. CAVANAUGH: Thank you, Mr. President. The historical average would suggest such. We have made substantial cuts in personal income and corporate income taxes in the last 3 years. And we are-- we are going, those have not been fully implemented, and we are going to see a diminution in the revenue-- General Fund revenue that comes in as a result of those taxes. And what we're seeing is that we are transferring out of cash funds to make it-- our budget reconcile at this point. What I-- my big problem is that's a one trick-- one trick, right? You can only do that the one time. So we can't come back. If the, the revenue continues to decrease, we're not going to be able to go and raid those funds again to reconcile the books. And so that's my big problem with doing it when we say we still have money, is that we are doing a sleight of hand to make it look like we have more money than we do to reconcile the books. And when we really need--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

KELLY: That's your time, Senator.

J. CAVANAUGH: --that money-- thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Albrecht would like to recognize the doctor of the day, Dr. Dave Hoelting of Pender. Please stand and be recognized by your Nebraska Legislature. Senator Dungan, you're recognized to speak.

DUNGAN: Thank you, Mr. President. Good morning, colleagues. I still rise today listening to the debate with regards to M01244, the IPP motion, as well as LB1412. We've heard a lot of conversation about what is in the budget. But I started talking yesterday a little bit about what was not in the budget, specifically, as we were talking about the appropriation to the Supreme Court as an entity to maintain the current rate of pay for court interpreters. And I want to pick up where I left off. So for those who weren't paying attention yesterday or, or just tuned in today to the budget debate online, I was telling the, the story essentially of how we got to where we are right now with our crisis with regards to court interpreters. So the, the recap is that back in 2004, the Supreme Court organized a system wherein they would contract with essentially small business owners who do interpretation services. And they agreed to pay them a rate of \$50 an hour if they are certified, meaning they've passed an entire process and taken tests to prove their competency with regards to legal issues. And they would pay them \$35 an hour if they're simply registered, meaning they weren't able to be certified by virtue of the fact that the certain language they interpret in wasn't available for certification, or for any other reason. So that was the agreed upon rate of pay back in 2004. Up until this last summer, during this interim, there was not a single pay raise for those court interpreters. So what that means is that that rate of pay they were getting was not keeping up with inflation. It was not keeping up with the general cost of living. And over a long period of time, that put quite the squeeze on our court interpreters. And this caused a couple of problems. One, primarily it meant there were not more people agreeing to come in and start interpreting in the courts. So you sort of started to see this plateau effect, where people who were coming in and interpreting, you weren't getting more of them coming in to provide the services. In addition to that, you were actually seeing people leave the profession of the court interpretation services, meaning they were essentially saying this is no longer financially viable. I can't pay my bills. This is not a sort of system that's going to keep me afloat. And so they were actually leaving the court interpretation profession. In my time working in the courthouse over

the span of about almost 10 years, I watched people, very competent, talented court interpreters, work their butts off in that court doing everything they possibly could, only to eventually leave because they were not able to make it financially viable for them anymore. This caused a huge problem, both for the courts and the people in those courts and the judges and the attorneys, because you essentially find yourself in a situation where you're not able to conduct the normal business of the court system. So last year, again, I brought a bill to increase the amount of money appropriated to the Supreme Court in order to allow the Supreme Court to increase the base pay for those court interpreters. What they've been asking for was a, a pay increase that kept up with the cost of inflation and the cost of living, which would put them around about \$85 an hour. So that was the goal. Unfortunately, that did not make it into the budget. But in talking with us as a Legislature and my colleagues, an agreement was made where we actually did amend into the budget an increase into that appropriation so court interpreters could get paid more money. Unfortunately, that was vetoed. It was line-item vetoed. And the veto override, unfortunately, was not successful. So where we found ourselves was then in the summertime trying to figure out what was going to happen. And so what we had predicted came true. A huge portion of the court interpreters all across the state, in rural and urban areas, essentially were no longer able to work. And a work stoppage happened because it was not financially viable for them to stay in that job, meaning they did not go into work.

KELLY: One minute.

DUNGAN: Thank you, Mr. President. Courts came to a pause. Courts came to a halt. There were people who had to continue cases for months, costing taxpayer dollars. Cases were not able to be completed, all because there weren't interpreters available to provide those services. So, ultimately, a number of meetings happened this summer between myself, trying to help in whatever way I could, the Supreme Court, which was working very hard to get this done, and the court interpreters to find an agreement. And I'll punch in here again so we can talk a little bit more about what that agreement was. But the long and short of it is that agreement was temporary, and an appropriation to increase their pay was necessary to maintain that rate of pay. So, colleagues, we have to do something about this now. And hopefully we get to the amendment that does deal with court interpreters, because I think it's a very important issue. Thank you, Mr. President.

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

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

FREDRICKSON: Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraskans. I'm happy to be here today again debating the budget and learning more about the hard work of the Appropriations Committee. And, again, I, I remain appreciative of the work of the Appropriations Committee and all that went into this proposed biennium update here. I have a couple of questions. And I think Senator John Cavanaugh was beginning to speak about this a little bit earlier on the mic, which was, you know, I think one thing that we haven't quite necessarily maybe dug quite into with this is a couple of things. One is that, you know, we as a legislative body, we made very significant changes last year to tax policy in our state. And we delivered, I think, some really incredible tax relief for businesses as well as individuals. And I know there's been a lot of excitement around that. And I think that in many ways that's a-- that's a positive thing for our state. But one thing that we have spoken a little bit about, we spoke a little bit about last year was the, the kind of anxiety or the concern about whether or not those shifts and changes were actually sustainable in the long run. And I know yesterday during the budget update in the morning, there was-- that kind of got brought up again as a-- as a question and some uncertainty around that. And so I have a few questions about that. And I'm wondering, I think, is-- if Senator Clements would be willing to yield to some questions.

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

CLEMENTS: Yes.

FREDRICKSON: Thank you, Senator Clements. So I don't know if you, you heard what I was just saying a little bit ago, but one of the questions I had is so as we're looking at this whole budget and the future, you know, one question that's come up a little bit is about some of the significant tax relief that we passed as a Legislature last year and how, you know, because this is so fresh, we haven't really been able to see, you know, what happens over 5 years, 10 years, 15 years with those tax cuts, how that has real impact on, on the actual figures we're seeing as a state. What's your sense of sort of the sustainability of that and, and how that's going to interact with what we're trying to do in here now?

CLEMENTS: Last year when they were passing those-- the tax cuts on the income tax, the-- I know the Governor's Office had been projecting out at least 5 years ahead. And as long as our revenues have been what they've averaged, the 4% or more increase, that it is sustainable. Senator Linehan might be able to speak better to that. That's more of the Revenue Committee, but--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

FREDRICKSON: Sure.

CLEMENTS: --it was definitely projected out with income and expenses being sustainable with those cuts. In the, the 2027 year that's at the end of-- the last column of the General Funds is the last year of reductions, then it will level off.

FREDRICKSON: OK. Great. I appreciate that. And my other question for you, Senator Clements, if you-- if you're willing. So I'm looking at page 4 in the budget, towards the bottom. One thing we haven't quite discussed yet in this debate is that we're going to be debating over the next few weeks of session the amount of money we actually have on the floor to appropriate for, for new bills. Right? So, you know, what, what money are we working with as a Legislature outside of the budget and how much money we actually have on the floor here? And if I'm reading this correctly, it looks like at the bottom of page 4 that we have around \$23 million for the floor for bills. Is that your understanding as well, Senator Clements?

CLEMENTS: That would be a maximum, yes.

FREDRICKSON: OK. So there is \$23 million to be spent on the floor.

CLEMENTS: Up to.

FREDRICKSON: Up to.

CLEMENTS: I, I don't think the Governor is going to be comfortable with 23 exactly. It's going to be hopefully a lower number than that.

FREDRICKSON: OK. Thank you, Senator Clements. I appreciate your time. So that's something else that I wanted to get on the record this morning. And I'll, I'll be curious to hear the thoughts of some other members of the Appropriations Committee on that as well is that, you know,--

KELLY: One minute.

FREDRICKSON: --thank you, Mr. President-- as we're looking kind of down the barrel the last couple weeks of session here, we do have, according to this budget, \$23 million to appropriate with new legislation. And the Legislature is going to have, obviously, some difficult decisions to make. There's-- \$23 million is a lot of money. At the same time, when you look at some of the appropriation bills ahead of us, that, that can get scooped up pretty quickly. And so we're going to have to really be considering as a legislative body,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

when we debate bills in the future, what are our priorities? What are the priorities of the state? Where are we investing money? Are we investing money where, where what-- where we're-- where what we say is our priority as well. So I'm going to continue to look more into that. And I'm looking forward to further conversation on that as well. Thank you, Mr. President.

KELLY: Thank you, Senator Fredrickson. Senator Hughes would like to announce a guest under the south balcony, Douglas Eicher from Milford. Please stand and be recognized by your Nebraska Legislature. Senator Wayne, you're recognized to speak.

WAYNE: Thank you, Mr. President and colleagues. Will Senator McDonnell yield? Is he here? Guess not. All right. I'll come back and ask him next time around some questions about his handout. I was just trying to understand the, the state's checkbook, \$9.9 billion. Will Senator Holdcroft yield to a question?

KELLY: Senator Holdcroft, will you yield?

HOLDCROFT: Yes.

WAYNE: Thank you. Sorry I didn't talk to you about this ahead of time, but this is something we talked about last year, and I just want to make sure. Last year in LB531, we had put \$10 million in, then we took \$10 million out for Sarpy County. Can you tell me where that is? And if, if you got the \$10 million, where that is and what this additional money that I see, I believe this year, going to that same project, what that is needed for?

HOLDCROFT: Yes. I'd be happy to. LB531, that money ended up in the-- in the Governor's budget, it went to Sarpy County for wastewater treatment. It's been appropriated and obligated, and we're currently shoveling. I asked for, as you might recall last year, \$60 million, because it's a big project. It opens up 10,000 acres of developable land, which would result in approximately \$12 billion in return to the state. And now we have an opportunity with some ARPA funding that's going to expire in December, it's currently been appropriated to NDOT. And I'm looking to get \$10 million because that money's going to expire in December. But I already have not only a shovel-ready project, but I have a shoveling project that we can apply that money to.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

WAYNE: So we're taking ARPA dollars this year for \$10 million for a project. What's the total cost of that project? You asked for 60. What's total cost?

HOLDCROFT: I think it's \$128 million.

WAYNE: So you have roughly 8 per-- 5-- 6% of it.

HOLDCROFT: Correct.

WAYNE: OK. So I want to put that in comparison to what we were talking about in north and south Omaha. We have roughly about \$6.6 billion of needs between the two. And we didn't come anywhere close to that percentage. We're going to have a conversation today, and I'm going to ask Appropriations a lot of questions. And I want to ask-- will Senator McDonnell yield to a question?

KELLY: Senator McDonnell, will you yield to a question?

McDONNELL: Yes.

WAYNE: Senator McDonnell, you, you handed out a, a sheet that talked about the state's checkbook. Can you kind of explain that? And the big question I have is what-- out of that 9.9, what is considered obligated and what is considered not obligated?

McDONNELL: Thank you, Senator Wayne. Good morning, colleagues. So the 2 handouts you should have received yesterday, and one is, is dated 12-31-17. The other one is 12-31-23. It's both from the Nebraska Investment Council. It's the annual report. So if you look at going down the, the, the, the how they break down the plans and you can compare us, defined benefit plan, we have 4 plans at, at \$16.7 billion; OSERS at \$1.6 billion; other retirement plans, 7 of them at \$4.2 billion; and then we have our operating investment pool, and that currently is at \$9.9 billion. Then you go down to the public endowments at 12 programs at \$1.7 billion; Nebraska Education Savings Plan, 4 plans at \$6.6 billion; and then the Enable Savings Plan at \$38 million; and then the state trust at 3. So if you go up in the top and it says you combine all those, that's 40-- \$40.8 billion. Now remember that was at the end of December 31 of 2023, I believe currently we're at about \$10.4 billion--

KELLY: One minute.

McDONNELL: --in that operating--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

WAYNE: So how much-- how much cash do we have unobligated that we could spend?

McDONNELL: Well, I don't want to-- I want to make sure that everyone understands with that operating checkbook right now, that currently has to do with our, our budget. So to break it down from there, I will get you that number--

WAYNE: Thank you.

McDONNELL: --out of the 9.

WAYNE: Appreciate it. Thank you. And, colleagues, I just looked up \$5 billion projects and needs and what 16% would be and that's \$800 million. So we're halfway there. I expect the Governor to fulfill its other 16%, and 16% seems to be a good number that we're going to go with for appropriating projects from this body that can produce billions and billions of dollars of revenue. According to DED, the current \$400 million is going to produce 9,000 jobs. That's interesting number, but that's what he said. So I think we can double that with double the money. So I look for more money coming into north and south Omaha--

KELLY: That's your time, Senator.

WAYNE: --and I'll bring some amendments. Thank you, Mr. President.

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

DeBOER: Thank you, Mr. President. I was wondering if Senator Clements would answer a few questions. Sorry.

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

CLEMENTS: Yes.

DeBOER: Sorry, Senator Clements, I didn't tell you. I actually have kind of some basic questions for you. This is with respect to the cash funds again. I've been hearing some different things about that these funds are already obligated. So do you have a sense of the cash funds and whether or not those funds are already obligated funds within them?

CLEMENTS: Yes, I do. The-- in the Governor's gold book, there is an analysis of how much they spend each year out of each fund and the

amount that-- of their normal spending expenses has been reserved and not taken off. This, this is really money off of the top that's not obligated of what these cash fund transfers are.

DeBOER: OK. Because some of the-- the reason I'm asking is because I think the NUSF funds that I was talking about yesterday with the interest, folks are saying, oh, they have this huge amount of money in the NUSF fund, but some of those funds are already obligated for projects or for grants that are going to be handed out later. So one of my concerns is when we're raiding some of these cash funds, are there grants that we as a body have already made as a program and then but they haven't been handed out yet, so it looks like they have money in their account. We sweep the cash funds and then all of a sudden they're supposed to hand out grants, but they don't have money. Is that something I should be worried about?

CLEMENTS: No. If that would happen, we would fund those agencies. But it's been analyzed very closely as to what their expenses and the revenue are so that we didn't take them below their available needs.

DeBOER: When you're analyzing those, are you looking at historical or are you looking at things that are already in existence now or things that we've-- because there's sort of a difference between if something has been put into place and then historical. Sorry, I don't mean to--

CLEMENTS: No, that's OK. If you looked at the Universal Service Fund, for example, the projection of how much they're going to spend was greatly increased for these 2 years, and that was left out. I mean, as I recall, they've been spending \$27 million a year, and I believe it was put in at \$65 million these next 2 years are allocated to them and not-- was not going to be taken off. But, of course, the committee didn't provide to take out any of the prior interest.

DeBOER: No, I get it, because we can't take the interest because this is a fee, and we have the Supreme Court case that says we can't take anything but interest off of fees because--

CLEMENTS: Right.

DeBOER: --if we're taking it, then it's-- then it becomes a tax. OK. Thank you, Senator Clements. This is kind of the gist of a concern that I have is whether we're taking these funds away from the cash funds, which, again, as several people have pointed out, is a one-time sort of taking of money. And then if we're trying to sustain the budget on that, that's a problem. But a separate problem that I have

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

is if we are raiding these funds, why we don't have a concurring bill that says we should reduce the amount that we are taking in these fees. So if we are having an extra amount in the insurance fund or something like that, the, for example, the state unemployment insurance fund, why are we charging people so much if we're not using that amount? We should be reducing the amount we're charging them, because what essentially we're doing is a tax shift. We're promising people we're going to use it for one purpose, and then we're taking money that we collect from a small group of people--

KELLY: One minute.

DeBOER: --and using it for a general purpose. And I just-- I have a problem fundamentally with taking money from people and telling them we're going to use it for one purpose and then repurposing it for a general purpose so that we're basically supporting general government services on the backs of a small group of people we've told we're going to use something for a different purpose. So I think what we should be doing is figuring out what the right amount is to charge folks for the services that, that we are trying to provide for them in these cash funds, and not to be charging them an amount that accrues money in these cash funds. That's a concern that I have is that we should be doing both at the same time. If, in fact, we're going to sweep cash funds, they shouldn't be seen as like little pots of gold that we can go and collect whenever we want to. I think that we should be charging people what, what it costs to perform the services that we tell them we're going to perform with those fees.

KELLY: That's your time.

DeBOER: Thank you, Mr. President.

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

DOVER: Thank you. I just want to briefly talk about the process that we went through. I know there's some concerns that it did-- why did we take this money? Was there enough money? Why wasn't perhaps more due diligence brought to the table as far as when we decided to take some money? And there was money obviously taken from many agencies. And I just want everyone to know that the Fiscal Office did an exceptional job letting us know what the cash flows for those agencies were. And we honestly sat down and went through every time that we would reallocate or reappropriate funds from an agency to something else, we sat down and we had a in-depth discussion amongst ourselves with the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

support of the Fiscal Office and their expertise and I believe made wise choices. And there were some situations when we're obviously looking at Governor's recommendations that we did not agree all the time. We thought maybe at some times there might be-- very rarely did we ever say, I think maybe only once did we think perhaps there was a little more money here than it seemed to be. But in most cases, we did agree with a lot of it, because obviously they have their-- Lee Will, their budget person, did their research, their due diligence and made suggestions. And then we reviewed theirs with the Fiscal Office. And we really made sure that going forward there was-- there was plenty of money. One example would be an agency that actually helped with creative districts and those that hopefully are familiar, visited to Norfolk. I think you're-- would be aware of the wonderful downtown we have because of the creative districts that was created by Senator Flood at the time. And if you go to Norfolk, there is a buzz there that's doing a fantastic job. A lot of times I've talked to different senators across the state, and, and they tell me, boy, we've, we've really got to get going what Norfolk has. And that was for funding of creative districts. And many communities across the state want to have that same thing. And I-- and I do, being from greater Nebraska, want to make sure that we strengthen greater Nebraska. And those economies that go across the state, I think, for us to have a strong, strong economies across the state, I think that helps all economies. I think that tide lifts all boats. And I think Omaha and Lincoln also benefit from a strong North Platte, strong Scottsbluff, strong Kearney, etcetera, strong Norfolk. But back to my, my example. I would just say that so I believe the amount that we were looking at was taking \$5 million from that fund that funded the creative districts. And we had-- we had really good discussion. I think Senator Wishart would agree with me, but we had really good, honest, open discussions on that. And we decided that \$5 million was, was too much. And so we ended up just taking \$4 million. So we left another \$1 million in their deal. And we looked-- and I-- and I, because of what good Norfolk had done with their-- with the-- their program and what the great benefits could be across the state, we wanted to make sure that there was plenty of funding moving forward for those grants and things to happen across the state. So I just want to make sure that everyone understands that we did not randomly follow the, the Governor's recommendations. We did not randomly make decisions, but we honestly sat down again with the great aid of the Fiscal Office to make wise choices and to make sure the monies that we took would not inhibit those agencies from doing those tasks which have been assigned to that agencies. So thank you. And I yield the rest-- remainder of my time to the Chair. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

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

BLOOD: Thank you, Mr. President. Fellow senators, friends all, I stand in support of the IPP motion. Because as I've-- I have expressed before, I think it's good to slow things down. This is a very important matter that we have to take very seriously. And this gives us an opportunity to have a really good debate on the underlying bills. So at the beginning of the session, I noticed kind of a theme when it came to our executive branch. There was a bill that repealed boards and commissions that was brought forward, eliminating things like the Foster Care Advisory Board, the Children's Behavioral Task Force, the Brain Injury Oversight Committee, a long list of committees. And it was presented as it would make government more efficient. And then we start seeing these funds that are being tapped into or money being removed from and swept to the budget. And it tells me that this is a theme that is something we should be concerned about because our priorities have to be more than just property taxes. Our priorities have to be all of Nebraska's citizens, be they people with disability, be they foster parents, be they people with brain injuries. We need to know that the Legislatures that came before us that put together these commissions, that put together these boards that we're respecting their wishes and making sure that those boards and commissions continue. I talked a little bit about it yesterday, but there's an ongoing issue with many of these boards and commissions being short-- I don't want to say staff because they're volunteers, but they're gubernatorial appointments. The Water Sustainability Fund is missing 3 people right now. I just want to make people aware there's a lot of big picture issues that we don't talk about on the floor, but we talk about sometimes behind the scenes. And I want Nebraskans to know that this is going on because I think it's important. With that, I'd ask if Senator Hughes would yield to a question.

KELLY: Senator Hughes, will you yield to a question?

HUGHES: Yes.

BLOOD: Thank you, Senator Hughes. Senator Hughes, are you looking for money for your community right now for water?

HUGHES: Yes, that's the amendment we brought.

BLOOD: Do you know if your, your community applied to the Water Sustainability Fund for that funding?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

HUGHES: I don't know about that specific fund.

BLOOD: So you know that they're trying to take \$11 million out of that fund. I know you read that in the budget.

HUGHES: Yep.

BLOOD: And wasn't your ask \$10 million?

HUGHES: That's-- it was originally 20 and we-- the amendment is 10 now.

BLOOD: So wouldn't it be awesome if they could grant you that from the Water Sustainability Fund instead of sweeping it somewhere else to help balance the budget?

HUGHES: That is what we're asking. Instead of taking that \$20-plus million and moving it to the NDOT, we have water projects available ready to go that it could be used for. Yes.

BLOOD: Which is what the Water Sustainability Fund is for.

HUGHES: Which is what the original intent of that was for. Yes.

BLOOD: All right. Thank you, Senator Hughes.

HUGHES: Yep. Thank you.

BLOOD: Senator Holdcroft, if he would yield to a question.

KELLY: Senator Holdcroft, would you yield to a question?

HOLDCROFT: Yes, yes.

BLOOD: Senator Holdcroft, are you aware if our communities applied for the Water Sustainability Fund grants?

HOLDCROFT: These are-- if you're referring to the ARPA, these are-- this is for ARPA money that is going to expire in December. Is that the same fund?

BLOOD: No, and I'm clear on that. But wouldn't a water sustainability grant also be helpful for a \$10 million injection of funds for our projects in Sarpy County?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

HOLDCROFT: I'm not sure that this, this, this-- the money that we're looking at, the \$20 million that is going to-- currently going to NDOT is-- could qualify for that.

BLOOD: In what way?

HOLDCROFT: Well, I mean, it's ARPA money that's currently--

KELLY: One minute.

HOLDCROFT: --has to be applied by December of, of, of this year.

BLOOD: Right. I'm saying in addition to the ARPA money, because we still are lacking funds to finish that sewer project. Correct?

HOLDCROFT: I'm not following you, Senator. I'd have to do some more research on exactly what fund you're talking about and if this money qualifies for that.

BLOOD: All right. So I think the clarification is I'm not talking about the 2 of them combined. I'm talking about an additional type of funding that we could utilize for the Water Sustainability Fund if they weren't sweeping it out of the fund.

HOLDCROFT: Again, I'm not following you on what fund you're, you're addressing, and I'm not sure that the funding that we're trying to transfer from NDOT would qualify for that.

BLOOD: I think we have a clear confusion here. Thank you for yielding some time to me, Senator Holdcroft. And thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. Would Senator Clements yield to a question?

KELLY: Senator Clements, would you yield to a question?

CLEMENTS: Yes.

M. CAVANAUGH: Thank you, Senator Clements. Do you know how much money is in the Highway Trust Fund currently?

CLEMENTS: The Highway Trust Fund? I don't know.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

M. CAVANAUGH: Do you know how much money the Department of Transportation has currently in their budget?

CLEMENTS: I think they're allowed at least \$200 million.

M. CAVANAUGH: And do you know how that money is being utilized?

CLEMENTS: Well, they, they put out their program book of, of projects that quite a few, either maintenance or new construction projects.

M. CAVANAUGH: I ask this because I, I do question the need to give the Department of Transportation an additional \$20 million in the budget. And if we don't know how much money they have in the Highway Trust Fund, do they actually need \$20 million from the state?

CLEMENTS: The-- what the department told us was that the projects they have scheduled are running over budget, and the expenses of construction are running above what they projected, and so they're needing extra money to be able to complete projects in the program.

M. CAVANAUGH: But do they have money in the Highway Trust Fund to cover those expenses?

CLEMENTS: I think it's been obligated.

M. CAVANAUGH: Has that question been asked and answered?

CLEMENTS: Not directly.

M. CAVANAUGH: Can we ask that question before we give them \$20 million and get an answer?

CLEMENTS: Well, that was the request and the, the reason given. But, yeah, I would sure be glad to look into that.

M. CAVANAUGH: OK. My next question is there is a transfer from the Department of Motor Vehicles to the General Fund of \$1.1 million and \$526,000. It's on page 90-- no, sorry, 31 of the bill-- of the amendment. So the Department of Motor Vehicles is, again, another one of those things that is run by fees. But unlike some of these other fees that we've talked about today, their fees, they actually run on their fees. So--

CLEMENTS: Yes.

M. CAVANAUGH: --what assurances do we have that this is not going to adversely impact their budget? Because I will say, Director Lahm is

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

one of the finest stewards of state dollars that we have in this entire state.

CLEMENTS: I agree. Director Lahm is very efficient and I looked into this last night thinking it might be asked. They have a savings of the \$1.6 million from their OCIO computer assessment has been decreased by this amount and we only are taking the decrease in their budget of computer savings. So that--

M. CAVANAUGH: But they couldn't allocate those for other resources that are needed?

CLEMENTS: In the budget last year, we gave-- we increased the amount of fees that they receive. Some of their fees were going to the General Fund.

M. CAVANAUGH: Yes.

CLEMENTS: Now all of the fees go to them. And--

M. CAVANAUGH: Yes.

CLEMENTS: --they told us that that was sufficient and this would be extra money.

M. CAVANAUGH: OK. So, so now there's no fees from the DMV going to the General Fund.

CLEMENTS: Correct.

M. CAVANAUGH: And this is just excess funds that we allocated to them last year.

CLEMENTS: This is money that has been given back by-- their computer fees are being reduced by this amount--

M. CAVANAUGH: OK.

CLEMENTS: --and that they really didn't need it.

M. CAVANAUGH: Thank you. I appreciate that because I was-- when I saw a, a-- I know some of these fees, we were charging too much in fees. And so we have an excess. But I know that--

KELLY: One minute.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

M. CAVANAUGH: --the DMV run by Director Lahm is, is on a razor thin edge and she does an amazing job. So thank you--

CLEMENTS: I agree.

M. CAVANAUGH: --thank you so much for answering that question. I-- one more question if you-- if you don't mind, on the same vein.

CLEMENTS: Right.

M. CAVANAUGH: So the license plates, there's an increase from the Highway Trust Fund from the license plates to the DMV. Could we not just not-- was-- what was the thinking behind shifting from one fund to the other and then shifting from that fund to the General Fund? We could have maybe just done less from the DMV for the license plates?

CLEMENTS: I'd have to look that up, that-- I believe that would be an agency request.

M. CAVANAUGH: Because from what I understand from the, the bill, they then have to pay that back to the Highway Trust Fund. So it seems like we're adding some administrative work that might be unnecessary.

CLEMENTS: Yeah, that-- that's a detail I'm not sure about.

M. CAVANAUGH: I like government efficiency.

CLEMENTS: Yes.

KELLY: That's your time, Senator.

M. CAVANAUGH: Thank you, Senator Clements.

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

CONRAD: Thank you, Mr. President. Good morning, colleagues. I want to thank everybody who has had a chance to weigh in yesterday and today, both on the mic and in really rich conversations that are happening among colleagues about key components and issues contained in this budget package, I really think it's been a thoughtful debate and illuminating and educational in terms of both process and substance. But I want to tie up a few loose ends for questions that have been entered into the debate and, and wanted to perhaps provide a few answers or clarity. Again, having served on the Appropriations Committee for 8 years, this is perhaps more clear instead of

incredibly opaque in terms of process, how most members feel, where Appropriations is a little bit isolated from the other jurisdictional committees. And it can be a little confusing how they work in process. So there have been a host of questions about intent language in the budget. And I just want to clarify for everyone that that intent language cannot effectuate a permanent law change. It is-- it cannot exist beyond the parameters and the time frames of the budget bill itself. So, typically, what you will see if there are corresponding or complementary efforts to effectuate a permanent law change, those will also be a part of a stand-alone bill that will be referenced to the jurisdictional committee, and then may or may not be taken up in the budget package or the budget train. So when you see intent language in the budget, it is literally just that. And it's basically a suggestion as to how we are asking the executive branch or other branches of government to implement the funding decisions in the budget bill. And, arguably, it's more aspirational than obligatory. So people need to keep that in mind as well. I really appreciated the dialogue that Senator Dover and Senator Clements and Senator DeBoer had about what the various and sundry sweeps actually mean. And I, I do think that when and if appropriate, if a specific fund is consistently having a higher balance than necessary to take care of the services that it supports, we should have a discussion about dropping fees or taxes in that regard. But it's going to be a very nuanced conversation because it's different for each and every fund. Some come in for a dedicated purpose, some have specific outputs, some need to have higher balances than others because they're front-loaded or forward looking to prepare against recessionary runs like unemployment, which we're going to spend a lot of time talking about later. And so I, I just wanted to, to make sure that we don't paint with too broad a brush in regards to how we treat cash funds or cash sweeps. A good example is the Securities Cash Fund, which historically the Appropriations Committee has always utilized as kind of a mini Cash Reserve when they're looking for a little bit of flexibility or breathing room. That doesn't apply to a lot of the other cash sweeps that are contained in this budget. And that typically have only been swept--

KELLY: One minute.

CONRAD: --or raided in recessionary periods, not periods of economic prosperity like we are presently within. Thank you, Mr. President. And remember, colleagues, the sweeps usually can only happen for one time. They're not an ongoing source of revenue. They may require law changes. And to Senator DeBoer's point, they do not account for the money that currently those agencies or funds are sitting upon. And ask housing developers, ask childcare workers, ask behavioral health

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

leaders. There is money sitting out there that we have already appropriated that the executive is sitting on, is sitting on and sitting on and sitting on and not pushing out. That money needs to go out for its intended purposes in regards to the appropriations decisions we have made. By not pushing that out consistently and comprehensively, it has inflated a lot-- a lot of these funds from the executive branch--

KELLY: That's your time, Senator.

CONRAD: --to now claim they're underutilized and should be swept. That is dangerous and wrong and we should guard against it. Thank you, Mr. President.

KELLY: Thank you, Senator. Senator-- Mr. Clerk, for an item.

CLERK: Mr. President, announcement. The Revenue Committee will be holding an Executive Session in Room 2022 at 10:00 a.m.; Revenue Committee Exec Session, Room 2022, 10:00 a.m.

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

ARMENDARIZ: Thank you, Mr. President. I, I listened yesterday, and there were a lot of questions about a lot of different decisions we made in Appropriations. And I wanted to share at least what I heard from agencies and testifiers and how I approached those issues on some of these questions that have come up. I may not have enough time to address all of them here, but I'll give you a list of what I intend to address. Public assistance was brought up; ARPA funds and reallocating those; behavioral health DD; PSC; and basically all of the sweeping of the agencies; the audit that we're undertaking in housing. So I guess I'll start with housing. We have 4 different housing buckets that I recall: rural workforce housing, middle-income housing, low-income housing and affordable housing. The question was brought up, are all of those getting equal dollars? We should not be giving all of those equal dollars. We should be addressing the needs of each of those buckets. Now, me personally, I did ask on the mic in the agency-- to the agencies, to the hearings, to the testifiers, are housing prices ever going to go down? Are people ever going to be able to afford a house? I was told by a very large housing, affordable housing developer that, no, these housing prices will never go down. I have a-- I have a hard time with government propping up housing. I remember all too well the housing crash. And, to me, government propping up housing is just asking for that. We need to balance housing for sure

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

in the free market. But government propping up housing does not balance the market. So I said to this gentleman, are we just postponing what we really need to do, which is increase wages for people to afford the houses that are being built, or the builders just can't build those houses anymore because people can't afford them, and they get into markets that people will buy, which are more affordable starter homes, and they build more of them, maybe less profit off of them? But the market needs to determine that. And, quite frankly, all of my kids have been in competitive starter home markets where they, they get outbid by a house being bid on \$25,000 over the asking price. We're driving up those housing prices when we do that. If we pay for a house at its value, we maintain the, the free market. So that's my perspective on housing and us funding housing. The PSC and the sweeps, basically the sweeps of all of the agencies. We were assured all of the agencies that will maintain what they are currently doing with this one-time sweep. I have a problem with agencies in general keeping a lot of cash on hand when they over the years-- and we looked back years of their spending-- do not spend it and they keep collecting it. I think it's irresponsible of us to hold this money for a rainy day when I don't believe taxpayers had that intent when they agreed to pay their taxes. That maybe we could find something else to do with it. No. They were-- they were intended for a specific purpose. If we're not spending it for that, then we should give it back to the taxpayer. And that's my interpretation of the one-time sweeps.

KELLY: One minute.

ARMENDARIZ: They also-- thank you, Mr. President-- they also can maintain their budgets. We, we were assured of that. Public assistance might be a little long. Developmental Disabilities, I talked with both, both HHS and some of the providers on this, and there does seem to be a conflict of how they can increase wages. I do know that HHS is trying to reorganize the way we address those folks that are-- that have those waivers. And I, I personally would like to give them that opportunity to reorganize that department. Their attempt is to get everybody off of the waiting list, and it's quite extensive, and they're working through that reorganization process right now. So I want to give them that time to reorg that and then deal with the other issues in that time. I'll get back on the mic to address the other topics. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. I just want to say thank you to Senator Armendariz for walking us through her thinking on a lot of this stuff. I hope folks were listening. And I appreciate members of the Appropriations Committee giving us that kind of insight into the thought process. It's helpful. So-- and one thing I forgot to mention, I was just looking through the green book here, and I saw the State College Fund. And I'm wearing my Wayne State pins today. I know you all got them because I got them in my office. I got 2 because I got 1 from last year and I held on to it. It's state college week, yesterday was Peru State College Day and so I wore my Peru State pin. And I, I point it out because somebody said, oh, you went to Peru State. And I said, no, I just am enthusiastic about our higher education in the state of Nebraska and like to support. So today I'm wearing Wayne State pin in celebration, recognition of our great state college system. Tomorrow is Chadron State Day. And so if you guys all have your pin, you can wear it. And then they gave us a tie last year that I think you're supposed to wear maybe on Friday. It is green so it could go-- you could wear it on Thursday for the Saint Patrick's Day party, which I think Thursday's March 14. Is today Wednesday? Yeah, today's March 13. Anyway, so those of you who are-- might notice that I'm wearing my 2 Wayne State pins, it's just because I'm enthusiastic about Wayne State. And then, of course, another small diversion. I heard Senator Dover talking about all the great things happening in Norfolk. Big fan of, of the work that's being done in downtown Norfolk. I would certainly encourage everybody to go visit. One of the great things that's being done in downtown Norfolk is work with Wayne State to bring in students to live in student housing in downtown and to be connected with employers to do experiential learning. And, and then, of course, maybe continue on in that role into careers, which is a way of getting maybe some younger folks to lay down roots in our smaller towns, and to make sure that they get a career-- an education that connects them with a job and actually leads to a career, which is great. And then a career maybe leads to higher wages that allow folks to buy housing. And some of that is funded through state funds that are given to Wayne State. I don't know if any of that is specifically funded in this budget, but it's been previously funded. So anyway, small digressions. I appreciate the conversation everybody is having. I, I appreciate, like I said, Senator Armendariz's comments about affordable housing. I would take a, a different approach in terms of my perspective on affordable housing. Had a lot of conversations in the interim with people as a member of both the Urban Affairs Committee and the Planning Committee, where we heard from NIFA in both of those; heard from housing developers; heard from housing advocates; heard from citizens who are having trouble finding affordable housing,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

that one of the big issues in terms of housing affordability is the lack of housing stock, meaning the number of available houses, housing units per person looking for them. And as a result, you know, if you have 10 people looking for 1 house that's in a particular price point, that drives up the price point. Right? And so one of the reasons we invest as a state perspective in rural workforce housing and in middle-income housing and affordable housing is to help incentivize developers into building those houses so that there's more houses available at that price point, which then allows people that are working at a living wage, hopefully, to--

KELLY: One minute.

J. CAVANAUGH: --thank you, Mr. President-- to afford to buy that house, as opposed to only having 1 house available, 10 people looking, which I don't have the numbers at hand, but it was something like-- it's like 60,000 people looking for, like, 1,000 houses or something along those lines if I remember right from 1 of the presentations we got, which essentially means everyone's going to be priced out of that market. You know, the only person who can get it is somebody who has an advantage being either wealth from above, being parents or something like that, or readily available cash because interest rates are low or were low, they're going up now that, you know, has a place in that market. So the 1 lever, 1 of the levers we can pull is to help incentivize those housing developers to build that housing, which then increases the stock, which makes more houses available, obviously, and decreases the prices, which makes it more attainable--

KELLY: That's your time, Senator.

J. CAVANAUGH: --for more people. Thank you, Mr. President.

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

CLEMENTS: Thank you, Mr. President. Wanted to discuss a couple of issues that have been brought up. Regarding the court interpreters that Senator Fredrickson was discussing, yes, there was a veto in 2023. But I've checked with the Fiscal Office, the court does have the money. And we've discussed this in committee in the hearing with the Supreme Court representative. As of June, this coming June of 2024, year end-- fiscal year end that is projected to have \$8 million of unobligated funds left over. And their money does carry over to the next fiscal year. And so the request was for \$600,000 for court interpreters. We urge the courts to increase the pay of court

interpreters if-- because we believe they do have the funds. That's why we did not approve this extra request because of the carryover appropriations that they have. Then, the-- let's see here, we're talking about cash funds of \$11 million is not transferred. Now the Probation Program Fund, there was a request in the Governor's recommendation to take 7,000-- \$7,500,000 out of that, and the court requested that they keep that. And so that \$7.5 million was retained in their Probation cash fund, which could also be used. Then regarding how much money there is to the floor, the new revenue that the Forecasting Board came up with was \$50 million. And if we spend General Funds, that will be-- whatever we spend is going to be ongoing every year. So we only really had one-third of that available would be about \$15 million, I would say would be a comfort level to the floor, not the \$23 million to max out the 100% of the available money on the General Fund status. So then also I did check on the roads funds, and I have my notes here. The-- what the Department of Transportation uses for building and maintaining roads is not the Highway Trust Fund. It's the Roads Operation Cash Fund. And I had guessed or educated guess of \$200 million. It's \$181 million that's in that fund as of the end of February. That's state dollars. Then the federal matching funds is usually about 50/50. So that would be roughly another \$181 million. But my understanding is that they've obligated that money for road projects. It hasn't been spent yet, but they've-- their program does allocate the money that they have to projects that are coming up in the next probably 5 years. So that, you know, that's the situation with the, the Highway Trust Fund is a pass-through fund that funds quite a few different things. But the Operation Cash Fund was the \$181 million. Thank you, Mr. President.

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

DORN: Thank you. Thank you, Mr. Lieutenant Governor. I want to thank some of the people for asking some of the questions, particularly, some of the senators asking questions. I'd like to thank Senator Dover and Senator Armendariz for giving some of their explanations, and even Senator Clements for giving some explanations that they've talked about today. Wanted to talk about a couple other things also in the, the green Appropriations or budget book that you got out. I know I've talked every year on this when we've had the budget issue or whatever. And that is, the Cash Reserve Fund and the historic balance. It's on page 10 of the green book. And the reason I always bring it up is we, today, we have approximately 900, 858, \$900 million in that Cash Reserve Fund. Yes, we do spend some money out of that fund. We transfer some money from the General Fund to that fund or that, that

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

fund to the General Fund and so on. We, we, we do allocate some money out of there. But I think everybody needs to remember a little bit the historic perspective of this Cash Reserve Fund. And when I came up here in fiscal year, would have been '18-19 or 6 years ago, that fund set at \$333 million. Put that in perspective. When you look at the previous years, the highest we'd ever been was \$727 million. We have been very fortunate the last few years because of federal funding, ARPA funds, other things and how they have moved back and forth or shifted that we were able to, at one time, have that balance up to a million six, a billion six, excuse me, a billion six. And now we've slowly brought that number down. I think I talked the other day about people need to keep in mind, perspective where we're at with that. But they also need to keep in mind I talked about the General Fund. And when we look at bills, we look at appropriations bills on the floor, where this body's comfortable with having the General Fund end up, and also where they're comfortable having the Cash Fund end up, our Cash Reserve Fund. Do we need it at \$900 million? We had a lot of discussion over the years that we needed to keep that at 16% of expenditures or whatever, so that we would today be at \$880 million or in that range or whatever. So those are all things you need to be aware of. You need to be-- as we talk about budgets, as we talk about, I call it, bills coming forward here or proposals coming forth, you need to remember that just because we now want to fund something, where does that come from? And gave a talk or we had-- the Lincoln senators had a town hall meeting this summer, and somebody brought up the question of why didn't we fund the university more? And I attempted to answer it in this perspective. Yes, we could have funded the university more. We could have gave them another half percent or another percent. But in the whole overall picture of the budget, now we also look at where does that money come from or who now will not get funded? Where will we not be able to appropriate some funds? So as we go through this budget, the whole process, we look at where those funds are going to be appropriated, where we're going to take them from, are they coming out of General Fund, Cash Fund; where are we going to pull something back? It's a whole process of what we go through to look at, maybe where we use those or how we use those. One other thing I wanted to talk about when I was on the mic this time was, I know Senator Linehan, once we get some bills out of committee, we'll have more discussion on taxes and property taxes. A couple of things-- I asked the Fiscal Office to give a sheet here, but also on page 15 it says the Property Tax Credit Fund. This is the fund that shows up on the bottom of your--

KELLY: One minute.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

DORN: --thank you-- bottom of your tax statement. It gives the years there and the amount that will be allocated to that. We started at \$310 million. When I came up here, this was \$180 million. We're going to be at 400. And, well, this year, this next year we'll be at \$395 million. The other big fund that that also-- our property tax credit also includes is the income tax credit part of this. We are currently going to be at \$540 million this year; \$360 million, 540, that's \$900 million. You add in the homestead exemption, that's over \$1 billion in property taxes that the state is picking up that we are allocating back to the counties, back to the taxpayers of the state of Nebraska. One other quick thing, Senator Clements talked about the DOT. Specifically asked Senator, I mean, Director Kramer--

KELLY: That's your time, Senator.

DORN: --will they be able to spend-- time?

KELLY: That's your time.

DORN: Thank you.

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

FREDRICKSON: Thank you, Mr. President. I continue to enjoy this debate and learning quite a bit, actually, from the Appropriations Committee and also the Fiscal staff. I just want to say thank you to the Fiscal staff as well. They've been working really hard on this and answering a lot of questions and shedding a lot of light on the questions we've had as the budget debate continues. So I-- earlier on the mic, I was asking Senator Clements a little bit about page 4 of the green book. So we have in the budget about the availability of funds for the legislative bills that we're actually debating in here, and we've been passing a bunch of A bills and everyone's wondering, do we have money? Do we not have money? There's a lot of discussion about that. And so I'm wondering if Senator McDonnell might be able to yield to a question or 2 on that as well.

KELLY: Senator McDonnell, will you yield to some questions?

McDONNELL: Yes.

FREDRICKSON: Thank you, Senator McDonnell. So I had asked-- so referring to page 4 on the green book from the budget towards the bottom there where we talk about the availability of legislative bills. It says that we-- my understanding of that reading is that we

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

have \$23 million per year. So essentially this year when we're debating A bills and we're looking at what funds we have for the bills that we're looking to pass this year, we have \$23 million that we're able to spend as a Legislature. You also handed out a couple of handouts as well. Can you maybe shed some more color on that, or your insights as to what's the actual amount of dollars we have to, to spend this year?

McDONNELL: Yes. Thank you for the question, Senator. So Nebraska Investment Council, they do an annual report, and I handed out 2 of them. And the reason I chose December 31 of 2017, and December 31 of 2021-- '23, that was the latest copy that I had. And we also have some information I'll, I'll add to that. But-- so with trying to look at the reason I did that, I wanted to show the health, financial health of the state and what has happened through the Investment Council and try to explain it. So earlier, when Senator Wayne was asking to get into more details based on the operating investment pool, so you have those copies on your desk, here is some additional information. If you break down the operating investment pool, we currently at the end of January we were at about \$10.4 billion. The handout I had was \$9.9 billion. But we're looking at the market because in, in January we approximately gained another \$27 million. So that breaks down in, in General Funds of about \$2 billion. The fund, the Cash Reserve and construction, another \$4 billion; for the federal funds, another almost billion; revolving funds, a half a billion. Trust funds, now trust funds gets a little bit complicated because when you look at the breakdown that I gave you on the, the annual report, there's trust funds separate with 3 for \$72 million. So the reason I wanted-- and it breaks down also the Enable Fund at \$38 million. Compared to where we were with, again, the operating investment pool in 2017, we were at \$3.6 billion. And today we are at, as I just mentioned, at the end of January, approximately \$10.4 billion. That does not mean all those dollars are available. You have-- you have dollars that have been accounted and, and, and earmarked based on statute. You also based on the idea that, for example, we have \$2.1 billion available for the-- in the General Fund does not mean we have just \$2.1 billion, even though this was the average daily balance in the month of, of January. So I don't want to be-- I don't want to confuse people. At the same time, it's very important to read the Nebraska, Nebraska Investment Council's annual report. And going forward, this was something that was brought to me when I first started in 2017, how important, important this is based on the financial health of our state.

FREDRICKSON: Yep. And I-- and I, I appreciate you shedding some clarity on that. So, Senator McDonnell, can you tell me-- so when you

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

look at that \$23 million available for the floor, based on the information you're saying there, does that seem like an accurate number to you? Does that seem low to you? How do you-- is that-- tell me your thoughts on that.

McDONNELL: No. As, as the committee and, and discussing and I, I think Senator Clements is right answering that question earlier about we want to stay within that, that \$23 million.

KELLY: One minute.

McDONNELL: Now the idea of-- you have to look at prioritizing. And, of course, we all realize I've never talked to a senator that didn't think the state of Nebraska, the taxpayers, every dollar was important. And we, we realize that. But when you start looking at potentially going back to the month of, of January, if you look at the, the amount of dollars and the market, we're looking at about \$200,000 every hour the market is open. And that's a credit to our Investment Council, the people that are, are working on that and trying to manage the 30, 33 investment accounts-- programs that we have. So we are doing very well. I wanted to establish that as a state, we are very-- in a great financial position and we are very financially healthy.

FREDRICKSON: Thank you, Senator. I appreciate that. And I just quickly-- I know I'm up on my time, but I just want to highlight that. That, you know, we-- when we hear about how much money we have left on the floor, we keep hearing we have no money, we have no money. We can't afford this. We can't afford this. We have \$23 million to appropriate as a budget this year and we get to decide what those priorities are. Thank you, Mr. President.

KELLY: Thank you, Senators Fredrickson and McDonnell. Senator Clements would like to recognize some guests under the south balcony: his daughter, Sarah Mayo, and his granddaughters, Eleanor and Jocelyn. Please stand and be recognized by your Nebraska Legislature. Senator McKinney, you are recognized to speak. Senator Walz, you're recognized to speak.

WALZ: Thank you, Mr. President. I just wanted to stand up and continue to talk a little bit about the concerns I have regarding the cuts in behavioral health. It's just something I'm very, very passionate about. And I'd like to read you a letter from Mary Ann Borgeson, who is the chairwoman-- commissioner on the governing board for Region 6, which is my area. Not very often do I stand up and read a letter, but

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

I think Mary Ann provides a good perspective on the funding, the obligations, the challenges, and the consequences of the cuts. Good afternoon, Senators. I am writing to you in hopes that something can be done when you begin to debate the budget about the \$15 million cut loss to our 6 behavioral health regions. As of 2024, mental health remains a significant concern for Nebraska. While there have been advancements in understanding and addressing mental health issues, challenges persist. Factors such as provider capacity, workforce shortages, access to mental healthcare, and the impact of external stressors continue to affect individuals' mental well-being. One positive trend is the increasing awareness and destigmatization of mental health issues. More people are recognizing the importance of seeking help and speaking openly about their mental health struggles. Additionally, technology has played a significant role in expanding access to mental health resources, with teletherapy and mental health apps becoming more prevalent. However, despite these advancements, disparities in mental healthcare persist. Access to quality mental health services remains a challenge for many, exasperated by factors such as socioeconomic status, geographic location, and systemic barriers. Overall, while progress has been made in raising awareness and expanding access to mental healthcare, there's still much work to do to ensure everyone has access to support and services they need to maintain their well-being. Cutting valuable resources at this time would not be prudent for the mental health service delivery systems. Regionally, overall, here are some things to think about with this cut. With less funding, the regional, regional behavioral health authorities will be forced to reduce capacity for services and thus cause a decrease in services and a decrease in access to services. If the \$15 million cut goes through, more individuals will show up in emergency rooms and hospital beds and be held in jail. And, colleagues, that's an issue that we've been trying to deal with for many, many years. Previous rate increases for fiscal year '24, fiscal year '25, without the corresponding General Funds appropriation, has already put a strain in the regions and cost capacity and service reductions. When working with the Division of Behavioral Mental-- of Behavioral Health on potential new projects, delays in the approval process are common, and it can take months to reach an agreement and initiate those programs. Regions are still not stabilized from the COVID-19 pandemic in regard to staffing and program enrollment. Reducing aid at this time will hinder current efforts being made to return to prepandemic numbers. And I think it's really important to note this. Once dollars are allocated to the regions in the budgeting process, once dollars are allocated to regions in the budgeted-- budgeting process, the funds become

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

obligated. I should have said once the dollars are allocated, their funds become allocated in programs and projects within their annual budgets. Regions have limited flexibility in what their programs-- in what their-- in what programs they are able to establish, independent of what the Department of Behavioral Health allows. Since I represent--

KELLY: One minute.

WALZ: --Region 6, here are some real issues that will affect our region. Region 6 is projected to lose \$4.1 to \$4.9 million under the proposed budget reduction. That's 19 to 23% of the state General Funds. Region 6 has started 3 new initiatives this year. They are at risk if the budget is reduced. Those initiatives are: new residential services designed to assist individuals with transition back into the community, training and consultations with network providers on evidence-based treatment and triage Crisis Stabilization Center developed in partnership with Sarpy County. The loss of dollars would prevent us from addressing the current issues with too many people in behavioral health crisis waiting in our hospital emergency departments are being sent to the Douglas County Correctional Facility, needing to access to-- needing access to services for their mental illness. I'm hoping that when this debate hits the floor, you will take--

KELLY: That's your time, Senator.

WALZ: --in consideration-- thank you, Mr. President.

KELLY: Thank you, Senator Walz. Senator Wishart, you're recognized to speak. Senator Blood, you're recognized to speak.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, the few that are left in the Chambers, I am still in support of this IPP motion so we can continue to negotiate and talk. I would ask that Senator Clements yield to some questions.

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

CLEMENTS: Yes.

BLOOD: Thank you, Senator Clements. Senator Clements, I'm going to go back to the budget meeting that you had with senators and just clarify some things, if that's OK.

CLEMENTS: Yes.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

BLOOD: I don't think they'll be really hard questions.

CLEMENTS: OK.

BLOOD: You're such a smart guy. I'm not worried. So, originally, the Governor requested how much from your committee? I have \$213 million. Is that correct?

CLEMENTS: That was in the first year, and I think another \$60 million in the second year of transfers.

BLOOD: And then 198 was approved. How much was approved?

CLEMENTS: Yes.

BLOOD: Can you tell me what the \$15 million difference-- \$15 million difference, what difference it would have made? Was there certain pet projects? What did he want to do with that money?

CLEMENTS: That was 30-- the-- what we did not approve is \$39 million total.

BLOOD: 39. OK.

CLEMENTS: And, you know, there were a number of items where either the committee already had obligated funds. There was Secretary of State has a software program that he needs to purchase for a million and a half dollars. So we did not do that transfer. There were items like that where the funds being requested really had been obligated.

BLOOD: But what was the-- what was the initial intent? You tell me why we couldn't give them the money. Were there other things that he wanted that he's not going to get or--

CLEMENTS: The-- well, the requested funds transfers, we didn't want to use money that already agencies needed to spend.

BLOOD: Right.

CLEMENTS: But we did transfer money that appeared to be a surplus in the accounts.

BLOOD: And then on the LRC, I see there's an increase in staffing, which is long past due. And I appreciate the fact that they are at least at the very least, trying to build the staffing back up. But I didn't see any money in the budget for additional training. Am I missing that?

CLEMENTS: Could you--

BLOOD: For LRC, Lincoln Regional Center?

CLEMENTS: Oh. It was, yeah, it was described as staffing. Training wasn't specifically included, but I would assume that they would do that.

BLOOD: They need-- I don't know if you've been following what's been going on at LRC, but staff is being assaulted weekly. I-- there's been more staff assaults since I've been working on that project than I ever saw working for 6, 7 years in the state prison system. They need to have procedural training, which is training that will teach them to protect themselves, not just keep the patient at a distance. So--

CLEMENTS: Yeah.

BLOOD: --I was really hoping to see some of that in the budget. That's, that's why I'm asking.

CLEMENTS: Yeah, I agree. I've heard those reports in the news and I agree that, that it would be important for staff.

BLOOD: And then it says \$20 million increase for DHHS foster kids. Is that correct?

CLEMENTS: Yes.

BLOOD: Does that sound right?

CLEMENTS: Yes, the department--

BLOOD: And so--

CLEMENTS: --requested that.

BLOOD: --what will those funds specifically be used for?

CLEMENTS: That's extra-- additional expense they have in taking care of foster kids. And I don't know, you know, we didn't get a detailed breakdown of that. Just the overall program costs have gone up.

BLOOD: That's-- I-- I'm going through notes, and I watched a lot of the meetings. And, and I'm just not clear on how the money is being spent. Of course, we want to spend money on our foster kids and make sure that our families are safe and the children are protected. But

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

sometimes we see these big bunches of money going in. You never know if it's for staff or if it's for services.

KELLY: One minute.

BLOOD: But I can circle back and talk to you about that. I didn't mean for that to be a gotcha question.

CLEMENTS: Oh, I have the request from the agency here.

BLOOD: OK.

CLEMENTS: They request increased monthly expenses. The monthly expenses increased in fiscal year '24, averaging \$18 million a month, up from \$16 million a month previously. And they're wanting this to mitigate concerns with their appropriations.

BLOOD: Thank you, Senator Clements.

CLEMENTS: You're welcome.

BLOOD: Thank you, Mr. President.

KELLY: Thank you, Senator Blood and Senator Clements. Senator, Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. I think you were just expecting that I was going to ask Senator Clements to yield to a question.

KELLY: Senator Clements, would you yield to a question?

CLEMENTS: Yes.

M. CAVANAUGH: Thank you, Senator Clements. So a couple more cash funds I, I would like to ask you about, if you don't mind.

CLEMENTS: Yes.

M. CAVANAUGH: One being the Tobacco Products Administration Cash Fund, because I saw the transfer changing it from \$7 million to \$15 million. And my question was, is this different than the tobacco tax that we collect? I was-- I tried to figure it out myself and I honestly, I couldn't. I was looking at the tobacco tax legislation because we allocate that by pennies to different things.

CLEMENTS: Yeah, that's-- yeah, that's cigarette tax.

M. CAVANAUGH: Cigarette tax.

CLEMENTS: It's not the Tobacco Settlement--

M. CAVANAUGH: OK.

CLEMENTS: --Fund. That's cigarette tax.

M. CAVANAUGH: And this is the Tobacco Settlement Fund?

CLEMENTS: No. No, it's--

M. CAVANAUGH: OK. What is-- what is the Tobacco Administration Cash Fund?

CLEMENTS: That comes from tax on cigarettes.

M. CAVANAUGH: OK. So the cigarette tax, however, is allocated. All of that tax is already allocated in statute. So I'm, I'm just--

CLEMENTS: Yes.

M. CAVANAUGH: Yeah. So I'm just wondering how we can take the \$15 million versus the \$7 million that was previously allocated. Do we collect more because would we need to appropriate that?

CLEMENTS: No. The balance has been increasing. In the last 5 years, it's gone from \$300,000 to \$6.5 million. It receives \$9.5 million a year of revenue and has been spending \$7 million. So there's been a \$2.5 million-- there have been transfers of \$7 million, with \$2.5 million a year that's been accumulating to the \$6.5 million. The, the transfers will leave \$1.3 million, with revenues still coming in of \$9 million a year. That's on page 56 of the gold book.

M. CAVANAUGH: Oh, and I left that down in my office. OK, page 56 of the gold book. I will look at that on my own. I'll write that down, page 56. One other cash fund I wanted to ask about, well, there's actually a few, but one that I was really curious about is the Charitable Gaming Operations Fund.

CLEMENTS: All right.

M. CAVANAUGH: And how are we able to take money out of that fund? Is that not already obligated?

CLEMENTS: With the notes I have, that's on page 55 of the gold book, that they had a balance of \$4.5 million with \$8 million coming in per

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

year. And the-- it does draw them down to about \$550,000. But my notes said the agency was OK with this.

M. CAVANAUGH: Which agency?

CLEMENTS: Revenue. The Department of Revenue handles that. They're Agency number 16.

M. CAVANAUGH: OK, so this isn't already allocated to a specific usage?

CLEMENTS: Correct.

M. CAVANAUGH: Because I guess it was my understanding that this was supposed to go to gamble addiction.

CLEMENTS: Well, they haven't been spending all of their revenues. Revenues have been about \$8 million. They've been spending \$1.5 million.

M. CAVANAUGH: They haven't been spending all of their million-- their money on addiction. They are only spending \$1.5 million on addiction services?

CLEMENTS: So the analysis does show about \$1.5 million in the last 5 years of expenditures, which has built up that fund.

M. CAVANAUGH: Have we--

CLEMENTS: It's like the other funds.

KELLY: One minute.

M. CAVANAUGH: It's likely what? Sorry.

CLEMENTS: It's like all of these funds do have a purpose, but it hasn't been used for that purpose. So it's taxpayer dollars. So it's being--

M. CAVANAUGH: Are, are we asking why it's not being used for that purpose?

CLEMENTS: No.

M. CAVANAUGH: Because that seems like we've had a lot of conversation this week already about addiction and opioids. And if we have a fund specific for helping people with addiction and we have an addiction problem in the state--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

CLEMENTS: Yeah.

M. CAVANAUGH: --perhaps that's how we should be using the funds.

CLEMENTS: Yeah, the Department of Revenue is where this money lies. And I think--

M. CAVANAUGH: Who operates the program?

CLEMENTS: Yeah. I'm not sure.

M. CAVANAUGH: OK.

CLEMENTS: It's a division of the Revenue Department.

M. CAVANAUGH: OK. Thank you. I appreciate your time. Thank you, Mr. Chair.

KELLY: Thank you, Senator Cavanaugh. Senator Sanders would like to recognize some guests in the north balcony: Julia Paulzer and Nancy McKade from Omaha, Nebraska. Please stand and be recognized by your Nebraska Legislature. Senator Conrad, you're recognized to speak.

CONRAD: Thank you, Mr. President. Good morning, colleagues. Friends, if you check the queue, there's only about 2 or 3 more names that are waiting to have another turn at the mic. And I just wanted to utilize this opportunity to provide a brief process update. So there have been a significant amount of conversations and negotiations happening amongst different stakeholders to try and figure out a path forward and to try and figure out the best way to structure debate to ensure that we have and continue a robust discussion on the budgetary package, but that we do provide and afford for enough time for some of the substantive amendments to (a) be drafted, (b) discussions to continue happening, and (c) to get back and down and on the board. So there's no reason for anybody to get nervous or itchy or start to pull tricks out of the Rule Book and, you know, look at things like having the pressure of a Speaker major proposal on this because it's not necessary. We are working closely with the Speaker and members of Appropriations to figure out the best way to structure the remainder of our debate. The queue is organically dwindling. So that will put a definitive vote and/or opportunity on the motion that's on the board for the introducer to withdraw and allow for the committee amendment to come up, which I know is a procedural goal of some stakeholders as we structure the debate moving forward. If and when that happens and it is agreed to, is an act of good faith. That is something that we're talking about to ensure that the committee amendment can come up, but

not removing the pressure from the negotiations on some of the key issues that are coming forward, which is constructive and helpful. The other thing that I just want to note from kind of a historical perspective, it doesn't matter if there's a hostile motion on the budget first, or if it's the committee amendment or if it's subsequent amendments. Whatever is first on the board when the budget hits the agenda, that's where the energy and the interest and the discussion is generated from. And as has been evidenced for now, headed into our second day of debate on the budget, the first round of budget, which should rise to the level of significant debate, everybody's talking about different aspects of the budgetary package. Our comments have not been constrained to the motion or to the pending committee amendment, even though it has yet to rise to the board. But whether through a vote or whether through a magnanimous effort by Senator Cavanaugh to withdraw the motion when it comes up, that is an act of good faith to allow for a structured approach for our remaining hours on General File debate. And whether it's the Governor's Office or state agencies or other members of the body who are nervous or concerned about the committee amendment, they can just take a beat, take a breath, calm down. There's no need to move forward with a nuclear option in terms of designation to structure the debate. But if and when that motion fails or is withdrawn, that is an act of good faith. And I want to make sure it's on the record, because I don't want the specter of those kinds of--

KELLY: One minute.

CONRAD: --procedural threats remaining as we move forward. Thank you, Mr. President.

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

ARMENDARIZ: Thank you, Mr. President. I just wanted to get back to rejoin my thought process during the committee hearings on some of the questions that have been raised here. I know behavioral health has been a big one. I want to reassure everybody that behavioral health services that are currently being provided are not being cut with this. One of the issues that happened with behavioral health, and there are a couple, we expanded Medicaid. And a lot of the folks that took advantage of the behavioral health through the regions can now be treated through the Medicaid process and are being treated that way. The regions themselves did ask for more money to be allocated to them. And in digging deeper, both with the regions, meeting with the regions, meeting with HHS, there's a conflict. So the money we're

sweeping has been carrying over year over year and not being used. And when asked why that money isn't being used, that's where the conflict is between HHS and the regions and their utilization of that. There seems to be some reasoning behind that needs to be resolved both between HHS and the regions. It's-- there's timing issues in the way the budgets are presented, and that can be fixed. I, I really believe that can be fixed, but that needs to be fixed at that level between those. And I have no problem facilitating those conversations between that agency. I, I will not add more to the ever-increasing balance of behavioral health until that conflict is fixed, so that we can distribute those funds accordingly and how they want to be used. I hope that addresses some questions about why those funds aren't being used. It does need to be fixed at the level between the regions and HHS. I do believe they are working on it and some of the improvements have been made. So then on to ARPA, I know ARPA has been brought up. The ARPA bill for north and southeast Omaha was signed before my time. I did not understand that there was a provision or intent language added that all unused ARPA funds would also go to north and southeast Omaha. I was here last year, though, when a bill was presented to move all ARPA funds off of that project, because the project didn't feel comfortable that they would be able to use them within the confines of the dates ARPA demands. So just so everybody knows, ARPA needs to be-- have signed contracts by the end of this year. That project wasn't comfortable that they could actually do that and were ask-- asked the Legislature to please give them cash funds in replacement of ARPA funds. With that, maybe there was a cleanup bill that should have been done to remove that intent language as well. Our understanding was they couldn't use ARPA funds. So I don't know why at the end of this year, with only a few months left of contract signature, they would be able to use unused ARPA funds. Also, we are trying very diligently to work as a committee to make sure we do use all of those ARPA federal funds that we get. There are projects that aren't in process far enough that we have confidence that they will be used. We're trying to make sure they don't just get lost back to the federal pool. So at the end of the fiscal year, we will reevaluate those projects that maybe won't be able to use it, and they can be reallocated to current ARPA projects that are underway, just to make sure that we can use all of the federal funds that are coming to our state for help in that way.

KELLY: One minute.

ARMENDARIZ: Thank you, Mr. President. I'll try to get through public assistance since I have one minute left. So my understanding, public assistance are entitlement programs, so we're reducing it. During COVID, it did bump up and was used, but since then it has tapered off

and it is not being utilized for whatever reason at the level it was during COVID. So there are-- there are a lot of carryover dollars. We did reduce the allocation because year over year it has reduced and being spent. Now, since these are entitlements, we do have an obligation as a state to fill that need should those requests come in. People that qualified do need to be helped through that fund, and appropriations will be asked for that money back if that money is needed again. Thank you, Mr. President.

KELLY: Thank you, Senator Armendariz. Senator Vargas, you're recognized to speak. Senator John Cavanaugh, you're recognized to speak, and this is your third time today on the motion.

J. CAVANAUGH: Thank you, Mr. President. And for once, we agree. We've had recently some miscommunications between myself and the Chair, whether it's the Lieutenant Governor or others, about how many times I get to speak. And believe it or not, colleagues, I'm usually the wrong one, even though I feel like I am right. So this time the Chair is correct and I agree with him. So in both. So I think we're getting close to the end on this conversation on the IPP. So, again, I support the IPP. And I would just again point out I really appreciate Senator Armendariz's conversation. I think she's done a really nice job of explaining a lot of the nuances of particular decision-making that have been-- that are helpful in understanding the process for those of us who don't get to sit in the room for all the times. So I really do appreciate that. And that doesn't go unnoticed or unappreciated, Senator Armendariz, so thank you for that. I did want to comment on something Senator Clements said earlier, in reference to court interpreter money. I, of course, support the appropriation for court interpreters, which is an amendment that I believe we will get to later. And I support that for a number of reasons. Court interpreters are instrumental in effectuating justice in our-- in our court system, but also a judicial efficiency. Anybody who has actually practiced in a courtroom will tell you that if a court interpreter is late, the whole calendar gets thrown off. Or if a court interpreter is not ordered, the case gets continued or-- and cannot be disposed of. And so we end up having a lot more judicial resources get tied up as a result of our unavailability of court interpreters. And so that it's really important that we have qualified court interpreters. We're also seeing increase in number of languages that we need interpretation for because of the number of folks who are moving to our state and finding themselves in the court system. So that's another really important reason. But we gave the court interpreters a raise last year to make sure that they continue working. They, you know, rightfully so, provide an essential service. And a number of them are saying that

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

they can't afford to provide this service unless we pay them more. So they're asking for a raise. The court wants to give them a raise, but they say they don't have the money. And to get to the point of what Senator Clements said is he looks-- they talked with the courts. They've looked at the fee, the court funds, cash funds and said that they have the money there. But I would just point you all to, if you recall, when the Chief Justice was here and gave us the state of the courts address, talked about one of the things that the court is looking forward to in the next couple of years is getting an updated computer system. They currently operate on a system called JUSTICE that is not user friendly for all folks involved in the criminal justice system or in the civil justice and the court systems overall. And it is really necessary that we get this updated system. But additionally, we need it because as we have a lot of these conversations here, we talk about wanting good data about types of cases that are charged, how they're disposed of. You know, in the landlord-tenant conversation we had last week, would have been really useful to have some, some good data that we're unable to collect because of this old system. In conversations about sentencing reform, being able to collect data on how a case is charged versus how it's disposed is something--

KELLY: One minute.

J. CAVANAUGH: --we're not capable of collecting. And so that is something we really need. That, however, will be expensive to implement. And the court maybe is sitting on some of that money that they had-- they are intending to be a contribution towards that update. This is something we really need. They need to have the money to do it. They're going to come ask us for it. But they have some money that they could use for it, and that is partially what they're intending this money they are sitting on for. This goes across the board for a lot of these cash funds we're talking about. There may be money in the fund right now. It has a future intended purpose. The roads funds, of course, have future intended purposes. The Universal Services Fund has future intended purposes. A lot of these funds are sitting there, and they look like there's a lot of cash on hand, but they have very expensive things they're maybe saving up for so that they can purchase a new computer system that will make everybody's lives easier and--

KELLY: That's your time.

J. CAVANAUGH: --will help us. Thank you, Mr. President.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

KELLY: Thank you, Senator Cavanaugh. Seeing no one else in the queue, Senator Machaela Cavanaugh, you are recognized to close on the motion.

M. CAVANAUGH: Thank you, Mr. President. I'm actually going to continue on the same train of thought as Senator John Cavanaugh. The cash funds are-- taking money out of the cash funds is a one-time thing. This is reserves that have been built up because either, as Senator John Cavanaugh stated, that they have been allocated for future uses or we've been charging too much in fees and it's a mixed bag. But if we've been charging too much in fees, we should be figuring that out, because we should not be overtaxing, overcharging Nebraskans. So I think that it's been stated by many people in many different ways over the last 2 days that this fee situation has become a situation. So I anticipate, if not myself, others will bring forward an interim study to address the fees. And next year I think we will see some legislation. So Nebraska, hold us accountable and make sure that we introduce legislation next year to lower some of these fees, because we should not have these excess funds to sweep every 20 years or however often we do it. But if these funds are being reserved for specific usage, we need to take that into account. And I'm not confident that we have. I'm not confident that we have. I think that we need to reconsider some of these cash funds and their purpose. So what's happening now is this motion is blocking the committee amendment. And what I'm going to do when I'm done with my time is I'm going to pull this motion and we're going to get to the committee amendment. And we will continue the conversation on the committee amendment because there is a lot to discuss. I do want to acknowledge and thank the members of the committee for standing up and, and talking about the bill. It is extraordinarily helpful to hear more of the thinking and the conversations that you all have had. It helps inform the body, and I really appreciate this robust conversation we've had since yesterday. And I'm very grateful to Senator Clements for continuing to agree to yield to my questions, because I do have a lot of questions, and he's been very gracious with his time and energy in giving me some answers to those. So if Senator Clements is ready to open on the amendment, I withdraw my motion.

KELLY: Thank you, Senator Cavanaugh. Without objection, the motion is withdrawn. Mr. Clerk.

CLERK: Mr. President, General File, LB1412, introduced by Speaker Arch at the request of the Governor. It's a bill for an act relating to appropriations; amends several sections of law; provides, changes, and eliminates appropriations for the operation of state government, postsecondary education, state aid and capital construction; provides,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

changes, and eliminates appropriations of funds allocated to the state of Nebraska from the federal American Rescue Plan Act of 2021, 42 U.S.C. 802, as amended; repeals the original section; declares an emergency. The bill was read for the first time on January 18 of this year; referred to the Appropriations Committee. That committee placed the bill on General File with committee amendments, Mr. President.

KELLY: Senator Clements-- Senator Clements, you've already opened on the bill. You're recognized to open on the committee amendment.

CLEMENTS: Thank you, Mr. President. The committee amendment, AM2566, is a white copy amendment, which becomes the bill and adjusts the 2-year budget that was passed in 2023. The provisions change the budgeted appropriations for fiscal years 2024 and 2025, which ends on June 30, 2025. On page 44 of the shamrock green book, it shows the major state agency budget changes that the committee has approved. The Department of Revenue's homestead exemptions increased by \$15 million per year. That's an obligation that-- of the state to, to refund those monies. In Department of Health and Human Services, the child welfare program needed a \$20 million increase this year, as we have discussed earlier. That's an additional appropriation. And the regional centers added \$15 million for staffing, which we also have discussed. And the Developmental Disability provider rates were increased by \$10 million, which I've been told that's replacing some expiring ARPA funds and continues. But the Developmental Disability is receiving a 2% increase in the coming fiscal year. The Department of Economic Development added \$2.5 million for a bioeconomy program. The Office of Chief Information Officer provided computer assessment reductions of \$14 million, which is credited across various agencies. And if-- you can see, on page 44, those are just the highlights. There's some other additions and subtractions from those amounts. The committee statement for LB1412 has a summary of 16 bills that were adopted into AM2566. These are listed on page 4 of the shamrock green committee budget proposal book. I'll discuss some that have significant dollar amounts, but not all 16. LB858, from Senator Linehan, adds 1 full-time employee to the Department of Education Financial Services, for help with TEEOSA analysis, for \$75,000-- \$74,000 of salary increase, plus tax and benefits. LB941, from Senator Dorn, adds \$1.5 million in ARPA funds for assisted living Medicaid providers. LB1077, from Senator McDonnell, has \$900,000 in ARPA funds for workforce development, especially career programs through high schools. LB1124 and LB1125, from Senators Vargas and Wishart, provide \$1.4 million per year from the Medicaid Managed Care Excess Profit Fund for early intervention home visitation programs. LB1209, from Senator Bosn, provides \$2 million in ARPA funds to the CEDARS Home of Lincoln for a \$3.5 million

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

facility addition. LB1210, from Senator Clements, provides \$1.5 million from the Cash Reserve for renovation of the Capitol's fifth floor. LB1275 and LB1378, from Senators Brewer and Dover, provide a total of \$2.4 million from the Cash Reserves for radio upgrades for volunteer first responders. LB1281 [SIC], from Senator Bostar, provides \$3 million from the Cash Reserve toward a \$96 million Lincoln Airport runway replacement. The FAA and National Guard will provide \$84 million, leaving \$9 million yet to be funded outside of the Legislature. LB942, from Senator Dorn, that is not in the amendment, requests an increase in long-term nursing facility Medicaid rates. This bill is still in committee, and we're having a hearing today to amend the bill. The plan is to replace it with an assessment provision similar to the hospital assessment plan, then to amend it on the floor to LB130, now on Final Reading. And so that's why you, you don't see an appropriation on long-term care yet, in the budget. In a new item, Madonna of Lincoln long-term care facility is allocated \$10 million of Cash Reserves and \$5 million in ARPA funds toward a \$30 million HVAC upgrade. This is the unit that houses Medicaid ventilator patients, saving the state on hospital ICU costs, and a very specialized group of people. The balance of the ARPA funds of \$20.8 million is transferred to the Department of Transportation for road projects. The Governor's recommendation had \$35 million in ARPA funds going to roads. The committee was able to utilize the ARPA funds in other areas, some of the ARPA funds, to save on General Funds where possible. If you have your green book [INAUDIBLE], you can turn to page 5, where it shows the resulting General Fund financial status. Line 25, in column 3, shows the fiscal year 2025 ending balance of \$574.8 million. However, the last column shows \$68.5 million balance in fiscal year 2027. This is from lower projected net revenues of \$117 million, and budget spending of 2% a year projected increases of \$388 million over those 2 years. The Governor's January gold budget book, on page 17, had only a \$17 million ending balance in 2027, as the \$50 million Forecasting Board revenue had not been known at that time. Still on page 9-- page 5, a major expense is shown on line 9, which is fund transfers out of \$944 million in 2025, increasing to \$976 million by fiscal year '27. It's made up of property tax credits of \$395 million, increasing to \$442 million. The Education Future Fund is funded with \$250 million transfer from the General Fund. And the Community College Future Fund, which is new, is a-- has a transfer of \$255 million in fiscal year 2025, and it will be increasing to \$273 million. That's just a description of where the revenues are going, and why there's a decrease in the out years, fiscal 2027. A major change from the preliminary report is in line 18. Public school state aid from the TEEOSA formula increased by \$94 million over the December

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

2023 estimate. We've been told that the adjustment comes from increases in school operating expenses being more than expected, which then become funding items in the TEEOSA formula of state aid. Page 27 in the green book discusses the TEEOSA increase in more detail from year to year. Those are the major provisions of AM2566 to LB1412. I encourage senators who brought budget bills to discuss their bills, and I invite other senators to discuss other provisions. And I ask for your green vote on AM2566 and LB1412. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Senator Dover announces some guests in the north balcony, 52 fourth graders from Grant Elementary in Norfolk. Please stand and be recognized by your Nebraska Legislature. Mr. Clerk, for items.

CLERK: Mr. President, a few items quickly. Your Committee on Education, chaired by Senator Murman, reports, reports LB550 to General File with committee amendments. Additionally, motion to be printed from Senator Conrad to LB43A. And notice of committee hearing from the Health and Human Services Committee. As it concerns LB1412, Mr. President, Senator Machaela Cavanaugh would move to bracket the bill until April 18, 2024.

KELLY: Senator Machaela Cavanaugh, you're recognized to open.

M. CAVANAUGH: Thank you, Mr. President. OK. So the motion now is to bracket. So if we get to a cloture vote, we would go through the cloture vote and then the motion. And then if the motion fails, which, I'm sure it won't, everybody will vote for my motion. But if people don't vote for my motion and it fails, then we will vote on the committee amendment, which is a white copy amendment to the budget, and what is predominantly what we have been focusing on in the debate since yesterday. I want to thank the Fiscal Office staff for answering my questions off to the side. So I-- a rough estimate is that the cash on hand for the Department of Roads, essentially, is \$181 million, but that doesn't actually indicate-- I think it was \$57 million-- \$52 million that is curr-- 52? 57. \$57 million that is currently listed as obligated, \$181 million cash on hand, but that may be obligated. We don't know. And I, I bring this up because this is a problem that we have as overseers of taxpayer dollars. The Department of Transportation does not have to go through the Legislature for money, typically. Now, obviously, the \$20 million that we're giving them in ARPA funds, they did have to go through the Legislature. But, typically, they do not have to go through the Legislature for money, because they have the Highway Cash Fund or trust fund, that comes from the gas tax and other taxes, all funnel into this pot of money

automatically, that they get. And we have no control over it. So I don't know how that came to be. I've always found it to be very curious. And that means that we don't really have control on priorities within that department and that agency. So when we're looking to have, I don't know, a highway to Columbus or a highway to Fremont or a highway to Norfolk-- a highway to heaven. Thank you, Senator Jacobson. That's a great show. Very throw back there-- we, we don't have control over those priorities. That's not to say that they aren't good stewards. I'm not trying to say that at all. I'm just trying to explain how the sausage gets made, basically. And we don't know if they're good stewards or not because we don't really have access to that. So I, I-- that's something that I flagged, because I would really like us to have a better, clearer picture-- is that \$181 million obligated? Do they need the \$20 million? Because that \$20 million then shifts \$10 million to our General Funds, because we are taking-- on page-- of the green book-- my apologies. I think it was page, page 44. So we have-- nope. That's the wrong one. I apologize. But I have-- how many-- how much time do I have left?

KELLY: 6 minutes, 28 seconds.

M. CAVANAUGH: All right. Well, I think I can find the page by then. That's the base reductions. We, we had this discussion yesterday morning about the ARPA funds, and that we were moving money from ARPA funds to General Funds in order to fund different things with ARPA funds. And part of that is-- here we go, page 38. OK. So we are reducing-- well, we're reducing behavioral health acute care beds by 2,500 and military administrative costs by 4--20-- sorry, not 2,500-- \$2.5 million, military administrative costs by \$4 million. These are ARPA funds-- dairy industry study by \$32,000, nuclear study by \$137,000, DHHS DD provider rates by \$27,500,000 this year and \$27,500,000 next year, so we're reducing the ARPA funds. Now, what was discussed yesterday morning at the briefing, is that we are doing that because we can get \$17.5 million in fed-- matching federal funds, or FMAP. We can get that if we take this from the General Fund. \$10 million General Funds, \$17.5 in FMAP. OK, great. Put that together. There you have it. But that means we are shifting this funding to the General Fund, and that will end up being \$20 million over the biennium. And then we are taking \$20 of that \$27.5 and giving it to the Department of Transportation for surface transportation. Not opposed to infrastructure investments at all. I just want to know, do they need it? Do they need this money? Because we don't have a clear picture of how they are funded. We don't have a clear picture of their obligations. Do they need \$20 million more this year and \$20 million more next year, which is also going to shift \$20 million, over the

biennium, to our General File-- General Fund. So that's a question I would like an answer to at some point in time. And I also would like to address what I brought up previously to Senator Clements, the, the shift of money from the Highway Trust Fund to the Department of Motor Vehicles for the increase in the expense of the license plates. So we've-- so license plates increase-- the cost of, of sheet metal is more expensive, so license plates are more expensive. Don't worry, everybody. We still are paying slave wages to the people who make the license plates. Our license plates should cost a lot more, but they're made by people who are incarcerated, who are paid about a dollar an hour. So, so since we're not increasing the wages, we're just paying for the cost of sheet metal, license plates are costing \$411,538 more. That money is coming from the Highway Trust Fund, but must be paid back as those license plates are sold and those fees come in. The DMV then has to take that money and give it back to the Highway Trust Fund. So that is adding a layer of administrative costs to how we are doing our license plates. But at the same time, we are taking money from the DMV to the tune of \$1.16 million this year and \$500,000 next year. We could, stick with me, friends, reduce the amount we are taking this year by \$411,538, to eliminate an entire transfer back and forth between the DMV and the Highway Trust Fund. I would like us to consider that. I think that is a much more efficient way of doing governing, and it is better for the Department of Motor Vehicles. I think that we should have that conversation. They might appreciate us paying attention to this laborious act that we are trying to put into statute-- well, not statute. The budget. It's different than statute. So sorry to nerd out on roads and cars, but that's what almost 7 years on the Transportation and Telecommunications Committee will do to a person. How much time do I have left, Mr. President?

KELLY: 1 minute, 25 seconds.

M. CAVANAUGH: OK. What cash funds can we get to in 1 minute? Because I have-- I have a lot. So the gambling cash fund, which, again, thank you to the Fiscal Analysts for coming and talking to me about that. So the gambling cash fund, apparently we have in statute that--

KELLY: One minute.

M. CAVANAUGH: --thank you-- 60% of that automatically goes to the General Fund, and then 40% is used for administration. And we have in statute how much of that 40% gets transferred to the Gamblers Anonymous, and it is only \$400,000. And that is why that reserve has been built up. And I think we should really consider investing more in addictive services. I'm actually not super thrilled that we use 60% of

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

the gambling taxes for the General Fund, but I get it. But that 40% that it has amassed over years, why have we not increased what we are putting towards addictive services? And it doesn't have to be just gambling. Addictive behavior is addictive behavior. We can put this money towards addiction writ large, programming, services, inpatient, outpatient, on and on and on.

KELLY: That's your time, Senator.

M. CAVANAUGH: Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Dungan would like to recognize some guests in the north balcony from Civic Nebraska, the Housing Afford-- Affordability and Justice Lobby Day. Please stand and be recognized by your Nebraska Legislature. Senator Wishart, you are recognized to speak.

WISHART: Thank you, Mr. President. Colleagues, I did want to talk about a couple of funds that were brought up today. First, in terms of the Water Sustainability Fund, it's, it's important to note that those dollars are sort of governed by a separate commission that determines where those dollars go and, and what projects we invest in through a grant application process. With that said, even with the money that was removed in this deficit budget from that fund, there is still an additional \$20 million in the Water Sustainability Fund that, at this point, is unobligated and above and beyond the current programs that are being funded by that grant, grant program. And so that is why, for me, I had a comfort level, that that fund still has a significant amount of funds available to grant out to water programs, through the, the commission's process. And there is some room for us to be able to utilize those funds differently. I did want to talk about roads, because that is an area that I supported in the budget. Colleagues, we have over \$8 billion worth of needs across our states in terms of roads infrastructure, \$8 billion. We have contributed a significant amount of funding to roads. But as you can see, even the amount that we're providing, even with federal funding coming in to match some of those dollars, is not going to meet the needs that we have. And roads are not only important for economic development, for the ability for people and, and goods and services to move back and forth across the state, but they're also a major public safety concern. There are roads in our state right now that we hear from constituents are not safe for the amount of traffic that is occurring on those roads today. And so, yes, I, I do think as a state, we need to, just like we prioritized water infrastructure and need to continue to prioritize water infrastructure, I do think it is a basic ob-- basic obligation of

government to make sure we have safe, effective transportation infrastructure in the state, and that is prioritized in this budget. And I have full faith and confidence that Director Kramer is able to get these dollars out as fast as possible to go and support the infrastructure needs we have in this state. And, frankly, we-- I hope that, as we move forward and we utilize some of the tools that we've passed in this Legislature in terms of bonding, that we're going to be able-- be able to support her and her team's efforts to get those dollars out to support our roads infrastructure in this state. I did want to talk a little bit about housing, as well. We had robust discussions and, and debates in committee around housing. I am one of the committee members that feels we should invest even more in housing, recognizing that that is also a vital infrastructure need in our state for, for public safety, for economic development, and just for quality of life. And in Nebraska, one of the issues, and in particular, in Lincoln, that is driving up our property taxes, is the fact that people are competing for a very small pool of housing available. In Lincoln alone, I believe, we have-- we are 10,000 units short of what we need to meet our current population in the city.

KELLY: One minute.

WISHART: And so what we have is individuals who are unable to find housing. And that affects our ability to recruit and retain talent. That affects our property taxes, because people are competing over a very limited resource of housing, and it also makes it unaffordable for a lot of individuals. And, and then you deal with the repercussions of homelessness and, and people who are lacking the shelter they need. And so I do think, moving forward, I hope that this body will continue to look at investments in, in housing, in particular, affordable housing and, and workforce housing, because I think it is an absolute priority we need in our state. Thank you.

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

CONRAD: Thank you, Mr. President. Good morning, colleagues. I wanted to rise in support of the bracket motion in regards to structuring debate at this juncture and moving forward, letting people know that productive negotiations and discussions are continuing. But while those deliberations continue off the mic, as well, I wanted to utilize this time at the mic to talk about, I think, perhaps, a, a broader issue in regards to our state obligations and the investments that we're prioritizing, or that the retire-- that the Appropriations Committee has put forward, asking us to prioritize with this

mid-biennial budget adjustment. And I want to talk about something that's really been missing from the debate. Historically, there's been a significant amount of overlap between the Appropriations Committee and the Retirement Committee because of the significant fiscal impacts that our retirement policy decisions have on the overall budget and, and the state's bottom line. And I want to flag for the body some of those discussions that we've been having for a long time on the Retirement Committee, under the leadership of my friend Senator McDonnell, who's done a great job fighting for working men and women so that they can not only live, but retire with dignity after committing a life to public service. And we have had a measure introduced by my friend, Senator Bostar, LB196, to try and bring some equity, some parity, some dignity to the hardworking men and women and their families who serve in the Nebraska State Patrol, in making modest updates to the retirement benefits and structures that, that, that our Patrol men and women have available to them, in order to recruit and retain top talent. We've been unable to move LB196 out of the Retirement Committee. It's actually locked in committee. I filed a pull motion on that to bring attention to that issue. And I want to let you know that my friends, Senator Clements, Senator Hardin, Senator Ibach, have been very concerned about moving forward with LB196 because they think the price tag is too expensive. And I have talked about this in Retirement Committee, and I want to make good on my promise to connect the dots on the floor of the Legislature. Because whether it was part of last year's budget deliberations or the budget deliberations we have before us now, the Nebraska Legislature has chosen to make investments on a lot of pet projects that don't benefit working men and women and ensure that they can live and retire in dignity, particularly our first responders. And the modest adjustments that we're making for firefighters, you know, are under fire right now in the body, after being advanced from the Retirement Committee, by primarily the, the entities of local government, claiming that the sky will fall if we allow working men and women who are first responders to have a dignified retirement and commensurate benefits. We are unable to move forward a key piece in the State Patrol retirement after hearing hours and hours of heartfelt testimony from our first responders and their families about how the inadequacy of our retirement benefits impact and hurt them and their families, our first responders. And my friend Senator Clements has been very clear. He will not move that--

KELLY: One minute.

CONRAD: --measure forward because we can't afford it. Now, I challenge him and other-- thank you, Mr. President-- and other members to start

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

showing me in the budget how some of these earmarks and pet projects are more important than the retirement and the dignity of our first responders. And if we need to start going line by line, we can do that, because there's plenty of examples that were baked into the budget last year and are baked into the budget this year. And there's-- we've heard a lot about critical questions on some of these earmarks and pet projects that do not rise to the level of state priority, particularly when we're not taking care of our first responders. But what they're a product of are these private entities hiring a lobbyist and getting them baked in the budget. That is the wrong way to set good policy, particularly when we're not taking care of basic obligations in state government.

KELLY: That's your time, Senator.

CONRAD: And I ask my fellow colleagues to look carefully at those issues. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. I guess I rise in support of the bracket motion, and I'm not sure where I'm at on AM2566 yet. I appreciated Senator Clements' introduction and the rundown of what's in there. And, you know, just listening to Senator Conrad's comments, that does, I think, put into stark relief the kind of policy decisions we're making when we decide what, what to fund and what not to fund. I would agree that it's-- we should prioritize the retirement of our first responders in this state, the folks who do so much to keep us safe, and, you know, make less money than you probably could make working in the private sector, and do that partly for the security of the retirement pensions that we afford them. So I'd be curious to see that bill come out and have that conversation as part of this. I did want, since Senator Clements brought it up in his introduction, talking about the TEEOSA state-- TEEOSA state aid General Fund increase. And I thought that was a pretty good example of just a broader conversation about our estimates or projections or, you know, reading the tea leaves going into the future and those sorts of things. So the, the increase in funding that we're putting into the budget for TEEOSA is, in part, a result of our mis-estimation of how much TEEOSA would cost this year. So we looked at, you know, what, all the inputs. And, you know, I'm not the best person to explain what is all factored into TEEOSA, but ultimately we looked into what it costs. We looked at what we thought it would cost the next year to educate kids in the state of Nebraska, and what the, you know, state or the

local funds were going to be, and then said that it would be less than it ended up being. And so now, we're here having to rectify the books, because we were overly optimistic, essentially, saying it would cost us less to do that. And I think that's relevant in these conversations, because we're talking about what is sustainable going forward, whenever we're doing a budget and making these obligations that carry out into years, and spending money. And we have, in the last couple of years, been too rosy, I think, in our estimations of what's going to happen. I would go back, again, to the General Fund adjustment in revenue growth, is now a historic average of 5.3%. Where, when I started here, if I recall, and I'll have to go and check, that the historic average was closer to 3 or 4%. And so now, we're saying that the budget is going-- overall going to grow by more than it has for the last 50-- let's see, that goes back to '82-- what is that, 40-- 42 years? And if we're wrong and it actually reverts back to what was the previous 40 years' experience of less than 5.3, we will see that we don't have enough money going forward. And then we'll be talking about making cuts, as opposed to new expenditures or, heaven forbid, raising revenue in some capacity that no one wants to do. So that's why I think, when we're talking about how we make these funding choices in what we fund and where we make commitments, it's really important. But it is really important that we determine how much money we're spending and, and where we're getting that money from. So this year, a big portion of the money that we're getting is coming from these cash funds, which--

KELLY: One minute.

J. CAVANAUGH: --thank you, Mr. President-- you know, on-- in principle, money that's being brought in by the state and is not going to the intended purpose, there certainly is an argument to say we can use that for something. But I would point out again, you can't do that trick twice. You know, that's-- we get it 1 time. And then, the other question is why are we not spending that money on what it's intended for? The people who we are taking it from, we're telling them we're taking it for a specific purpose, and then we're not using it for that. So why are we not adjusting that, either spending it the way we're intending to or decreasing that intake? So that is a, a valid conversation, I think, that we need to continue to have going forward on this budget. I would be interested, as Senator Clements mentioned, I would be interested to hear from all the folks who have the bills that are in this, about what they specifically do. Looking at-- looked up a few of them, myself. And I, in principle, like a lot of these ideas. But the question, like all budgeting, is, is this more important than--

KELLY: That's your time.

J. CAVANAUGH: --something else? Thank you, Mr. President.

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

BLOOD: Thank you, Mr. President. Fellow senators, friends all, I stand in support of the bracket, only because I love that we're having debate and we're discussing these issues, and we're talking off the mic to each other. Because ultimately, we should be able to come to terms on this budget. But with that said, I have been sitting here listening to debate, both yesterday and today. And one of the things that kind of stuck in my craw that I want to address and I want to get on record, is when we heard that the budget was being front-loaded. So I was always taught that when you front-load a budget, that that really is not a good way to do long-term budgeting, that it's not sustainable. And you heard Senator Cavanaugh actually talk a little-- about it a little bit, so it was a perfect lead-in for me. You know, when we look at schools and, and roads and prisons and all the things that we know as policymakers that we have to do, the one thing that I think we can do better as a body is really measure the risk of future budget imbalances. As many of you have heard, when, when my group came in, we were in a huge deficit. And all you ever heard when you wrote a bill was death by fiscal note. That's why I got so many bills done my first 2 years, because none of them had fiscal notes. You have to be really creative sometimes. So one of the things I researched during that, that window of time, and I continue to talk about it, is we don't do a very good job of measuring what we treasure. These folks do a really great job, but we as policy-- and underneath the balcony that I'm pointing to are all the people that worked on this budget. We, as policymakers, are too dependent on appropriations and this group of experts, and should have a better grasp on the future of our budget. So how do we measure the risk of future budget imbalances? So I want to know, some time from the executive branch, be it this year or next year-- because next year I'm just gonna be a citizen or something else-- what analytical practices ensure that long-term budget assessments and budget stress tests are of sufficiently high quality to produce realistic, comprehensive, and policy-relevant results? Now, Nebraska has been noted as being a, a state that does the budget stress test, but we don't do long-term budget assessments. And that's what's really important, especially when ag drives your economy. And we could have that 100-year flood, we could have massive fires, we could have a massive bug infestation, we don't know what's going to happen. And because of that, I don't feel that our budget, long term,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

is bulletproof. So to what extent is our state adopting these tools and following these practices? I think these are questions as policy-- I should say, I know these are questions, as policymakers, we need to start addressing every time the budget comes up. Because I always feel like we're just writing checks, when we have to borrow from funds to make things work, when you have to eliminate committees and boards to make things work, it doesn't feel like planning. It feels like in-the-moment type of budgeting. So are we, as policymakers, using these tools to make decisions-- I don't think we are-- and improving the long-term sustainability of our budgets? Do I feel like we're putting together 2-year budgets? Yes. And voting those in? Yes. Do I feel like we're planning for our future? In many cases, no. So structural deficits is really why we shouldn't do money sweeps.

KELLY: One minute.

BLOOD: We are creating a bad potential cycle that's going to lead to short-term fixes. And so my plea today, and I've heard it-- you've heard me say it millions of times, where is our strategic plan? Where is all our long-term planning, not for certain projects, but for the state and the state budget as a whole? And I really want the newer senators to really consider that as they move forward with future budgets. Thank you, Mr. President.

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

ARMENDARIZ: Thank you, Mr. President. I want to address, again, the cash funds within the agencies. To be clear, we do not listen to an agency testify and ask to create a savings account for larger purchases. We do not allocate money for savings for the agencies. Actually, to the contrary, they'll come to us to ask for large purchases and to bump up their allocations to make those large purchases, such as software purchases that could cost into the millions of dollars. We would expect them to then negotiate the best price, as a fiduciary of the taxpayer, to make sure they're not overspending. And, and I've shared with a few people already, but I'll share with everybody on the mic that in my professional life, I negotiate some software contracts. And I went to one that also sells to the state. And I went and asked in my professional life for a better price. They came back and said, you're already getting a 70% discount. The state only gets a 30. They don't know my role in the state, so I asked them, well, why would the state only get 30% if you're giving us 70? Well, that's what they negotiated. So we notoriously overspend. Note, that is no secret. Government overspends.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

Government is inefficient. And that will, that will go back to my-- the audit discussion of the bill we passed. But to be clear, the cash funds are not there to accumulate. They are there for asks that they come and ask that they-- they need money for certain projects, or increases in wages, or whatever, and we expect them to spend it that way. These cash sweeps are being done because they are carrying over money-- taxpayer money, year over year. We looked back to see how many years they're carrying it over and how much they're actually spending. We leave them what they're actually spending and we're taking, 1 time, what they're not spending and they're carrying year over year. That's the responsibility that we have to the taxpayer. We don't let agencies keep accumulating money that they're not spending on the things they asked the Appropriations Committee to have the money for. If they're not going to spend it on what it was allocated for, we need to give it back to the taxpayer. Last year, I prioritized an efficiency audit, Senator Briese's bill. And that audit started, to my understanding, this summer. And they are going through each agency to find efficiencies and to start applying these tactics we can use so that we don't overspend. Such as auto renews, there are auto renews and contracts that, through attrition, people don't even know they are there anymore. And we just keep spending the money. The agencies say, well, we want a new thing. Could you-- could you give us this much more in appropriations? Well, what have you gotten rid of? I, I would argue that the people of this state don't have multiple new, unique needs year over year that we need to keep adding and adding and adding services. We may be doing it a different way or refining services, but new all the time year over year without cleaning out the ones that are not working is irresponsible of us as Appropriations Committees and the purveyors of the tax dollars of this state. So I am giving the agencies time to go through that audit, find those efficiencies. There's a lot of money there--

KELLY: One minute.

ARMENDARIZ: --thank you, Mr. President-- that we can appropriate to good programs that work. Social service-- somebody mentioned on the mic that we spend a lot of our budget on social services. And every single time we allocate money to a social service, it should be with the intent of reducing the need of that social service. Always. We shouldn't be increasing child welfare. We should be finding programs that reduce the need for it so that these children are in happy, healthy families. We shouldn't be increasing poverty or, or free food. We should be figuring out with programs how to reduce the need for free food programs. And with that, I'll yield the rest of my time. And

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

if there are any additional questions, I'm out on my list. But feel free to ask more. Thank you, Mr. President.

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

McKINNEY: Thank you, Mr. President. I rise in support of the bracket motion. I don't support 11-- or LB1412 right now, or the other budget bill, because I have some concerns. Yesterday, I brought up the conversation about the differences in what's going to rural workforce housing and middle-income workforce housing. After that, I had some conversations off the mic with a few people. Some people told me that middle was getting more for whatever reason, but that's not totally accurate. So to date, there's about \$30 million that have went to middle-income workforce housing, and \$57.3 million that has went to rural workforce housing. There is a proposed additional \$20 million for rural, which would be a total of \$77.3 million and another \$5 million for middle income. And that would be a total of \$35, with a difference of about \$42.3 million. Do you see my issue? A lack of equity. There was some other money that went to affordable housing, but it did not go to middle-income workforce housing. It went to afford-- it was for affordable housing. And all I'm standing up for is just to say, once we start that conversation about these funds transfers, let's make sure these transfers are equitable across the state. If we're talking about need, there is need in every corner of the state. So let's ensure that the need is being taken care of and there isn't an imbalance of resources going to one side versus another. Not to even cause a divide, I just think we should speak about equity in our funding, because our budget is our moral document in this body. And if we don't see fit as a body to equitably fund and do things across the state that serves all Nebraskans, then I can never support this budget or any budget. So, again, if there is a difference of \$42.3 million between these funds, we really need to have a conversation. Yesterday, I just-- I just talked about just making them even, do about a \$12.5 million split between the 2 and call it a day. But it still would have some-- a, a lack of equity. It would improve it, but there will still be an issue that we would have to address, but that would at least improve it somewhat. So I'm hoping, once we get further in our debates with these budget transfers and cash transfers, individuals on Appropriations Committee can explain to me why is there a 42.3 difference, and why aren't we talking about equity between rural workforce housing and middle-income workforce housing, and making sure that if we give money this year to either, it's at least split across the middle? There still would be inequity, in my belief, but at least we just split them in half,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

because there's need for housing in both rural Nebraska and urban Nebraska, or middle-- wherever we consider middle to be. That's just my concerns here. You know, every committee does hard work. Every committee has late nights. I serve on Judiciary Committee. We get the most bills and probably the most controversial bills in the body. We work late, as well. We have hard jobs, as well. We have to take tough votes. I, I would argue being on Jud-- on the Judiciary--

KELLY: One minute.

McKINNEY: --Committee, that we are tasked with taking the toughest votes in this body all the time. So the conversation about hard work, it's-- everybody in here is doing hard work, regardless of the committee that you're on. So I don't even think that should even be brought up because we're all doing hard work. And if we really want to talk about hard work, go talk to somebody sitting on Judiciary. No matter the political affiliations, talk to somebody on Judiciary. We've taken multiple hard votes this year, and they have not been easy for anybody. Ask anybody on the committee. So don't bring up the conversation about hard work, because everybody is doing hard work. It's hard to be a senator. We take tough votes on a lot of things. Thank you.

KELLY: Thank you, Senator McKinney. Senator Blood would like to announce some guests in the north balcony, members from the Matriarchs for Change. Please stand and be recognized by your Nebraska Legislature. Senator Dover, you're recognized to speak.

DOVER: I just want to say that I am glad that we have the opportunity to discuss the budget and, and answer questions in the, the best way that we can. So I think the discussion is good. I'd like to just address a few things that have been said this morning. One would be that there's some concern that we weren't perhaps, doing long-term planning and budgeting or take consider-- into consideration our, our decisions for future funding and those kind of things in, in our budget. And I just want to remind everyone, I, I know you're all aware of this, but we do have a Cash Reserve or rainy day fund that's-- it's presently funded at, at 16-- over 16%. So I just want to make sure everyone-- that's aware of that. If there weren't, it would be a decrease in our revenue stream-- that we have a 16% rainy day fund that we can draw from that would help supplement our revenue. So I really think that we have taken that into consideration. I think there's a good reason to have the rainy day fund, and it's fully funded at 16-- a little over 16%. So I wanted to bring that up. Another thing I'd like to bring up is there was some concern, and I

think it makes sense that-- are we collecting too many fees, and those kind of things? We need to do something about that. I just want to remind everyone, like, it could be the, the PSC, or it could be the Nebraska Real Estate Commission or whatever. But they-- the commission actually sets its own fees, so it isn't as though we're setting those fees. But in statute, there are-- we do have-- sometimes, in some situations, we do have perhaps a range that they can charge or those kind of things. But I want to say it's-- it isn't as though we specifically tell the real estate commission or PSC what they should be charging. But we do have our-- obviously, an oversight responsibility that we need to make sure that we are-- we are fulfilling. And the last thing I'd like to talk about is just highway funding. We-- I live in Norfolk. Everyone's aware of that. And we have 275. And for those that have been in Norfolk, if you go west-- excuse me, if you go east of Norfolk, you, you rode-- you go through hills out by what used to be Tony's Steakhouse, and those kind of things. But there's hills there that are very, very, very dangerous. And, in fact, the last blizzard that we had, I drove home. And when I was trying to get back, I was actually going to go east through 275 and then cut down. And it was 4 days after the blizzard, and we got there, and then the State Patrol was there. And they came up and said, Senator Dover, I just wanted to know if you're thinking of going through here, that we're still trying to get that truck out, and it's probably going to take us the rest of the day. So anyway, because of the way the hills are, because it's just a simple drive-- a simple highway with 2 lanes, 1 going each direction, you know, it's very, very dangerous to drive that thing when there is snow blowing. There, there really isn't any other way to go that direction of Norfolk. And I know that I want to thank the DOT for planning-- they're currently working on 275. I want to thank them for getting that into a 4-lane, and separation [INAUDIBLE]. But really, some people who, you know, maybe a larger populated, I guess, city or town, here in-- is, is-- has an option of having 4 lanes, and those kind of things, just realizing that across Nebraska. And it's not just Norfolk. It's out west, but if you get-- you get in a situation where the wind picks up and there aren't a lot of trees, and those kind of things, you can't-- you can't see the road. And I tell you, when you're driving and there's only a matter of a-- of a few feet separating 2 cars going at whatever miles per hour they might be going at during a blizzard, it's very, very dangerous. So I really think-- and also, I'll say this, is personally, I think there are certain responsibilities of state government, and the degree-- to a degree of the federal government, and I do really believe that a good transportation system is one of those. So I just wanted to speak to those topics. Again, thank you for

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

the time. And I'm glad that we do have an opportunity to discuss these various issues. I yield the rest of my time to the Chair. Thank you.

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

J. CAVANAUGH: Thank you, Mr. President. I always love following Senator Dover, because I just love Norfolk. I know that you guys all probably-- if you're not paying attention, you don't-- or if you pay attention, you know my affinity for downtown Norfolk. I feel like I should be on the tourism board for downtown Norfolk, because I can't-- I-- it's, it's just a cool area, and they're doing really innovative things there. I know Senator Dover was talking about that. We're talking about there-- at one point in a General Affairs Committee, we had a bill about changing the special use permit so they could have people-- kind of an entertainment district. Still working on that one. That, that bill's not done yet. And then they have-- I assume he was talking about the water. I kind of missed-- I was talk-- I was talking about a few other things off the mic, so I missed what he was specifically talking about, but I'm assuming he's talking about the water project they're doing downtown there. The-- being able to use the Norfolk River for recreation and entertainment, which will be really cool. And I think that should be opening sometime this year, if I remember right, but he might have said that already. So when I was last on the mic, I was talking about estimations and things like that. And Senator Dover did kind of hit on that, I heard, talking about the 16% reserve. And, you know, I've said this many times, that when we're making cuts, the reserve, of course, is good to maintain kind of unexpected, you know, ups and downs and, you know, dimu-- diminutions in the budget. I'm getting cringes, so that must've been wrong again. Let's see, dim-- diminutions, diminutions. So, again, I, you know, sometimes we talk-- we talk a lot, and people hear us and they correct our pronunciation, sometimes our spelling, our grammar. So diminution-- that's-- so unexpected diminutions-- diminutions-- diminutions. I'm going to stop saying it. The transcribers are going to hate that. But anyway, so unexpected decreases, we'll say, in our revenue. And so that's-- the Cash Reserve is there for those, you know, unexpected times, when we have something like, you know, a COVID, where maybe, before the federal emergency funds came in, we had, you know, decreases in people spending and things like that. And so you have a cushion to prepare you for that-- or the floods of 2019. You know, increase-- catastrophic events that increase obligations. So that's what it's there for. It's not there for making structural changes, and then continuing to pull out of that fund to make up for the structural deficiencies. I mean, that would be like someone, you

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

know, having their retirement savings, say, when you're in your 30s and you have whatever you've saved up to that point in retirement and then you continue to spend more than you're making and you make that up by pulling it out of retirement. You won't have that money going into the future for expenses like an assisted living facility. And that is not a smart way to budget. So what you should do is figure out how much money is going to be coming in, how much money is going out, and make those 2 things reconcile, which is we have a balanced budget, of course, requirement here, which is what we do. But to balance it off of taking these funds out of other sources is the problematic part, and to say we have the cash reserve to fall back on, the rainy day fund to fall back on, we should-- we should have that as a rainy day fund, as a-- as a-- it's there--

KELLY: One minute.

J. CAVANAUGH: --thank you, Mr. President-- it's there. It's necessary when we need it. We should not count on it as our-- for our regular everyday spending. Then, you do not have a rainy day fund when it's raining. You should not spend out of the rainy day fund when the sun is shining. You should spend it only when it's raining. Right? And that's why it's called the rainy day fund. So that's, fundamentally, my problem with the sweeps, that's the problem with eroding the rainy day fund and, ultimately, my problem with most of what we're talking about in the budget. I think we're going to get to lunch here, so I will push my light and talk about some other parts of this. And maybe I'll get a chance to read the-- these other bills over lunch, and then talk about the bills that are in here. Thank you, Mr. President.

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

CLERK: Mr. President, the Appropriations Committee-- reminder-- will be having a hearing at noon in Room 1003, with an Executive Session to follow the hearing. Appropriations hearing, Room 1003 at noon with an Executive Session to follow the hearing. Additionally, the Natural Resources Committee will have an Executive Session upon recess in Room 1202. Natural Resources Committee, Exec Session, recess, Room 1202. Finally, Mr. President, a priority motion. Senator Dorn would move to recess the body until 1:30 p.m.

KELLY: Members, you've heard the motion to recess. All those in favor say aye. All those opposed say nay. We are in recess.

[RECESS]

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

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

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

DeBOER: Thank you, Mr. Clerk. Do you have any items for the record?

CLERK: I do, Madam President. Amendment to printed from Senator Fredrickson to LB856. Communication from the Governor concerning an appointment to the Commission of Industrial Relations, two appointments to the Natural Resources Commission, a single appointment to the State Racing and Gaming Commission, and an additional appointment to the State Racing and Gaming Commission. That's all I have this time, Madam President.

DeBOER: Thank you, Mr. Clerk. We will proceed to the first item on the afternoon's agenda.

CLERK: Madam President, when the body left, pending was LB1412, the committee amendments to said legislative bill, and a motion from Senator Machaela Cavanaugh to bracket the bill.

DeBOER: Turning to the queue then. Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Madam President. I wondered if Senator Dover would yield to a question? OK. Sorry. I will, maybe, ask him the next time on the mic. So I was looking at DHHS vacancies, which there are 1-- over 1,000. And I had asked DHHS for this list a while ago because it was my understanding that in order to cut costs, they were going to start by cutting vacancies or not filling vacancies. And by my back of the envelope math, that would be a savings, if we cut all of the vacancies-- unfilled vacancies, \$48 million. Now, obviously, not obviously, I guess, hopefully, they're not intending to cut all of the vacancies. But I bring this up, colleagues, because I am concerned about what vacancies we are eliminating because why weren't they filled? And over 1,000 vacancies is, is a concerning number to me that go unfilled. And we-- a lot of these vacan-- these positions have been put into statute. So I'm hoping in the future to dig in on this a little bit more and figure out what exactly is being eliminated and why are they being eliminated. I know also that there are positions that were-- that are nonunion that are being eliminated that are not vacancies, but they're actually eliminating the positions because I

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

believe that there was a goal of eliminating over, I don't know, 13% or something like that was the number I heard a few weeks back. And so I thought it was important since we're talking about the budget and we seem to be finding savings places, and I feel like we didn't ask enough questions about why we have these savings. And that kind of brings me back to the question around the Department of Transportation. Did we ask if that \$181 million was already allocated? Do they need the \$20 million? Should we, colleagues, be giving \$20 million in ARPA funds to the Department of Transportation if we don't know if they're already using the \$181 million that they have? If that money is not all allocated and spoken for, then perhaps we should let them use that money first so that we don't have to transfer that burden to our General Funds, and so that we can fund some of these other important things like Behavioral Health and Developmental Disabilities and housing. You know, the luxury items, maybe throw in food too just for good measure. So that's one thing that I'd like to get to the bottom of and I do intend to, I haven't followed up with HHS because I got this not that long ago, but one of the things that is of concern to me is the number of open positions at the Lincoln Regional Center. It appears that there are dozens of registered nurse positions and mental health security specialists. Again, dozens, if not maybe 50. And then licensed practi-- practical nurse, again, about 30. And Senator Blood has raised the alarm on the Lincoln Regional Center numerous times. They are in crisis there. The employees there are in crisis--

DeBOER: One minute.

M. CAVANAUGH: --and we seem to have almost 150 vacancies. The Lincoln Regional Center isn't that big. I mean, it's, it's a facility. I've been to it, but the fact that we have 150 vacancies means that they are severely understaffed. And that should concern everyone. And that also means that we're paying overtime. So in order to cover the shifts that we aren't filling, we're paying more for those shifts than we would be if we filled these positions. So we need to consider the offsets of when we're cutting positions if it's going to require more overtime from the current workforce, because that's not going to save us money in the long run, and that's just going to put us in a worse position at the end of the day. Thank you, Madam President.

DeBOER: Thank you, Senator Machaela Cavanaugh. Senator Raybould would like to recognize 15 Girl Scouts from Lincoln located in the north balcony. Please stand and be recognized by your Nebraska Legislature. Senator Vargas, you're recognized.

VARGAS: Thank you very much, President. Sorry, I got something in my throat. Again, I rise in support of LB1412, opposed to the bracket motion. Although, I agree with many of the points that my colleague Senator Cavanaugh and others are raising on different things, especially on the staffing. You know, one of the-- one of the things that we discussed in committee-- were two things. One, open FTE positions. Many of us have spoken in committee about increasing wages. We ourselves can't increase wages, but what we can do is make sure that the agency is hearing from us that we don't agree that staffing vacancies is a result of just the job itself, staffing vacancies is also as a result of not making sure that we're competitive and there is a competition for nurses. There's a competition for behavioral health individuals. So we're funding the FTEs because we want to make sure they have the resources for those FTEs. But if they're not paying better, similar to the, the same rationale and this adjustment that we're using for State Patrol or what we use for Corrections in the past years or with our public employees through NAPE, through, through staffing, we're not going to be able to retain the people we need in these really important positions. And so we continue to fund the FTEs, did not have, obviously, the legislative ability to do anything with salary, but we do want to make sure they have the funds to be able to make the decision to increase salary. The other thing that I wanted to make sure to respond to was just the conversation they were having recently about, you know, some of the other aspects of the budget. As a reminder, again, not a lot of General Fund obligations in this budget adjustment. I mean, large, overwhelming majority, I would say 80% in terms of the net impact is as a result of TEEOSA funding that we have a statutory obligation to fund. And the other things are one-time transfers, either for capital construction that you might have seen capital construction for State Patrol, crime lab, and others. And so, look, if it was just me drafting the bill, it would look very different. And-- but we have a committee, we're working through the process. We're working to find a compromise where we possibly can. And we also want to make sure that we have-- we have to have a balanced budget, but also more importantly that there is-- we're thinking ahead into the future, making sure we can have balanced budgets heading into future years given the revenue predictions. But there are really important things in here. There's funding that we're providing for home visit nursing programming that is evidence based. There is some money for housing. It's a net in terms of not more money for housing, but instead transfers from other housing programs. I will say this very clearly, we are not doing enough for housing. I agree with my colleagues talking about that not only Senator Wishart and Senator McKinney and Senator Cavanaugh and, and others, but we are not

doing enough in this arena. We're spending about half the amount of resources for any type of housing credits, tax credits, direct appropriations than Iowa. We have a lot fewer housing stock. So the fact that we do have some funds going to workforce programs is a good thing. I agree with the inequities. I don't think it's equitable. I don't think 50/50 is always perfect, but equitable means figuring out where the greatest needs are. Also where we're seeing the, the, the largest gaps in housing stock shortage. Which is the reason why I support both programs. I support both the rural and the middle-income workforce urban housing program, both of which are cut from the same cloth in terms of when they were both created and how they started up. But I also want to make sure that we are getting the dollars out that we currently have, and we are watchful on utilization rates for pretty much every program. Part of the reason we're in the scenario we are and have the last couple of years is--

DeBOER: One minute.

VARGAS: --not getting dollars out within programs, which means that there are times where we ask agencies, do you have a plan for spending down the, the remainder of the programs? Sometimes they have a plan, which is when we, we, we leave them harmless. Sometimes they don't. And because some of these aid programs are utilization only, that's when we-- we're, we're trying to find good ways to balance the budget and some cost-saving mechanisms. It's not something that I, I want to do necessarily. What I think we should focus more of our efforts on-- in-- and, especially, in other policies and other programs and in other, other committees is getting the dollars out that we currently do have in programs. It's the efforts that Senator Cavanaugh has been doing and others in HHS with TANF. We need to get dollars out in these programs that are sitting there idly. I have an amendment on the second-- on Select File and making sure that we're getting more of the dollars out that have been dedicated for years for DD provider rates, rather than holding some of them and just not getting all the dollars out what they were originally meant for.

DeBOER: Time, Senator.

VARGAS: Thank you.

DeBOER: Thank you, Senator Vargas. Senator Walz, you're recognized. Senator Conrad, you're recognized.

CONRAD: Thank you, Madam President. Good afternoon, colleagues. I thought I had a few more moments, but I will jump forward as Senator

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

Walz must be otherwise occupied. And I was wondering if, perhaps, there's a member of the Appropriations Committee that could help to shine some additional light. Oh, Senator Dorn, unfortunately, just caught my eyesight here, but if Senator Dorn would yield to some questions, please? Oh, there's Senator Clements back in, but he's off the hook for the minute.

DeBOER: Senator Dorn, will you yield?

DORN: Oh, yes, I would. Yes.

CONRAD: All right, all right. Thanks, Senator Dorn. Thanks for being a, a good sport to help me out. But some of the points I think of, of greatest contention thus far have really centered around the sweeps in the budgetary package on the Behavioral Health dollars and the Developmental Disabilities funding. I know that these are issues that you've worked really, really hard on during your time in the Legislature. And if you would be willing to maybe help those outside of the committee or on the floor or at home have a better understanding of were, were those contentious discussions at the committee level, was it a no-brainer because it felt like there was plenty of money there? Can you-- can you help us just get a sense about, you know, the, the level of comfort or discomfort? And I'm not asking you to say how you voted on things individually. I know how the appropriations process works with the cloak of secrecy and the death pact and all of those, those things that come together. But just help the body, perhaps, understand what the committee was thinking about and looking at and what really the discussions were like on Behavioral Health and Developmental Disabilities, because I know those are issues that cut across all our districts, all across the political spectrum that we all care about and want to do the right thing on.

DORN: Thank you. Thank you for the question. Yeah, there, there was a lot of discussion about that. There were several bills brought by other senators and myself also about this. Behavioral Health, Developmental Disability, some of those we did pull some-- basically, some funds back as you looked at the end of the fiscal year and the dollar amounts they had there, there was discussion on why when the director was in when the-- Tony Green was in with DHHS, asked some specifically pointed questions about why there were funds left in there? You know, basically, over the years we appropriated the funds and now some of them aren't getting spent or aren't getting used. Yeah, I guess you hear that concept from them that they believe that all of the funding that should go out is going out, that it comes from, I call it, the providers that they're not turning in some bills,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

they're not doing certain things. And yet when you visit with the providers--

CONRAD: Yeah.

DORN: --on the other side, developmentally disabled, disabled, and those providers, they're telling us that with the department now, they are turning in claims, they're turning in things and they are not being, I call it, adequately, adequately filled, adequately funded, and that there are challenges sometimes that they don't-- they, they tell them that these aren't the right programs. You can't put it in that way and all of those things. So I know when Tony Green was there, I don't remember how long he was there, probably 15 minutes at least, there were a lot of these questions asked.

CONRAD: OK.

DORN: What is going on and why? I will mention this also, part of what-- we had COVID, we had ARPA funds--

CONRAD: Yes.

DORN: --part of what it looks like a little bit of it is that some of these provider rates had been funded or other ARPA funds that they got and had been used to fill in some of that so they didn't need to--

DeBOER: One minute.

DORN: --use as much of their, I call it, their appropriations.

CONRAD: OK.

DORN: Well, now we're through all of that, and now we're having to use those appropriations. But the dollars or the paperwork shows that, oh, they're not quite up to that full level. And yet we hear from all of the providers, all of them, that they need all of that funding.

CONRAD: Yeah. No, that's perfect, Senator Dorn. Thank you so much for walking us through it because that kind of-- I kind of expected it probably went like that on-- at the committee level, but it's good to hear that on the floor. And, and I think it, it just kind of shows the point that these issues were hotly contested at the committee level. I think there's still a lot of energy around continuing discussion as part of our budget now as it becomes the full body's budget on the floor. That kind of information is helpful to negotiations moving forward because I don't think there's a single senator--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

DeBOER: Time, Senator.

CONRAD: --in this body who wants to short our Behavioral Health and DD needs, but we got to make sure that we figure it out and, and get it right for Nebraska. Thank you, Madam President.

DeBOER: Thank you, Senator Conrad. Senator Dungan, you're recognized.

DUNGAN: Thank you, Madam President, and good afternoon, colleagues. I've not had much of a chance to continue my thoughts earlier today, that I was starting with regards to what isn't contained in the budget. So I wanted to take a few chances to talk a little bit more about that to continue to raise awareness about kind of what we're talking about with regard to these court interpreters. So when I last left off in the conversation that I was having with everybody here, we did not increase their pay by the end of last legislative session. What that, ultimately, led to, as I said, was a work stoppage where a vast number of our interpreters were no longer going into court, no longer able to fulfill the, the duties that are constitutionally required simply because they weren't able to make ends meet. During the interim, I had a number of meetings with court interpreters, the individuals representing the Supreme Court as an agency, and myself, trying to figure out what the best path forward was. And, again, I want to laud the Supreme Court for essentially doing their absolute best to try to make ends meet with what they were given at the end of last year. But it simply just wasn't feasible for them to give the court interpreters the pay raise that would keep them in line with the cost of inflation or the cost-of-living increases since their last pay increase in 2004. What was, ultimately, agreed upon, colleagues, was a temporary pay raise to \$75 an hour for certified court interpreters, and, I believe, \$50 an hour for registered court interpreters. So what that means is there was a very small increase, helpful, obviously, for those small business owners and interpreters who were working like that but it was not the \$85 they were asking for to keep them in line with cost-of-living increases. At that meeting and other meetings, it was said that if we are not able to get further appropriations to this purpose-- or for this purpose to the Supreme Court, that pay increase very likely would not be sustainable. And what that, ultimately, means is that pay increase would reduce-- or the pay would reduce back down to what it was previously due to the unsustainability of that current number they're at. So what we have, colleagues, right now is a Band-Aid on, on the problem and we as a body have to fix it. In the broad scheme of what we're talking about here, we're asking for \$600,000. That was the request this year with my bill, \$600,000, in order to do a one-time injection, essentially, to cover those costs to

float us until we ultimately find ourselves having the same conversation again next year, because we didn't want to bring it up last year or address it last year. So this is always going to be a problem. And I know I sound like a broken record, and I'm guessing a number of my colleagues are, you know, frustrated that we keep talking about this, but it's a problem we have to fix because if we don't fix it, there will be problems that we have already seen. What I know is, if that cost goes back down, the court interpreters are not going to be able to work and we're going to lose them to other industries that pay much, much better wages, like the medical industry or private corporations who can actually pay their living wages they're asking for and we're not going to have them in court. And that's going to result in cases being continued, and that's going to result in people remaining in custody longer. And, ultimately, it's going to result in taxpayer dollars being spent simply because our court interpreters don't have sufficient funds to continue working in this job. Now I've heard it said, and we're going to probably talk more about this and I'll punch my light again if I get a chance to hear later on, I've heard it said that the Supreme Court already has the money to pay for them, that they already have this money sitting in a cash fund. That is not correct. There is, in fact, a cash fund that the Supreme Court has. If the budget as approved goes through, a large chunk of that money is going to be taken out of that cash fund, leaving them with an amount in that cash fund that helps them pay for certain costs. But there's not enough for a sustainable and ongoing pay increase moving forward. In addition to that, the amount of money that's going to be left in that cash fund, while not technically obligated, is used consistently time and time again for things that we have told--

DeBOER: One minute.

DUNGAN: --thank you, Madam President-- that we have told them they have to do, the courts, such as court improvement projects, such as paying for actual facilities that work in greater Nebraska. And that alone is going to essentially deplete that cash fund to the point in which they've already said they're going to have to come back to us next year and ask for an increase in their budget just to pay for the things they're already working on. So the idea that there's just this unused pot of money that is being hoarded, to the best of my knowledge, is incorrect. And I have worked long and hard on this and had many conversations with folks from the Supreme Court and their budget division. And my understanding is that while they are able to temporarily increase the pay for these court interpreters, it is very likely that if we don't act, we're going to see that money go back down and we're going to see court interpreters leave their jobs. So,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

colleagues, I, I will continue to talk maybe a little bit more about the details of that fund and kind of where we came from. But I, I want to make sure we do something about this soon. I, I think we have to act. Thank you, Madam President.

DeBOER: Thank you, Senator Dungan. Senator McKinney, you're recognized.

McKINNEY: Thank you, Madam President. I'll yield the balance of my time to Senator Machaela Cavanaugh.

DeBOER: Senator Machaela Cavanaugh, you're yielded 4 minutes, 52 seconds.

M. CAVANAUGH: Thank you, Madam President. Would Senator Dover yield to a question?

DeBOER: Senator Dover, will you yield?

DOVER: Yes.

M. CAVANAUGH: Thank you, Senator Dover. I missed this yesterday, but it was brought to my attention that when you spoke yesterday you talked about meeting with a consultant?

DOVER: Yes.

M. CAVANAUGH: And that was a consultant for the committee?

DOVER: No, just, just someone hired by the Governor that's working on looking at efficiencies. Hopefully, the idea is either to be able to take care of more people with the same amount of money or, perhaps, save money that could, perhaps, be reappropriated, reallocated to do other things-- other things that the body would like done.

M. CAVANAUGH: Did they share where they were going to find these efficiencies?

DOVER: No, they're going to look at everything. And I did-- I mean, as long as we're talking, I just talked to Senator Conrad earlier, and I would like to see her come to the Legislative Council. I think that'd be a wonderful way to kick off where we all get together, my first one was Perkins Canal, as I think that'd be a really good way to have the new senators come in-- the existing senators come in and she can give an update kind of where she is and what she's trying to do. But,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

basically, she's just trying to find inefficiencies. The idea is that--

M. CAVANAUGH: So what was the purpose of the meeting with the Appropriations Committee then?

DOVER: She didn't meet with the Appropriations Committee. She did-- she had met with some-- I heard she had met with some other people. I said, well, can I meet with her and just see-- be introduced to her? So I was introduced to her and just get a sense of what she was doing. We weren't given any numbers or anything, we just kind of-- she kind of just gave us-- gave us some kind of a broad understanding.

M. CAVANAUGH: Did she share any of the cuts to DHHS with you?

DOVER: No, none. There were no-- there were no numbers discussed.

M. CAVANAUGH: OK. You mentioned in your remarks yesterday that her contract was based on performance, but I reviewed the contract and I don't believe that to be true.

DOVER: My understanding, as I talked to Fiscal Office was that it was-- she was to find 3% her first and 6% her second. And I-- and I was-- I was understanding she wouldn't get paid unless she found those. I mean, maybe, maybe I misunderstood of a conversation that we had, but my understanding was that she wouldn't get paid that money because we're obviously responsible for money and, and Senator Armendariz and I have talked and, and we only looked at, you know, 2.5 and then it was 4 years and that's a lot of money and, and I wanted to just find out how--

M. CAVANAUGH: And how many people are working with her from, from her side?

DOVER: I don't-- I don't know-- I don't know. I had a very casual conversation with her. I don't know. I mean, she has staff people, obviously, but I don't-- I really-- I, I wish I could say more. I really just kind of was introduced to her, met her, kind of said, well, she's looking for inefficiencies and used an example of kind of critical path management where--

M. CAVANAUGH: Because she's had contracts in other states that weren't even \$1 million.

DOVER: Yeah, I, I, I, I, I really can't--

M. CAVANAUGH: So I'm curious how we got to such a large amount with her.

DOVER: My understanding was-- and I think the numbers I quoted was my-- and, and I-- and I guess I could be wrong, but my understanding was basically she gets about 1% of what she finds. So if she's got 2.5, 2.5 that's 5 and then she would find somewhere shy-- just shy of half-- a half of a billion dollars.

M. CAVANAUGH: The contract is for \$10 million. There's no stipulations in it for percentages, but.

DOVER: OK.

M. CAVANAUGH: I've looked at it.

DOVER: OK.

M. CAVANAUGH: I mean, not an attorney, but I can read.

DOVER: Right. Right. No. Thank you.

M. CAVANAUGH: Yeah.

DOVER: Thank you for clarifying that.

M. CAVANAUGH: So there's no-- there's no stipulation for percentages. And this is the contract that was entered into with no bid as well. So there's no stipulation for performance. It's \$10 million over 4 years, \$2.5 million a year. And it's still a, a mystery to me as to why we entered into a no-bid contract with somebody like this because the Legislature put this forward and there was a very short time frame.

DOVER: Right.

M. CAVANAUGH: But as you're probably well aware, when we have a short time frame and we realize that, we always extend the time frame out and nobody ever asked us to make an amendment to extend the time frame for the--

DOVER: I'd love to get a copy of the contract if I could.

M. CAVANAUGH: Oh, sure.

DeBOER: One minute.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

M. CAVANAUGH: I have one on the floor. I'll have a page get one to you.

DOVER: All right. Thank you.

M. CAVANAUGH: Thank you for the conversation. And thank you to Senator McKinney for the time. I appreciate it. I have more cash fund questions coming just to telepath that. One of them is the Civic and Community Center Financing Fund, the State Visitors Promotion Fund, the Water Recreation Enhancement Fund. And I already did the Department of Motor Vehicles Fund, but I'll come back to the, the funds next time around. Thank you.

DeBOER: Thank you, Senator McKinney, Dover and Cavanaugh-- Machaela Cavanaugh. Senator Murman has some guests in the north balcony, 30 fourth-grade students, 2 teachers, and 5 sponsors from Sutton Public Schools in Sutton, Nebraska. Please stand and be recognized by your Nebraska Legislature. Senator John Lowe would like to announce some visitors as well: Olena Rudenko and Ola-- Olha Rudenko from Kearney, Nebraska; Milena Rudenko from Kearney and Ukraine, all of them; and Sandy Cook-Fong from Kearney, Nebraska. Please stand to be recognized by your Nebraska Legislature. Senator Hunt, you're recognized.

HUNT: Thank you, Madam President. I would like to yield my time to Senator Conrad.

DeBOER: Senator Conrad, you're yielded 4 minutes, 53 seconds.

CONRAD: Thank you, Madam President. And thank you, Senator Hunt, for the time. I really appreciated Senator Dorn illuminating a little bit-- providing a little bit more illumination in regards to discussions that happened at committee level on Behavioral Health and Developmental Disabilities. And I am confident that the body will seek to remedy some of those issues and concerns that start at the committee level and have been a big part of our debate on the budget thus far. I can tell you that I think some of the proudest moments in the Legislature are when we come together, particularly, to make sure that Nebraskans with developmental disabilities and their families and the providers who serve them have the resources they need to live with dignity. And I want to thank all the advocates who came out yesterday to reaffirm that really proud history that we have as a state on those issues. So I anticipate that that will be a huge part of negotiation and discussion from General File to Select File as well the sweeps of the Behavioral Health funds that are desperately needed by Nebraskans in need and providers across the state. So even if we failed to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

address that with specific budgetary amendment today, please know don't lose hope. Those conversations are continuing, they're very productive, and I anticipate that there will be something substantive in regards to those two significant concerns as part of the ongoing budget deliberations. The other issues, which we've heard a lot about from our constituents and other stakeholders, include ensuring that we have appropriate water sources, both on tribal lands for our Nebraska neighbors in Indigenous communities that are presently and who have for far too long gone without access to clean water that we definitely need to be thoughtful about and take up in regards to water need for the residents at the York women's prison as well. I think it's well established, we're all well aware of the ongoing health issues that exist in regards to water matters at the York women's prison that we need to address immediately, sooner rather than later, and can't kick the can down the road on any longer. Critical access to justice issues with interpreters and rural practice and attorneys who are working in the landlord-tenant programs. I think those-- just flagging those as key issues for ongoing debate. And then we really need to make sure that we're doing right by our first responders as well. And I'm grateful for all of the members who approached me after my comments in that regard earlier to make sure that we can elevate the needs of the State Patrol in these discussions as we move forward. Finally, there's a couple of other issues that I want to make sure to lift up, and we've heard a lot about special projects and earmarks that are baked into this budget. And I don't know if Senator Clements is on the floor or not, but I would pose an open question to any members of the Appropriations Committee, and it's, it's not any sort of editorial comment on--

DeBOER: One minute.

CONRAD: --the efficacy or benevolence of the different entities that we're looking at. Thank you, Madam President. Whether that Cedars, whether that's Madonna, these are, are great, great organizations that do incredible work. But my question is when we single them out in the budget in this way, does that lift any sort of special legislation concerns with those specific earmarks in terms of how they are drafted and what kind of slippery slope does that start for other earmarks into the future? So I just want to lift both the legal question and the policy question in regards to some of those issues that my friend Senator Hansen rightly brought up about the HVAC system. And I know there's been a lot of dialogue about the CEDARS program as well. Thank you, Mr. President-- Madam President.

DeBOER: Thank you, Senator Conrad. Senator Machaela Cavanaugh, you're recognized and this is your third opportunity.

M. CAVANAUGH: I get to close, right?

DeBOER: Yes.

M. CAVANAUGH: OK. Thank you, Madam President. So, again, I want to thank Senator McKinney for the time and Senator Dover for the conversation. I did get Senator Dover a copy of the contract. It's on the DAS website, I believe. It's an emergency contract with an efficiency expert that was entered into last year. So that's for those that were watching and didn't know what we were talking about. That's what we were talking about. So cash funds. So I was looking at the Civic and Community Center Financing Cash Fund and, and it's for grants as described-- assistance as described. And I just kind of wondered why we were taking \$4 million out of that. And I was reading in the report-- now I lost it because I closed my page. Why? I don't know. Apologize. Cash funds. OK. Yeah, here we go, on page 20, we've got the Civic and Community Engagement-- Community Center Fund. So the committee recommended-- recommendation includes transfer of \$4 million from the Civic and Community Center Financing Fund in FY '24-25 to the General Fund. CCCFF receives 30% of revenues certified under the Convention Center Facility Financing Act, a sales tax turnback use for financing convention centers. The CCCFF is used to award grants for the construction of new civic and recreation centers, renovation of existing centers, preservation of historic buildings, districts, etcetera. Projects fund-- projected fund balance at the end of FY '24-25 will be approximately \$1.6 million. Would Senator Clements yield to a question?

DeBOER: Senator Clements, will you yield?

CLEMENTS: Yes.

M. CAVANAUGH: Thank you. I appreciate that you were at the ready. It's almost like you knew. OK. So this fund, it's, it's, it's interesting, it's a-- it's a tax turnback-- tax turnback fund. So are we, again, under utilizing this for our civic and community centers? Is there not a need because it seems like it could cover a lot of community improvement projects?

CLEMENTS: Well, let's see, that's on page--

M. CAVANAUGH: Page 20.

CLEMENTS: --62 in the gold book.

M. CAVANAUGH: Oh, 62 in the gold.

CLEMENTS: Page 19. Is it 19 in the green book?

M. CAVANAUGH: It's on page 20. But, yeah, the chart is on page 19.
Sorry.

CLEMENTS: Oh, the description. Yes.

M. CAVANAUGH: Sorry, I feel like I'm yelling. Oftentimes, I'm told that I talk too quietly on the microphone and today I'm-- I feel like I'm talking loudly. Anyway.

CLEMENTS: Civic and Community Center Fund. Yeah, that is turnback tax and the analysis in the gold book shows they've been spending \$3 million, \$2.5 million, projecting \$3.5 million of spending with \$4.6 million of revenues. This transfer would leave them 900-- \$950,000. So the, the fund has been growing for the last 5 years and this would be still leaving them funds and revenue coming in.

M. CAVANAUGH: So the fund has been growing, they haven't been utilizing it. So, again, I guess this brings up the question of are we charging too high of a tax for this?

CLEMENTS: Well, there haven't been as many applicants to use it. They have to have applicants, I believe.

M. CAVANAUGH: Do they advertise--

DeBOER: One minute.

M. CAVANAUGH: --the-- this fund?

CLEMENTS: I, I-- they didn't say. I don't know.

M. CAVANAUGH: OK. I don't see it on page 62. I apologize. Under what category?

CLEMENTS: I believe it's the middle island-- middle one-- middle one, 72, Economic Development, Civic and Community Center Financing.

M. CAVANAUGH: The Governor's executive budget?

CLEMENTS: Page 62.

M. CAVANAUGH: I'll have to come see you. I think I'm almost out of time.

CLEMENTS: Maybe-- there are some additions of that at different page numbers,--

M. CAVANAUGH: OK.

CLEMENTS: --but it's, it's Agency 72.

M. CAVANAUGH: Agency 72. Thank you. OK. Thank you. I might ask you more questions in the future. Thank you, Senator Clements.

DeBOER: Thank you, Senator Clements and Senator Machaela Cavanaugh. Senator Jacobson would like to recognize 23 twelfth-grade students from North Platte St. Patrick's High School in North Platte, Nebraska. Please stand and be recognized by your Nebraska Legislature. Senator Lippincott, you're recognized.

LIPPINCOTT: Thank you. I'd like to ask any of you that are referencing your Irish Spring green book, on page 4, about three-fourths of the way down under bills incorporated into committee proposal. Senator Bostar has LB1289, appropriates funds to the military to grant to municipal airport, and that's requesting \$3 million. If you turn then to page number 8, I'd kind of like to walk through that just very briefly. Up at the top of page 8 in the green book it says Transfers To and From General Fund: Unlike automatic transfers that, that occur after the close of the fiscal year and are statutorily required, other transfers can take place as specifically enacted by the Legislature. Dropping down then to the third paragraph, it reads: The Appropriations Committee recommendation includes an additional transfer of \$3 million in fiscal year '24-25 to fund the provisions of LB1289, Senator Bostar's bill. The funds will be used by the Military Department to award a grant to the mili-- municipal airport located in the city of primary class, like Lincoln. The grant shall only be used by the municipal airport for the maintenance, repair, construction of runway facilities that serve the purposes of providing: (a) national and state military preparedness; (b) defense mission support; and (c) civilian passenger or cargo air services. I'd like to expand just very briefly on that regarding the history of the Lincoln Airport. It was constructed back in 1950, about 75 years ago. In 1991, it did have a partial resurfacing. That's about 33 years ago. And then just 10 years ago, it had some patch work done in 2014, and that was \$6 million. And they got 90% of that funding from the FAA. What the request right now and the need is for the runway to be completely redone, it would

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

require \$96 million, would be the total fund. And currently they have-- \$84 million has been designated from the Air Force and also the FAA. And we're requesting-- Senator Bostar's requesting \$3 million, which I believe that we need to ensure that they receive. And then there's about \$9 million left over, which hopefully the city of Lincoln can kick in. Just as a comparison, during my time at Delta Airlines, flew out of Atlanta, Georgia during 30 years, and they would religiously, completely redo the runways approximately every 20 years. And they've got 5 runways down there. And, of course, we just start talking about one runway here in Lincoln. But, of course, the elements of the climate here is much different than Atlanta. We have the cold that Georgia does not have. And, of course, that causes the concrete to expand and contract with the change of the weather. So bottom line is that we certainly do need to have that runway refinished. As I read here just a few moments ago, also the Military will be kicking in with this because the Lincoln Airport does serve as a standby runway in case the Offutt Air Force Base would ever go down so it does have national importance. \$3 million that I believe is very important from Senator Bostar's request to resurface and redo the runway here at the Lincoln Airport. Thank you.

DeBOER: Thank you, Senator Lippincott. Senator John Cavanaugh, you're recognized and this is your third opportunity.

J. CAVANAUGH: Oh, thank you, Madam President. I appreciate Senator Lippincott walking us through the explanation and justification for the \$3 million under, I believe it's, LB1289 as integrated into the budget. And it is good to hear both those-- the rationale and the other kind of skin in the game from the city of Lincoln, the Military, the federal government, and others. I would point out that we're having a, a rehab or refurbishment of the Omaha Airport, as well, with a lot of federal funds being injected into that thanks to the current federal administration. So that's nice. So I do appreciate folks explaining and walking us through because, like I've said before, we-- those of us who don't sit on the committee haven't had the opportunity to really hear the justification for each of these particular items that ended up in the budget. And, you know, some of the stuff that didn't quite make it in we got some suggestions. Senator Brewer, I think, has an amendment to put in funding that was left out for the Special Olympics and Senator Dungan has an amendment to put in funding for court interpreters. And I think Senator Dungan did a nice job of explaining the last time he was on the microphone about what is the justification or necessity, really, for that expenditure, as well as the explanation for why the funding that is in the court's Cash Reserves is not really an option at this point in time. And that's

something-- you know, we've had a lot of conversations. We've heard a lot about these funds, you know, saying, well, there's money out there that can be used. And, you know, we've heard from folks that they said, well, the administration said that they couldn't-- they didn't need this money or they didn't want some money. But we have people who are still telling us that they need this money for whatever purpose. And, of course, the courts, I think, have continued to say that they don't have the money to pay for the raises for court interpreters going forward. And the court interpreters have said that they're not going to continue providing that service without a raise, which is why it's so important, because I don't think we all want to find out what happens when we don't have any court interpreters. I can, can tell you from my personal experience that courtrooms that require an interpreter that don't have one can't do what they need to do, and that hearing then gets continued. And it's actually still-- it's really difficult to explain to the parties when the next hearing is and why the hearing isn't happening without an interpreter at that point. So just even having that minimal conversation about what exactly is happening is difficult without appropriate interpreters. So that's a really important justification. I did-- I guess I was remiss by not commenting at the start that I support the bracket and the AM2566. I guess I don't know where I'm at on it yet, but I have heard a lot of good explanations from folks on the Appropriations Committee that I appreciate and it is helpful. But I also wanted to say I find it hard to believe that someone has complained about the other Senator Cavanaugh being too quiet. It's a complaint I often get that I speak too quiet, too softly. Maybe it's what people think. I just feel like when I speak a little bit softer, sometimes people try a little harder to listen. And when people actively listen, they maybe hear-- actually, hear a little more. Because sometimes if it's just sort of the loud sound coming out, that actually there's a physiological response that makes people maybe not quite listen as intently. So that's why I speak softly sometimes.

DeBOER: One minute.

J. CAVANAUGH: Thank you, Madam President. Very appropriately volumed. So, like I said, I appreciate the conversation. I will-- I have been looking at the bills that are mentioned in here to kind of go back to Senator Wayne's original comments. There are a number of bills that are in the budget that have zero money being spent, and I am curious about that being a budget item. You know, setting policy without spending money seems to be the purview of everyone but the Appropriations Committee. But spending money seems to be the purview of the Appropriations Committee. So my question is specifically the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

ones that have no-- have zero dollars, why are those part of the budget and what's the justification for that? And I would ask anybody who is listening that's part of the Appropriations Committee to explain some of that to me. Thank you, Madam President.

DeBOER: Thank you, Senator John Cavanaugh. Senator Conrad, you're recognized and this is your third opportunity.

CONRAD: Thank you, Madam President. Good afternoon, colleagues. Just wanted to also lift up a, a few other issues I had a chance to visit with Senator Dorn about on the mic earlier and have had a chance to visit with a lot of members engaged in the budget debate and on appropriations. I think that there is definitely a very, very productive negotiation happening in regards to some key issues involving Behavioral Health and Developmental Disabilities, tribal water, access to justice issues. And then also I, I think that there is considerable, if not unanimous support for the work that Senator Brewer is leading in regards to providing some state resources for Special Olympics, which I think all of us are, are very, very excited about. So just to reiterate where we are procedurally, even if those amendments do not come up on the board before we hit cloture today, that, that shouldn't be a signal to anyone that those issues aren't going to be taken up as, as part of our ongoing budgetary deliberations and negotiations. Those are key issues that are important to Nebraskans, that are important to many members. And it's just hard to get the right folks together in the middle of this debate with Executive Sessions and otherwise and get back some of the technical information we need to solidify those negotiations from a, a drafting and a fiscal perspective, in essence, on the fly. So I, I just wanted to signal to people don't dismay, this isn't the end of the conversation when cloture hits in about an hour from now and some of those very, very worthwhile-- worth-- worthy projects and ideas that are, are pending as amendments most likely won't come up for debate and vote at-- on General File. But, nevertheless, there is really, really good faith discussion and negotiation happening to make sure that those issues stay alive and we can find a way to incorporate some or all pieces of those puzzles into our budgetary picture from General to Select File with the appropriate stakeholders and the appropriate technical support. The other-- one other issue that I, I did want to lift, but I've-- Senator Dorn has already been incredibly gracious with, with his time on the mic. And this is an issue that, I think, we'll probably put off till next year, unfortunately. But I pledge to continue to work with Senator Dorn and others on this. Senator Dorn has shown great leadership in lifting up the incredible work our university is doing and, in particular, with our mesonet

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

system. I've had the chance to learn a lot about that program. As many of you know, my district encompasses both City and East Campus, the, the flagship campus of our beloved university system. And I have a lot of constituents that, of course, attend the university and our faculty and staff at the university as well. And so some of these incredible, brilliant climate scientists invited me to come over to East Campus and sit down and really get in-depth briefing on the mesonet system that Senator Dorn has been championing during his time in the Legislature. Unfortunately, there was not enough support to include that request in the budget this year. I really wanted to make another run at it because I, I think it's such a--

DeBOER: One minute.

CONRAD: --worthwhile-- thank you, Madam President-- worth-- worthwhile program to pursue, but it sounds like Senator Dorn is committed to bringing back-- that idea back next year and continuing to build support for it. Wanted to put it on people's radar screen because it has-- there's just brilliant, brilliant minds on East Campus who are doing incredible work for emergency management, for economic development, for precision ag. And these are the exact kind of programs and systems that we should be supporting and updating and innovating around. And I'm hopeful that, that that issue will gain a lot more support over the interim period and I'll be excited to work with Senator Dorn on that. But have no fear, Behavioral Health, Developmental Disabilities, Special Olympics, interpreters, tribal-- tribal water, and some other key issues are definitely all in the mix as we move from General to Select File and really--

DeBOER: Time, Senator.

CONRAD: --want to thank everybody for their hard work on and off the mic. Thank you, Madam President.

DeBOER: Thank you, Senator Conrad. Senator Dungan, you're recognized. Senator Dungan. Senator McKinney, you're recognized.

McKINNEY: Thank you, Madam President. I'll yield the rest of my time to Senator Machaela Cavanaugh if she wants it.

DeBOER: Senator Machaela Cavanaugh, you're yielded 4 minutes, 51 seconds.

M. CAVANAUGH: Yes. Thank you, Senator McKinney. So I wanted to do a little bit more digging into the Civic Community Center-- no-- yes, the CC-- I'm going to get it wrong, CCOF or something like that--

CCCCF. So I, I asked some informed people outside of the Chamber about this and this is funded through civic centers in Omaha, Ralston-- would you like some time-- I, I mean, I've talked a lot-- OK-- Omaha, Ralston, I, I think probably Lincoln as well from the, like, event centers that those places have and 30% of the tax collected goes into this fund. So the sales tax collected at the CHI in Omaha goes into this fund to fund projects in rural communities and small towns across the state. And Senator Mike Flood and Senator Megan Hunt both worked very hard to create these creative districts. And this would be a place that those funds could be utilized. So it, it does matter that we are taking \$4 million from this because we are-- the intention of this fund is to take sales tax from the larger communities and infuse it into the smaller communities so that they can also be cultural centers. And it's disappointing that people haven't been taking advantage of these opportunities, but they exist. And perhaps your communities aren't taking advantage of them because they didn't know they exist. There is an art farm, it's called the Art Farm, and it's in Senator Lippincott's district, which reminds me that I own-- owe Senator Lippincott a public access video of the Art Farm. I still owe that to you. I didn't forget-- I did forget, but shortly. So the Art Farm is in Senator Lippincott's district, and it's this farm and it's internationally known. And probably many people in here did not know about it. But this gentleman, he had a family farm and he took up just a portion of it and turned it into an artists-in-residence facility. And there are artists that come from all over the world. I went and toured it. There was just arriving, a woman from China. There was somebody, I think, from Sweden. Everywhere. They work on the farm and they do their art on the farm. So it's sort of an exchange. It is so cool. It's in the middle of a farm. It is not easy to find and it is so cool. And that is-- that-- they could use this money, they could use this money to bring in more artists and residents to infuse some sustainability into this program. And I highly recommend everyone-- actually, I will email you all a link to the NETV video about this farm if you can go visit it because it is worth it. Interestingly, there is a ladder into the sky that you can climb. It is terrifying. I climbed probably one-third of the way up it and then got, like, literally, it's not-- it's just a ladder, not like a tented ladder, a straight-up ladder. Terrifying.

DeBOER: One minute.

M. CAVANAUGH: But very cool. So I appreciate-- and people are probably, like, yeah, OK, these cash funds, you keep talking about these cash funds. These cash funds were created for reasons and there are so many of them. And taking the funds out of them for a one-time

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

sweep just doesn't sit well with me, whether they're overfunded because we are charging too much in fees and taxes or they're overfunded or underutilized. That is something that we need to be examining, not taking the money away. But this, this particular fund, that \$4 million could be transformative in your communities-- in your communities, not mine, in yours. I'll come take advantage of it because I like to go visit things like an art farm in Senator Lippincott's district. Thank you, Madam President.

DeBOER: Thank you, Senator Machaela Cavanaugh. Senator Wayne, you're recognized.

WAYNE: Thank you-- thank you, Madam President. I want to announce to everyone that we have a grand compromise, Carter Lake, Iowa will now become a part of Nebraska. And in exchange, we're going to give DeSoto Bend to Iowa. I figured they have houses and sales tax in Carter Lake. DeSoto, while beautiful-- while beautiful is a-- is a net cost to the state, just not a whole lot of revenue being generated. And I want to make sure we solve property tax. So I myself, along with the President of the United States, along with the Governor, we sat down just about a half hour ago and Congress will hopefully pass it here in the next 48 hours and Carter Lake will, will be a part of Nebraska. It's a huge deal. I've been working on it for 8 years. We thought it was going to involve National Guard, but we did it peacefully without any uprisings. Front page news. You heard it here first. Congress will sign it tonight at midnight. President Biden said he will not veto it. The Governor was there. It was a great meeting. Just nothing else I can say about it. With that, now turning back to the budget. Oh, as-- why does that relate to the budget? Because we're going to get more tax dollars from, from Carter Lake, Iowa. We did put a grandfather provision in the-- in the agreement where a casino will still stay. So we will have a, a casino in Nebraska without a horse track. But don't worry, we have speed racing in Carter Lake to make up for it. So we, we worked that out. We're going to put a little carnival right there, have a, a Ferris wheel. So when you fly over going into Eppley Airfield, you just-- people can reach up and touch the plane as it goes by. We worked it out with OSHA. It's possible, you just got to have a safety vest on and no mirrors or shiny objects because you don't want blind the, the, the, the pilots. So I just wanted to share that great news. I see Senator Moser is really, really interested in this, but I'll yield the rest of our time to Senator Brandt.

DeBOER: Senator Brandt, you are yielded 2 minutes, 34 seconds.

BRANDT: Would Senator Wayne be available for a question?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

DeBOER: Senator Wayne, will you yield?

WAYNE: Yes.

BRANDT: So what kind of maps are you using to do this?

WAYNE: What kind of what?

BRANDT: Maps.

WAYNE: Maps. Oh, we are not-- we are not using the Gall-Peters or Decatur map. We're, we're, we're creating a new map in Education, it's part of the package. It's also part of the grand compromise. It'll be the, the Brandt map. It's based off of your drawing that you did your first year of Nebraska. The problem is you drew yourself out of Nebraska so you might want to fix that. But, yeah.

BRANDT: So the Decatur maps are not part of this?

WAYNE: No, after long conversations with the, the map-making people, we felt your map was better but Decatur comes in real close.

BRANDT: That would be wise.

WAYNE: I think it's Mercator, actually. But it's OK. We'll, we'll figure it out.

BRANDT: All right. Thank you, Senator Wayne.

WAYNE: Do I still have time left, Madam President?

DeBOER: You yielded.

WAYNE: Good call.

DeBOER: Thank you, Senators Wayne and Brandt. Senator Walz, you're recognized.

WALZ: Thank you, Madam President. I was not really prepared and I didn't get to talk to Senator Clements beforehand. I was wondering if Senator Clements would help me answer some questions that I have?

DeBOER: Senator Clements, would you yield?

WALZ: Oh. All right, thank you. Before I start, I do want to say thank you to the Fiscal Office for their hard work and the information that they gave us and continue to give us and also wanted to say thank you,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

Senator Clements and Fiscal Office, for the briefing that you had yesterday. As it was suggested, I am trying to follow that little green sheet that we get every day or that we're supposed to get every day. And after reviewing it, I have some questions and maybe some concerns and I just wanted to ask you a, a few questions for some clarification. It is complicated to understand so I'm hoping that you can answer some questions. I noticed, first of all, on the green sheet that in FY '24-25 and fiscal year '25-26, that our appropriations are more than our receipts.

CLEMENTS: That's-- that is true. The-- and that's why the balance on line 25, the, the difference is going from \$574 million to \$68 million.

WALZ: Right. Is that-- is that something that should be concerning? Like, it concerns me. I'm just wondering if that's something that--

CLEMENTS: It can only last for a short, short time. We do have the \$903 million in Cash Reserves, but the fiscal year 2027 is the last year that the income tax rates decrease. And so revenues are expected to increase after that with the economy. So that's-- yeah, that should turn around.

WALZ: Do we have anything that helps us estimate those out-years?

CLEMENTS: I don't have-- the Governor's Budget Office, last year when they were talking about the income tax bill, did project out farther than just these 2 years. I think they went at least 4 more or 2 more at least. And I was told that they were-- and I, I saw a chart where it said they were sustainable.

WALZ: OK. Is there a-- is there a chance-- just to make us all feel better, is there a chance-- I don't know if Fiscal has a chart or somebody has, then--

CLEMENTS: I'd be glad to request that and, and get back with you.

WALZ: OK. The other question I have is-- and I apologize, I-- again, it's, it's complicated. I'm just trying to understand it. But you mentioned the ending balance right now is \$574 million.

CLEMENTS: Yes.

WALZ: Yes. And so that is a snapshot of what we have today.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

CLEMENTS: Yes. If, if we passed all the budget proposal from the committee, that-- and the revenues come in as, as forecasted, that would be our remaining balance of June 30 of '25.

WALZ: OK. So if we did nothing else today, if we didn't spend any more of that money, in fiscal year '26-27, it would then drop to \$68 million if we did nothing else?

CLEMENTS: Yes, because it would be new spending and we're-- they're projecting about \$388 million of new spending if the budget goes up 2% per year and then the property tax credit goes up, the community college, we're replacing their property tax. That's--

DeBOER: One minute.

CLEMENTS: --\$230 million. So those are items that are-- we're taking off of revenue.

WALZ: All right. The other question I have is when you talk about it includes property tax credits, it doesn't include the property tax credit proposals that we are hearing about this year. Correct?

CLEMENTS: No, the Revenue Committee bill is not on the floor yet and these are-- until that's on the floor, they will not be in the green sheet.

WALZ: OK. I'll have some more questions. But thank you so much for those answers. I appreciate that. Thank you, Mr. President-- Madam President.

DeBOER: Thank you, Senators Walz and Clements. Senator McDonnell would like to recognize a guest, Carter Brady, under the south balcony from Lincoln, Nebraska. Please stand and be recognized by your Nebraska Legislature. Senator Blood, you're recognized.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, we are learning so much today about the budget. And because of that, I do stand in support of the bracket because we are having such good conversations and bringing lots of issues to light. But I've been talking to our friends over here under the balcony, and I have been looking for weeks, and the one thing that I cannot find in this budget is cyber security. I can't find it anywhere in the budget. I can't figure out how much we spend on it. I can't figure out how important it is to the state of Nebraska, but is a priority everywhere we go. I was able to find out that it falls under the Office of our Chief Information Officer. But when you look at their budget, it's not

clarified. I don't know if the bids for those contracts, because I'm assuming it's contracted out since I don't really know if they were no-bid contracts, if there was competition for those contracts, and I want to tell you the reason why this concerns me, not because I think they're trying to hide anything or anything silly like that. It concerns me because what little we talk about technology-- unfortunately, in our body there's not a lot of people that understand it. And we've had some bills that tried to get passed this year that showed that clearly, that would have set us up for some cyber attacks. And I wonder where we're at, because I think about the technology just in, in this room alone. Let's not talk about secured-- cyber security, let's talk about technology, how hard it was to even get these digital boards in this room. Our IT Committee, which I was super excited to be on, ended up mostly just being about some little minor technical stuff to make it easier for you guys in here and to do, maybe, timesheets on computers for our staff instead of doing paper timesheets. Not real futuristic, common sense, and, and I don't disapprove. But I think that we have to start taking a more active approach to the budget when it comes to things like cyber security. We have one department that seems to be in charge of all of it. I'm not seeing line items that explain to me how it's being spent or where it's being spent. I've spent weeks researching it. I finally just asked if there's some way we can get some copies of the contracts. I think that we have to know where that money's going, how it's being spent, and we have to start taking this seriously, not just for this budget, but for future budgets. And then when we start bringing up things like hiring people to hack back to people who hack into our system, I just want to remind people when you talk about things like that you are setting our government up for a full out attack, a full cyber war. So be thinking about that, because I know there's been some chatter about that in the last week or so. When you make hackers angry by hiring your own hacker because you think tit for tat is a good idea. What they do is they get their other hacker friends, and then they end up attacking your whole system. They'll be stealing taxpayer data that we have in our system, HHS data, they'll be stealing your data. So please keep that in mind next year should these bills come back forward--

DeBOER: One minute.

BLOOD: --again. But, most importantly, let's make sure that our rear ends are covered in the budget and that we're just not tapping into it a little bit because we don't have enough knowledge to know how to do it full force. Thank you, Mr. President or Ms. President.

DeBOER: Thank you, Senator Blood. Senator Bosn, you're recognized.

BOSN: Thank you, Madam President. I'm rising to provide a little background on my bill that was included in the budget proposal. It's on page 4, LB1209. So this is-- it was an ask of \$2.5 million, and I was grateful that during our conversations with the Appropriations Committee, they were willing to support this through an ARPA fund for services enhancement in Lincoln. So the bill does specify that it's a city of the primary class. And certainly there was questions about CEDARS and what that means in terms of are there other options? CEDARS is the only emergency licensed shelter in the city of the primary class, but there are other licensed and accredited child-caring agencies. But the point of this enhanced or of this bill is to allow them to expand their services. So we all talk about decreasing the number of youth who are placed in detention facilities and how that's not best practices in a lot of cases and the concerns that that creates. If the youth aren't going to the detention center, we have to have options available for these youth, a lot of whom are homeless or who are experiencing a mental health crisis. So this bill will allow for the expansion of those services and it will allow for a building that does therapy, office space, multi-purpose activity space for community and education activities, recreation space. It will still be able to provide the key card secure entrances to keep the facility safe. This is a one-time ask. They do have ongoing operations funded through their own funding streams, but this will allow us to enhance emergency service-- excuse me-- emergency shelter facilities to ensure access to services for child welfare and juvenile justice-involved youth in a residential and community-based setting. So CEDARS takes in youth who are both involved with probation through justice-involved programs and also through the Department of Health and Human Services. During this hearing, I had the opportunity, and I was fortunate enough to have several come in and testify in support of this bill, including the Lincoln Chief of Police, Michon Morrow. A youth came in and testified about the success that he has experienced since essentially graduating from the CEDARS program. He was a resident-- I'll just refer to him by his first name, Q was a resident from February to August of 2023. He also acknowledged the minimal space available for treatment services. One of the good questions that we had during the hearing came from Senator Lippincott regarding the testimony of Ms. Pamela Mock from I Have a Name and the number of youth that are served there who are the victims of trafficking and find themselves homeless in, in our community. I had the fortune of having Mr. Goldrich, who is a counselor here in Lincoln, providing services to justice-involved and system-involved youth and the impact that something like this would have for the community. And I want to be clear, this isn't just youth served that are from Lincoln and Lancaster County. CEDARS serves

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

youth from over 40 counties in this area. And, actually, that number is increasing. In the last 3 years, they have grown 15%. And their street outreach services have grown from just over 1,000 intense client interactions in 2020-2021 to over 7,000 intense client interactions in fiscal year 2022-2023.

DeBOER: One minute.

BOSN: Thank you, Madam President. So the goal here is to have the space to serve more kids with more services and better outcomes. It will provide education, group counseling, family interaction. Because under their existing facility, I can tell you from my experience having been there, they are out of room and they cannot continue accepting youth to the level that we are asking them to if we cannot support them in their-- in their goal of having better outcomes. So with that, I will end my testimony but I'm happy to answer any questions that anybody has on this bill. Thank you.

DeBOER: Thank you, Senator Bosn. Mr. Clerk, do you have any items?

CLERK: I do, Madam President. Thank you very much. Amendments to be printed from Senator Dorn to LB1108, Senator Brewer to LB287, and Senator Clements to LB1412. Senator DeBoer, new A bill, LB904A. It's a bill for an act relating to appropriations; to appropriate funds to aid in the carrying out of the provisions of LB904. New A bill for Senator John Cavanaugh, LB1204A, a bill for an act relating to appropriations; to appropriate funds to aid in the carrying out of the provisions of LB1204. And new A bill from Senator McDonnell, LB644A. It's a bill for an act relating to appropriations; to appropriate funds to aid in the carrying out of the provisions of LB644; and to declare an emergency. Additionally, Madam President, notice that the Banking Committee will have an Exec Session at 3:00 under the south balcony; Banking Committee under the south balcony, 3:00, Exec Session. That's all I have this time, Madam President.

DeBOER: Thank you, Mr. Clerk. Senator Moser, you're recognized.

MOSER: Thank you, Madam Clerk. And good afternoon, colleagues and Nebraskans that follow your Legislature and all our activities. I wanted to talk just a little bit about the funds in the budget there were earmarked for the Department of Roads. I was talking to the Director of Transportation earlier this morning about those and her indication was that they had \$100 million shortfall in their maintenance fund for overlays of roads and \$20 million would go very handily toward that and that they could spend it in the allotted time

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

and in the proper method to get-- to qualify for that spending. And then, I guess, I'd also like to ask Senator Clements if he would respond to a question?

DeBOER: Senator Clements, will you yield?

CLEMENTS: Yes.

MOSER: And, Senator Clements, did you have further information on the \$50 million that was in the budget for Department of Transportation?

CLEMENTS: Yes. There is what we call the JEDI Fund, which was-- we call it-- we call it Lake I-80. It had \$100 million for eastern Nebraska flooding and lake projects and that money that we have transferred, that's a cash fund, \$50 million of that cash fund that was not going to be used is going-- has been transferred-- is in the budget to transfer to Department of Transportation. That's-- that was 50 of it. And then the ARPA funds were in addition to that. But that was state dollars, the \$50 million.

MOSER: OK. Thank you, Senator Clements. So also she, the Department of Transportation Director, indicated that they have \$500 million worth of projects in the pipeline for this summer. And that extra funding will help them move along to some of those projects at \$50 million if that's allotted to Department of Transportation would pay for 10% of those projects [INAUDIBLE] move those forward. I would yield any time I have left to Senator Clements.

DeBOER: Senator Clements, you're yielded 2 minutes, 36 seconds.

CLEMENTS: Thank you, Madam President. Thank you, Senator Dorn [SIC]. Yes, I do-- I visited with the Fiscal Office and they did also say that their Department of Transportation has contracted over \$500 million of construction projects to begin this summer, and some are multi-year projects, but they currently have \$181 million balance in the Roads Operation Cash Fund and the \$50 million transfer will make it \$230 million. The ARPA funds would raise it to \$250. But the \$181 million of available out of \$500 million of contracts, they're \$319 million short. So the \$50 million of cash fund and \$20 million of ARPA funds. I also got a list of ARPA projects they have listed, 6 projects that can be done in time for ARPA spending of \$17.2 million. And then I was told \$3 million more for the Department of Aeronautics that they would like to spend. So they do have plans for the \$20 million of ARPA and the Governor's recommendation, he had asked for \$35 million to go to the Department of Transportation for ARPA funding and we--

DeBOER: One minute.

CLEMENTS: --we used \$15 million. The committee did spread it around a little bit for some other bills and-- bill requests and it left \$20 million balance. So I do thank the Department of Roads or Transportation for letting me know about that. I'm working with the Fiscal Office, also they do have some out-year projections that Senator Walz was requesting. And they're, they're going to provide me with some more information beyond fiscal year 2027. And we'll be discussing those as we can. Thank you, Madam President.

DeBOER: Thank you, Senators Clements and Dorn [SIC]. Senator Dungan, you're recognized.

DUNGAN: Thank you, Madam President. I apologize for missing my time when I was up last time. I think a few people ahead of me might have punched out and I, unfortunately, missed my time in the queue so I wanted to come back and pick up where I left off a little bit before. I understand it's kind of piecemeal having this conversation about different issues. But I just want to finish up a little of what I was saying with regard to interpreters and then get a little bit more into detail about some other issues on the budget that I find concerning or that I have questions about. At the end of the day, when we're actually talking about court interpreters, I get the question often of, like, why does this actually matter? Right? Are there really that many people that don't speak English or, you know, I'm sure we have interpreting services that can work. But the reality of the situation is in my time working in the courts, there are countless individuals that go through the court system who don't speak English, either less than well or even at all. And it's hard enough for the average person to understand what's happening in the court process when they do speak English, let alone trying to explain it to somebody who doesn't speak the language. I have clients or I've had clients all the time who I'll be trying to explain sort of the way the process works or the way that we kind of go through the steps. And even if they speak English, it's difficult. And so I'm reminded of the countless clients that I've had who unfortunately showed up to court, ready to go and ready to dispose of their case and have it done so we could stop having hearings and save the taxpayers dollars. But, unfortunately, because we've had so few court interpreters be able to be in the courts and so few court interpreters stretched over such far distances, I have had numerous times, countless times where people have simply had to have their cases continued because there just wasn't an interpreter available. And that's a huge problem, because then you kick things down the road and things just get complicated for everybody. In addition to that,

when you do have interpreters that are available, oftentimes anymore because they're stretched over such a far geographic space, you end up with them on Zoom. Now, that's fine for some things, right? If you're appearing in court and you just want to continue your case and you've already had a chance to talk to your client ahead of time by virtue of hiring an interpreter outside to have that conversation, it's fine if they're over Zoom. But in the chance and the very likely chance that you want to pull your client aside into the hallway and have a conversation with them about what's going on, you can't do that if that interpreter is on Zoom, that's not possible or in an effort to try to make it possible, you'll do this. So this actually happened to me about a month ago. I showed up in court and I had a client who spoke Vietnamese, didn't speak any English whatsoever, and we tried to communicate about what was going on and, unfortunately, we were unable to have a conversation, I think, that really resulted in anything happening. So the court continued that case to about 2 weeks down the road to try to give us a chance to speak. That in and of itself was complicated because the client didn't understand what was happening. After that, I struggled to find an interpreter who actually had the time or the ability to meet with me and my client in person, let alone on computer to explain what was going on. So we showed up again 2 weeks later thinking that interpreter was going to be in the courtroom and that we could have a conversation about what was happening and I could find out how they wanted to proceed with their matter. Unfortunately, the only interpreter that was available appeared on Zoom. And that's not on them, they're doing 18 different things that day so they appeared in Zoom. I needed to have a chance to talk with my client. So what I did, was I through somehow got my client to kind of understand that we had to leave the room and go upstairs. So we went to a different floor of the courthouse, went into a conference room, and I got my cell phone out and I logged on to the Zoom call that was-- the court was on. And then we got put into a breakout room with the interpreter with me with my phone on speaker placed between me and my client. And this court interpreter had to then interpret over Zoom, over my phone complicated legal matters while we talked about what this client was going to do with a case that probably could affect very serious parts of their life.

DeBOER: One minute.

DUNGAN: Thank you, Madam President. At the end of that conversation, we were able to figure it out and it took a long time and probably ended up costing a little bit more money for that interpreter than it could have been. But we were able to kind of struggle our way through it. But that's not how our court system should work. That is not how

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

we should be doing things in our court system. And that is a direct result of the fact that we do not have the ability right now to pay our interpreters a living wage to make this competitive to have them in the courtrooms. And so we're not just not getting new interpreters, we are bleeding interpreters to other sectors. So more and more you're going to hear stories like that of people who are making consequential legal decisions based on this piecemeal game of telephone and that is not the way that our system should work. And we owe Nebraskans better and, in fact, we're constitutionally obliged to do them better. So I hope we address this issue soon. Thank you, Madam President.

DeBOER: Thank you, Senator Dungan. Senator Wayne, you're recognized.

WAYNE: Thank you, Mr. President. Will Senator Dungan yield to a question?

DeBOER: Senator Dungan, will you yield?

DUNGAN: Yes.

WAYNE: Are you in-- are you on Banking?

DUNGAN: I am in Banking.

WAYNE: Oh, OK. Will Senator Cavanaugh yield to a question? You can go ahead, Senator Dungan, back to--

DUNGAN: Thank you.

WAYNE: Which Cavanaugh, Senator Wayne?

WAYNE: Machaela.

DeBOER: Senator Machaela Cavanaugh, will you yield?

M. CAVANAUGH: Come on down. Yes.

WAYNE: Would you like some more time? I'm working on an appeal that I got to get done today.

M. CAVANAUGH: I would love some more time.

WAYNE: OK. Thank you. You get-- I'll yield my time to Senator Machaela Cavanaugh.

DeBOER: Senator Machaela Cavanaugh, you're yielded 4 minutes, 14 seconds.

M. CAVANAUGH: Thank you. I was not prepared for more time but-- State Visitors Promotion Cash Fund: created, uses, transfers, investment. The State Visitors Promotion Cash Fund is created. The fund shall be administered by the Commission. The fund shall consist of revenue deposits into the fund pursuant to Section 81-3715 and money donated as gifts, bequests, or other contributions from public or private entities. Before I go on, because I will forget if I don't-- artfarmnebraska.org is the Art Farm, and I did send a link out to the Nebraska public TV story about it to everyone, and I think I did-- used the right link that included all of the staff because there's, like, two different ones. It's leg staff minus senator-- all leg staff. Yes. There's 2-- it's very confusing. Sometimes it's, like, just the staff that's for the senators' staff and then there's one that's all of the staff because there's staff that aren't just the senators' staff. Anyways, that's housekeeping, but you all should have a link to the video about the Art Farm. I highly recommend you check it out. OK. Back to State Visitors Promotion Cash Fund. Funds may be made-- funds made available by any department or agency of the United States may also be credited to the fund if so directed by such department or agency. The Commission shall use the proceeds of the fund to generally promote, encourage, and attract visitors to and within the State of Nebraska, to erect and replace highway tourism markers, to enhance the use of travel and tourism facilities within the state to provide grants to communities and organizations, and to contract with the Department of Administrative Services to provide support services to the Commission, including, but not limited to, accounting and personnel functions. So this is the State Visitors Promotion Fund and we are-- let's see here-- taking-- that's the state settlement fund-- State Visitors Promotion Fund, \$5 million from that fund. Ah, this was what Senator Jacobson was talking about. OK. I think he knows it's coming. Would Senator Clements yield to a question?

DeBOER: Senator Clements, will you yield?

CLEMENTS: Yes.

M. CAVANAUGH: Thank you, Senator Clements. I'm trying to give you more time by reading about the fund first. So we're taking \$5 million from the State Visitors Fund. Why don't they need that money?

CLEMENTS: This was the Governor's request. It wasn't even in the gold book. They-- the Governor has said that he has more confidence in DED doing a statewide promotion than tourism.

DeBOER: One minute.

CLEMENTS: And so the Governor's ask-- he wants to spend \$5 million on statewide promotion, is the word he used, and asked for a transfer from this fund to-- for that--

M. CAVANAUGH: And the--

CLEMENTS: --similar purpose.

M. CAVANAUGH: --it's the Commission on Tourism? It says administered by the Commission. I assume that's--

CLEMENTS: There is a Tourism Commission. Yes.

M. CAVANAUGH: OK. And does the Tourism Commission, are they an independent commission?

CLEMENTS: Yes. Yes.

M. CAVANAUGH: Are they appointed by the Governor?

CLEMENTS: I believe so.

M. CAVANAUGH: OK.

CLEMENTS: Yes.

M. CAVANAUGH: And then confirmed by us?

CLEMENTS: Yes.

M. CAVANAUGH: Not that you-- I'm asking you a lot of-- I'm asking--

CLEMENTS: That's, that's somebody else's committee.

M. CAVANAUGH: Yeah, I'm asking Senator Clements some questions that are totally out of his purview. But, you know, you've been here longer than me, maybe you-- maybe you know the answers.

CLEMENTS: I'll say to the best of my knowledge.

M. CAVANAUGH: OK. Yeah. I mean, it sounds--

CLEMENTS: It is shifting funds to a different agency, but for a similar purpose.

M. CAVANAUGH: Are there going to be--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

DeBOER: Time, Senator.

M. CAVANAUGH: Thank you, Senator Clements and Senator Wayne.

DeBOER: Thank you, Senator Machaela Cavanaugh, Senator Wayne, and Senator Clements. Senator Dover, you're recognized.

DOVER: Thank you. I just wanted to briefly say that as far as with the Department of Transportation that they do also have-- will send \$3.1 million for airports. And, basically, what they do is they help supplement the airports across the state. So I think-- I don't know if anyone has spoke to that, but I think it's very important that we do have regional airports and DOT is charged with helping those airports. Also, they, they have ARPA projects estimated around \$17 million, here-- here's just, just-- here's a list of just \$17 million worth. So, basically, it's Highway 4, Table Rock and Steinauer; Highway 6, Grafton area; Highway 39, 22, L30, L63A in Genoa area; Highway 183, Sargent North; Highway 23, Madrid, Lincoln County line; and [INAUDIBLE] 16B and 16F Hackberry Lane and then-- so, so-- it-- they really do help across the state. And I'm very appreciative of any ARPA funds that helps with the roads. I really think that roads are a responsibility of state and federal governments. I'd also like to talk to-- as far as the contract, I had spoke to you recently and thinking it was a performance contract. What it actually is, it's structured in a way that if the party of the contract does not perform, it's renewed on an annual basis. So, basically, it's a type of performance because we don't have to spend the full amount. But if it-- but if it seems as though the company is not performing, not finding the 3% and 6% as, as were targeted this year and next year, we would simply in Appropriations just not appropriate those funds. And, also, the last thing I'd like to speak to is the, the translators and the court system. It is my understanding that in our discussion with the Supreme-- the Supreme Court agency that they had adequate funds. And I think it's really important to explain to everyone that just because, perhaps, funds were, were taken this year or perhaps other funds, a lot of times people come to Appropriations and say we'd like funds for this. So let's just say the, the translators-- the court translators they want funds. There was a bill and we-- and we met with the agency and from the documents provided to us-- from the budget provided to us, we believe there was adequate funds to fund that. And so next we will be into doing the budget again next year and so we would expect that Senator Dungan or whoever would bring the bill, but probably Senator Dungan, I understand he's passionate about it, would bring a bill to us in Appropriations and we would sit down again and look at this. We did not in any way say that it wasn't important or it didn't

need to be funded. We just felt as though in discussions with Fiscal Office reports and that agency, that there was adequate funds to fund it. So we would be more than willing to sit down with the next budget. And, and very-- it's quite possible that we would need to appropriate funds for this and, and for what it's worth. One of my, my two majors, one was finance and on budget and one was Spanish. So I understand the importance. I am bilingual and we need to make sure there are people that can translate. Again, as the senator pointed out, it's very, very important in those situations that they're able to translate the full meaning of the words that get somewhat complicated in the court system. So we felt as though there was adequate funds to fund the interpreters this year and would be more they welcome to, to, to readdress that in the coming budget and see what needs to be done. But, again, having conversation with the agency, we felt as though there was adequate funds. I yield the rest of my time to the Chair. Thank you.

DeBOER: Thank you, Senator Dover. Senator Dungan, you're recognized and this is your third opportunity.

DUNGAN: Thank you, Madam President. And I want-- I want to thank Senator Dover for speaking to that. I know there's been a lot of cooks in the kitchen when it comes to the budget. I know it's a very difficult process and so I want to, again, extend my appreciation to the Appropriations Committee for the hard work they've done. I, I guess I would just-- to respond briefly to some of the comments that were made, my understanding from speaking with the Supreme Court and their-- the folks who work for them and the folks who are in charge of their budgets, specifically the Language Access Division, is that the current cash funds that are sitting there are not necessarily sufficient in order to increase the pay raise or even maintain the pay raise where it's at. And so I believe at the hearing that I had for the underlying bill, they did come in and request this additional funding. I think part of the disconnect here is that there is a cash fund that the Supreme Court maintains, which they utilize to pay for different services. There was sort of a concern that that cash fund was growing over a period of time. And I share that concern. If the money's there, then we should be using it for things like we should be using it for. But what I've learned from talking with a number of people involved in that entire process is that the cash fund essentially was artificially inflated by virtue of COVID because there were less-- there was less money being utilized by Probation Services. So because of that artificial inflation, there was more carryover than is normal, which I think gave the indication that there was some, for lack of a better way to put it, hoarding of money that wasn't actually

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

happening. Now in addition to that, there's multiple projects the Supreme Court has been tasked with completing or are planning on completing sometime in the future. One of those, as we've already talked about, is the Court Improvement Project, wherein they are going around the entire state, essentially in modernizing and updating courtrooms and services to ensure they actually work with modern technology. That is a very costly endeavor and it's one that the bulk of that cash fund is going to go towards. If we deplete that cash fund first, what that ultimately means is the is going to have to come back in with some massive budget ask and they're going to say we need X amount of money to continue to, both, do the court improvement project and pay our interpreters. And as Chief Justice Heavican said during his State of the Judiciary speech, essentially cobble together or put together an entirely new database system that's going to cost millions, if not tens of millions of dollars. My concern and the concern that I think many others have here is that if they come to us, the Legislature, with that large of an ask it's going to cause a lot of people concern and heartburn and maybe not give that amount of money. So right now, when we are enjoying essentially one of the, I guess, best times financially we've had, we've heard that from a lot of people, it would seem to me that now is the time to bring that additional money. I did bring a bill last year to increase the base rate and pay for the interpreters or to appropriate that money into the Supreme Court budget in order to continuously ensure there would be additional funding. Unfortunately, that didn't make it into the budget. We then amended it into the budget and then that was then vetoed and taken out. So this what we're talking about right now with interpreters, if we were to get to that amendment, is, is essentially a Band-Aid on the problem. I admit that, it doesn't fix everything moving forward, but this is an acute problem that needs to be addressed. We saw what happened when the court interpreters didn't-- weren't able to work and had a work stoppage during the summer. It was a huge problem. And I, I sat or stood right here last year and said if we don't do something about this, that's going to happen. And then it happened, and I had to spend months with a bunch of other people trying to figure out what was going to happen. And this idea that we need this \$600,000 injection is part of that entire pieced together solution for at least the interim until we do get to next year. So I believe Senator Dover is exactly correct. We are going to have to address this next year, and I do intend to bring a bill to the Appropriations Committee with a specific ask in increase to ensure the court interpreters can maintain their pay, if not get a pay increase to make them actually keep up with cost of living and inflation. But unfortunately--

DeBOER: One minute.

DUNGAN: Thank you, Madam President. I do appreciate how you wait till there's a pause in what I'm saying. So I'm sorry for just going on and on. But I, I think that, unfortunately, we don't have the opportunity here today to address the problem beyond what we can do with this one-time injection. So the court interpreter issue is real. I'm not just sounding off the alarms for no reason. It's been something that's been on the forefront of my sort of purview for this entire interim since we ended this last session. It's been something I've been working on this entire session as well. I was very sad to see it not included in the budget, but we can still do something about it here, colleagues. And so my hope is whether it's now or between General and Select, we can come up with some amount of money that will ensure our court interpreters can continue to maintain a, a living wage and actually maintain their employment. So with that, colleagues, I appreciate the conversation we've been having. Thank you, Madam President.

DeBOER: Thank you, Senator Dungan. Senator Walz, you're recognized.

WALZ: Thank you, Madam President. I have a couple more questions, this time about highways and the transportation fund. So I was wondering if Senator Clements would yield to some questions?

DeBOER: Senator Clements, will you yield?

CLEMENTS: Yes.

WALZ: Thank you, Senator Clements. I don't know what I was doing, but I could kind of hear you talking about the transportation and the funding for transportation. And I just wanted to know if you could relay that information again, please?

CLEMENTS: Yes, a Fiscal Analyst just gave me this breakdown that they're-- they have NDOT has contracted over \$500 million of projects beginning this summer. Some of those will be multi-years, but they have \$181 million available in their Roads Operation Cash Fund. And then what I said was, we allocated in the budget \$50 million of-- from what we call the JEDI Cash fund, which we call Lake I-80. So we're, we're adding \$50 million of cash to them and then the \$20 million of ARPA projects. They gave me a list that they have, 6 projects that would qualify for ARPA, totaling \$17.2 million, and was also told that they could use \$3 million on the Department of Aeronautics for state airports. That would be \$20 million where they-- thinking they could

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

spend the \$20 million. But the \$181 million currently with \$500 of contracts is \$319 million short. The \$50 million would help toward that, but they'll still be short.

WALZ: OK, so currently this would not allow the Department of Transportation to complete the highway projects that we've been waiting on for quite some time.

CLEMENTS: There's still, still a, a backlog. Yes. Although, I believe they'll-- they will have federal matching funds that would help out as well.

WALZ: Right. But they were projected to finish those projects in 2035, and now the new projection would be 2042, I think.

CLEMENTS: I think you're right. I'm not on that committee, but it's quite a few years out there.

WALZ: Yeah. And it's already been, as you know, 30, 40 years that we've been waiting for those projects to be completed. I had another question. Sorry, Senator Clements. I, I might have to ask you off the mic. I can't remember. I'm sorry. I'll yield my time back to the Chair. Thank you.

DeBOER: Thank you, Senator Walz and Senator Clements. Senator Dover you're recognized.

DOVER: Thank you. I just want to speak to something that Senator Dungan had brought up as far as a surplus emerging in the agency due to the fact that during COVID they had positions that were unfilled. I just want to-- I'm sure this is already been said on the floor, but I want everyone to understand that, that, that didn't happen just in Supreme Court agency, that happened in all agencies. So I really think that if we have a situation happen over the years where they weren't able to fill positions and a surplus built up, I think it only makes sense to take that surplus and fund things such as interpreters, court interpreters, and other things, or take those-- take that money to front-load property tax relief so that the taxpayers of Nebraska can actually get that relief early instead of waiting-- having to wait because we pay taxpayer-- tax payments in arrears, having to wait a full year to see any tax relief. So I, I really think it makes sense that if a surplus built up due to the fact that they didn't actually pay-- they were receiving appropriated funds for positions that were not filled. I think it only makes sense that we come in and ask them to use those-- that surplus funds that were not spent to cover other

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

expenses. And then once that surplus is spent, I think it only makes sense then that we-- as we, as Appropriations Committee, would sit down and be willing to listen to any requests for appropriated funds. I yield the rest of my time to the Chair. Thank you.

DeBOER: Thank you, Senator Dover. Seeing no one else in the queue, Senator Machaela Cavanaugh, you're recognized to close on your motion.

M. CAVANAUGH: Thank you, Madam President. I think we have 17 minutes, because we have an excellent timekeeper up front who said we were going to 3:40. So my math skills aren't amazing, but I think that's 17 minutes from now. So I'm not going to-- I don't want to disrupt what people are doing, lots of committees are having mad dash Executive Sessions so I'm not going to take us to a vote on this. But just so everyone is aware, in 17 minutes you are going to have to come vote for cloture on the budget. So Senator Clements has been very gracious with his time and answering my questions. So we-- the question I was about to ask him when I was on the mic the last time about the Visitors Promotion Fund is how much money they have left in the fund? And on page 20 of the green appropriations book, it says that the balance will be-- after the appropriation of the \$5 million, the balance will be \$1.6 million. So I'd be interested to know what their budgets are like, typically. But it is funded by a, a Nebraska lodging tax revenue, 1% of that goes into the Tourism Commission account. I haven't figured out yet, and, of course, I appreciate Senator Clements answering the question or attempting to, but if we-- if the Commission on Tourism is appointed by the Governor and confirmed by the Legislature. So that's one thing that I, I want to find an answer to sooner rather than later. OK. So that was that fund. I find these funds to be very fascinating because they are a historical document of the Legislature and they are reflective of ideas of former legislative-- Legislatures and projects that they brought forward. The Civic and Community Center Fund is an interesting fund because it is primarily funded by the larger populated centers like Omaha, Ralston, Lincoln, probably somewhere in Kearney. And there is the 30% of the sales tax goes into that fund to fund smaller communities. And as a result, we all benefit from that because we have a cultural enrichment across the state and that's a beautiful thing. And I-- one senator came and asked me about this. Does, does Omaha get upset about the fact that this 30% of this goes into funding this-- these community projects across the state? No, because a lot of things are funded by the taxes that are collected in Omaha and, and Lincoln. But also these are collected from people coming from across the state to events in Omaha and Lincoln and from people coming out of state, especially, you know, College World Series, things like that. So it's something that

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

should benefit all of us. So at least from my perspective, I guess I can't speak for the whole city of Omaha, from my perspective it makes sense. It's an investment in the whole state and everyone is contributing to that. I bring this up because I think the entire budget should have that approach. It shouldn't be what's good for this group or good for this group. We need to consider the state as a whole and do what is good for the health of the state. And sometimes--

DeBOER: One minute.

M. CAVANAUGH: --thank you-- that is going to be things that impact Omaha more because Omaha is a large tax base. And so we have to invest in that. And we have to secure that because that helps fund a lot of things across the state. So having a diverse workforce that is supported is important. I'm going to continue, but right now I am going to pull my bracket motion and will go to my next thing.

DeBOER: Without objection, so approved. Mr. Clerk, for the next motion.

CLERK: Madam President, Senator Machaela Cavanaugh would move to recommit the bill to the Appropriations Committee.

DeBOER: Senator Machaela Cavanaugh, you're recognized to open.

M. CAVANAUGH: OK, friends, this is-- I can take 10 minutes, but if anybody has anything left that they would like to discuss about the budget you have 13 minutes. So if you get in the queue, I will-- I will stop talking because I, I don't want to take away from any further conversation that people would have. So I want to make sure that we have that opportunity to have a conversation. I see that Senator Armendariz just got in the queue, so I will finish my last thought from, from previously, and that was the, the health of, of the state benefits all of us. And so when we look at this document, when we look at this budget, we need to be looking at it very holistically. And I very much appreciate all of the time that Senator Clements has given me over the last 2 days on this bill. And I'm very appreciative to the Fiscal Analysts who are sitting over here who answer a lot of my questions as well, and I will yield the remainder of my time to the Chair. Thank you.

DeBOER: Thank you, Senator Machaela Cavanaugh. Senator Armendariz, you're recognized.

ARMENDARIZ: Thank you. And thank you, Senator Machaela Cavanaugh. This is to follow up on some questions she had about the audit contract. I

want to thank her for providing the copy of that contract for us. But I did review it quickly, and I did go to the statement of work and it does have an intent in there of a 25% improvement done by this audit company in the overall functioning of the 75 agencies it's audit-- auditing. And then down further, it does specify the first year they are to find 3% improvement with the General Fund of the appropriation to the General Fund, and then the following year they are to find another 6% improvement. So just to clarify that for everybody that it is clarified in the contract that there is an intent to have those improvements made. I also did see that there is a, a termination clause for convenience, meaning the state can terminate the contract at any time. And then, also, our-- we on Appropriations can just not appropriate the funds each biennium. So there, there are several protections here to not continue paying this contract over time. I just wanted everybody to be secure in that. Thank you, Madam President.

DeBOER: Thank you, Senator Armendariz. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Madam President. So I do-- we do have 10 minutes left. So if anybody else does feel moved to speak or wants to give me more time, I will take more time because this recommit is going to stay on the board until we go to cloture. So I will appreciate the time. OK. And I was caught unawares for a moment. So thank you to Senator McDonnell, who came over to talk to me about the Tourism Board. And Senator Clements was right. Excellent guess-- or-- it was an educated guess, I would say, an informed guess that, yes, the Tourism Board is appointed and confirmed. So there we have-- that mystery has been solved. I better get back in the queue. Yeah. I have noticed that this particular queue system-- so for those who aren't inside of this Chamber, this is new. Last year was a white background with black font, and it didn't sit here, it sat here. And it was impossible to read from where I am, like impossible. Right now, I can see that there are 2 people in the queue. And because my eyesight isn't great, I can't see who they are, but I know one is me. So-- because I also have the longest name. Oh, Clements. Yes. The other is Clements. I have the longest name. Well-- actually, no. I do still have the longest name, because Senator John Cavanaugh is-- John is shorter than Machaela. So I do have the longest name, I think. Maybe von-- maybe von Gillern might be in competition, because I assume Brad is short for Bradley? Bradford? Bradson? Bradford. Bradford. You should join HHS, where we have Beau Ballard. And then we have Ben-- we have Beau, Ben, and then our legal counsel is Benson and our research analyst is Bryson. Ben, Beau, Bryson, Benson, Bradford. That would--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

say that 20 times real fast. I do have more to say. I'm just at that point of-- where I've been talking, that I'm a little goofy. So-- and I need to grab my stuff. John Fredrickson? Oh, is his name longer? Yes, it is. It's just when it's in the queue over there, I can always tell that it's either myself or the other Senator Cavanaugh, because-- well, there's the initials are on there, but-- oh. So what I was saying about the queue machine is that this is easier to read, but I still don't have a great time reading it from this distance. And I, from time to time, do use my opera glasses, but I won't put them-- hold them up because that would be a prop-- but my opera glasses that the other Senator Cavanaugh got me because I complained about the-- reading the queue so much last year. And I would like to note, he was so thoughtful, that they are in rose gold. So, he's a good brother, that one. OK, back to what we have at hand. And I'm going to get out and get back in so that Senator Clements can go before me, because I don't want us to run out of time for him to talk. OK. Cash funds. So the-- where were we? I apologize. Why do I keep closing this book? OK. The Records Management Cash Fund is \$3 million, and that is with the Department of Treas--

DeBOER: One minute.

M. CAVANAUGH: --thank you-- Treasury. And then there's the Revenue Enforcement Fund, which is \$4 million and \$1 million. And that is another fund that I have been interested in, because I do get concerned when we are taking money away from funds that are supposed to be used for enforcement. And if we don't need those funds, if we are overfunding that particular fund, I understand why we would take money from it. But, again, we need to analyze-- are we overcharging the people of Nebraska who are paying into these funds? That seems to be a running theme, is that we have a lot of cash funds that have a lot of ex-- excess funds in them that are funded by fees and taxes. And, perhaps, we need to evaluate what we are charging to the people of Nebraska. Thank you, Madam President.

DeBOER: Thank you, Senator Machaela Cavanaugh. Senator Clements, you're recognized.

CLEMENTS: Thank you, Madam President. And thank you for giving me some time, Senator Machaela Cavanaugh. And I just had about 4 items that I wanted to review. Would Senator Dungan yield to a question? Is he available? Would Senator John Cavanaugh yield to a question?

DeBOER: Senator John Cavanaugh, will you yield?

J. CAVANAUGH: Yes.

CLEMENTS: Senator John Cavanaugh, if I was able to put in the budget, a earmark, to earmark court interpreter money as been requested, would you support that?

J. CAVANAUGH: I would certainly be happy to make sure that we're funding court interpreters in any way possible. And I do appreciate your willingness to work and find a work-around solution. I can't speak for anybody else or Senator Dungan in particular, but I, I appreciate the work to get court interpreters funded at that level that we're talking about now.

CLEMENTS: Thank you.

J. CAVANAUGH: I would support an amendment that would do that. Yes.

CLEMENTS: Thank you. I am working, trying to find a way that we can earmark the existing funds. And we're, we're still saying they have \$8 million of operating funds, and I would like for them to use it for court interpreters. And we're looking into an earmark in the budget. Thank you, Senator Cavanaugh. The next item we've been talking about, the lodging tax and the Tourism Commission. And I had received a email that I found of, of, of the revenues they've been receiving for the, the last 10 years. They've been giving-- receiving \$5 million a year, roughly, except in 2022 fiscal year, \$6.7 million. In 2023, \$7.8 million. And so they're-- tourism-- I'm glad the tourism lodging tax is up and we're getting more people in, in lodging and, hopefully, they're from out of state. But the revenues they're receiving are adequate. The-- removing \$5 million of that, the budget report says they'll have 6-- \$1.6 million left, but they'll probably have at least \$5, \$6, \$7 million. We're not taking all their money. They'll have new, new revenue this coming year. Then, on the ARPA money for the Department of Transportation, I did get a memo that there is not \$3 million-- there are not \$3 million worth of ARPA projects available for aeronautics. And so I, I just-- I believe that the Department of Transportation for roads will have enough ability to spend the full \$20 million, as the, the Governor had recommended \$35 million. But it's not going to go for aeronautics. Just want to make a correction there. Then I have-- we've been talking some about developmental disability and that-- let me find it. That was a bill that we had in committee. There it is. And I'm-- in speaking with the CEO of HHS, CEO Corsi, he's-- he was reminding me that the 2023 budget increased funding for developmental disability by 26%. And of, of that, 9% of that was ARPA dollars that will last through 2026. 17% of that was

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

General Funds. That raises their base. And in addition, there's a 2% additional--

DeBOER: One minute.

CLEMENTS: --provider increase-- thank you-- additional provider increase, starting this year or the following-- I think it's following year, another 2% increase. And so the-- their base has been increased. And the ARPA money they have-- they've been allocated is going through 2026, but the 26% last year was an effort to try to catch them up. And we, we can allocate the money, and it's up to the agency to make sure it's spent. And I urge them to find ways to make sure it is distributed. So I-- looks like we're going to be getting close to a vote. So I'll, I'll end that. Thank you, Madam President.

DeBOER: Thank you, Senator Clements. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Madam President. Colleagues, this is the end of the road for LB1412. I, I do want to talk about tourism, but I will do it on the next bill because I got a letter from one of Senator Lowe's constituents that I want to share. So with that, I will pull my motion to recommit. Thank you.

DeBOER: Without objection, so ordered Mr. Clerk, for a motion on your desk.

CLERK: Madam President, Speaker Arch would move to invoke cloture on LB1412 pursuant to Rule 7, Section 10.

DeBOER: Speaker Arch, for what purpose do you rise?

ARCH: Call of the house.

DeBOER: There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 25 ayes, 3 nays to place the house under call, Madam President.

DeBOER: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senator Machaela Cavanaugh, please check in. Senator Bostelman, Riepe, Moser, Hardin and Day, please return to the Chamber. The house is under call. All

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

unexcused members are now present. The first vote, colleagues, is the motion to invoke cloture. A roll call vote has been requested. Mr. Clerk, please call the roll.

CLERK: Senator Aguilar. Senator Albrecht voting yes. Senator Arch voting yes. Senator Armendariz voting yes. Senator Ballard voting yes. Senator Blood voting no. Senator Bosn voting yes. Senator Bostar voting yes. Senator Bostelman voting yes. Senator Brandt voting yes. Senator Brewer voting yes. Senator John Cavanaugh not voting. Senator Machaela Cavanaugh not voting. Senator Clements voting yes. Senator Conrad voting yes. Senator Day not voting. Senator DeBoer voting yes. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan not voting. Senator Erdman voting yes. Senator Fredrickson voting yes. Senator Halloran voting yes. Senator Hansen. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt voting no. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Kauth voting yes. Senator Linehan voting yes. Senator Lippincott voting yes. Senator Lowe voting yes. Senator McDonnell voting yes. Senator McKinney voting no. Senator Meyer voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Raybould. Senator Riepe voting yes. Senator Sanders voting yes. Senator Slama voting yes. Senator Vargas voting yes. Senator von Gillern voting yes. Senator Walz voting yes. Senator Wayne voting no. Senator Wishart voting yes. Vote is 38 ayes, 4 nays, 4 present, not voting, Mr.-- Madam President.

DeBOER: Cloture is invoked. Colleagues, the next vote is the adoption of AM2566. All in favor vote aye; all those opposed vote nay. Have all voted who would care to? Mr. Clerk, please record.

CLERK: 39 ayes, 3 nays on adoption of the committee amendments, Madam President.

DeBOER: The amendment is adopted. The next quest-- the next question is the advancement to E&R Initial of LB1412. A roll call vote has been requested. Mr. Clerk, please call the roll.

CLERK: Senator Aguilar. Senator Albrecht voting yes. Senator Arch voting yes. Senator Armendariz voting yes. Senator Ballard voting yes. Senator Blood voting yes. Senator Bosn voting yes. Senator Bostar voting yes. Senator Bostelman voting yes. Senator Brandt voting yes. Senator Brewer voting yes. Senator John Cavanaugh not voting. Senator Machaela Cavanaugh voting no. Senator Clements voting yes. Senator Conrad voting yes. Senator Day not voting. Senator DeBoer voting yes. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

voting yes. Senator Dungan voting yes. Senator Erdman voting yes. Senator Fredrickson voting yes. Senator Halloran voting yes. Senator Hansen. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes not voting. Senator Hunt voting no. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Kauth voting yes. Senator Linehan voting yes. Senator Lippincott voting yes. Senator Lowe voting yes. Senator McDonnell voting yes. Senator McKinney voting no. Senator Meyer voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Raybould. Senator Riepe voting yes. Senator Sanders voting yes. Senator Slama voting yes. Senator Vargas voting yes. Senator von Gillern voting yes. Senator Walz voting yes. Senator Wayne voting no. Senator Wishart voting yes. Vote is 39 ayes, 4 nays, Madam President, on advancement of the bill.

DeBOER: The bill is advanced. Mr. Clerk, for the next item. I raise the call.

CLERK: Madam President, some items quickly. Your Committee on Enrollment and Review reports LB685, LB844, LB857, LB1035, LB1394, LB1394A as correctly engrossed and placed on Final Reading. Amendments to be printed: Senator Machaela Cavanaugh to LB1412, and Senator Fredrickson to LB1412, Senator Machaela Cavanaugh to LB14-- Senator Machaela Cavanaugh to LB1413. Your Committee on Enrollment and Review reports LB904, LB1120, LB1004, LB262, and LB867 to Select File, some having E&R amendments. Your Committee on Revenue, chaired by Senator Linehan, reports LB126 to General File with committee amendments. Your Committee on Natural Resources, chaired by Senator Bostelman, reports LB1335 to General File with committee amendments. Notice of committee hearing from the Revenue Committee. And a gubernatorial report-- excuse me, a committee report on a gubernatorial appointment to the Department of Economic Development. Madam President, as it concerns the agenda, LB1413. Senator Machaela Cavanaugh would move to indefinitely postpone the bill pursuant to Rule 6, Section 3(f).

DeBOER: Senator Clements, you're recognized to open on the bill.

CLEMENTS: Thank you, Madam President. I want to thank, again, the Appropriations Committee members and the fiscal analysts for their hard work on this bill since we started in January. LB1413 is the Governor's mid-biennium funds transfer bill for the Cash Reserve and other cash funds. The Appropriations Committee advanced LB1413 to General File with committee amendment AM2698 on a 9-0 vote. And the Cash Reserve and the cash funds items are, again, in the, the shamrock green folder here, just as a reminder. The cash fund transfers start on page 19. And then following that-- that's a listing of them, and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

then the details with a paragraph on each one is pages 20 and following. The cash transfers that were requested by the Governor totaled \$273 million. And the total you'll find in the amend-- when we get to the amendment. We approved \$244 million. But LB1413 is a companion to the budget, which is part of our budget that we need to pass each year. And some of the funding in the General Funds comes from cash transfers. And I-- that will end my remarks on LB1413. And I'll speak on the amendment when the time comes. Thank you, Madam President.

DeBOER: Thank you, Senator Clements. Senator Machaela Cavanaugh, you're recognized to open on your motion.

M. CAVANAUGH: Thank you, Madam President. Good afternoon, colleagues. I think it's a nice afternoon. I went outside for a minute on the balcony today. And it was-- it was-- it was really lovely, but it was literally for-- well, it was probably 2 minutes and, like, 13 seconds, but not very long. So, these are the cash transfers. This is it, friends. This is where the money is coming from. We have to transfer the funds from the funds to the General Fund. If we don't, then the bill that just moved gets a little bit more sticky. So LB1413. This is where we see the funds going into General Funds. And you-- if you have it printed off or if you have it up on your computer, you can see section by section. It is Section 4, line 18, page 1, \$3 million from the Records Management Cash Fund to General Fund. Section 5, line 23, \$2.5 million from the Employment Security Special Contingent Fund to the General Fund. And then the next page, there's 1, 2, 3, 4 transfers to the General Fund. And then there's 2 additional transfers. There's 1 for \$20 million from the Affordable Housing Trust Fund to the Rural Workforce Housing Fund, and then \$5 million for the following year. No, for the same year, but for some reason, it's-- I'm sure there's a reason that I don't understand. OK. And then there-- I submitted an amendment to this bill-- doot-do-do-- that was on page 48. And I will-- I'm going to give him a heads up. I'm going to ask Senator Clements a question in just a minute. So on page 48 of this bill-- of the-- of the bill, lines 25-28, it says: beginning on June 30, 2025, and each June 30 thereafter, the State Treasurer shall transfer all earnings on the Nebraska Telecommunications Service Fund, less any transfers made to the 211 Cash Fund in such fiscal year to the General Fund. Would Senator Clements yield to a question?

DeBOER: Senator Clements, will you yield?

CLEMENTS: Yes.

M. CAVANAUGH: Thank you, Senator Clements. So the way I read this is that this is a permanent change to the allocation of the excess of the Universal Service Fund.

CLEMENTS: That's what-- that is the request. The, the Governor's recommendation was to take \$11,250,000 off of this fiscal year, and then-- and \$2 million in the next fiscal year, and, and in the future-- well, whatever the interest amount. They were kind of estimating \$2 million. But it does say the-- all of the interest, except for the amount that's allocated for the 211 service fund that Senator McDonnell has--

M. CAVANAUGH: Right.

CLEMENTS: --sponsored.

M. CAVANAUGH: But can we permanently allocate these funds through an appropriation cash fund transfer in a mid-biennium adjustment without a hearing?

CLEMENTS: Yes, we can.

M. CAVANAUGH: Should we?

CLEMENTS: Well, that's, that's the request, and the, the fund has over \$100 million in it.

M. CAVANAUGH: Yes.

CLEMENTS: And the-- it's been building up and that's-- the argument is whether you're really going to spend it for this purpose or is the fund-- is the interest going to be just sitting there and building up.

M. CAVANAUGH: And the purpose of this fund is--

CLEMENTS: The purpose, you're asking me?

M. CAVANAUGH: Well, are-- do you--

CLEMENTS: Yes.

M. CAVANAUGH: I know what the purpose is.

CLEMENTS: Yes. It, it--

M. CAVANAUGH: Do, do you?

CLEMENTS: It's part of your phone bill. There's a fee on your phone bill--

M. CAVANAUGH: Yes, there is.

CLEMENTS: --that will say the Universal Service Fund. And as I recall, it's currently for companies like Windstream to-- in high-cost areas, to build out, say, a phone line to a farmer that's 3 miles away that wouldn't be cost effective for a company. But then they get-- they can apply for these funds for high-cost areas that need some extra subsidy.

M. CAVANAUGH: Yes. And do you see why that might be a problem to sweep that fund?

CLEMENTS: Well, I'm sure expenses are going up for maintaining phone lines.

M. CAVANAUGH: Well, even though the fund is growing-- yes, expenses are going up, but the intention of that fund is to serve unserved and underserved areas. And we have a-- we've had an issue in getting that to happen. But that is something that the Transportation and Telecommunications Committee has been working on for a long time, in partnership with many of the telecom companies and the Public Service Commission, to try and work to get that moved forward. And now we have the BEAD program, the broadband program, that's under the Department of Transportation that is also working on this. And so we've got a lot of moving pieces here. And you might recall last year, when I flagged that we went after money in the Universal Service Fund. That time it was the actual fund, not the excess. But my concern is that we are taking money out of a fund when all of these other pieces are working to make sure that we get broadband everywhere possible in the state. And I have heard from numerous rural communities how important it is for us to get broadband, because technology is making efficiencies in agriculture. So are we certain that this is the best use of the Universal Service Excess Fund?

CLEMENTS: At the current-- currently, it looks like it has excess funds. In the future, we'll see if they spend them or not. They, they have a history of spending--

M. CAVANAUGH: Did the Public Service Commission give you any feedback on taking this money?

CLEMENTS: I believe they, they were not supportive.

M. CAVANAUGH: Yes. That makes sense. Thank you, again, Senator Clements. You are, once again, very gracious in answering my questions. I would imagine that they would not be supportive, because this is actually under their purview. And last year, we took out of their purview, the broadband, the BEAD program, which is a federal program. But the Universal Service Fund also has, you know, some federal implications, as well. And, yes, it is the excess. So that gives us a little bit more flexibility than the underlying fund, but the excess should be used to serve the unserved and underserved areas. And believe it or not, we have substantial unserved and underserved areas in Omaha that could use these funds. And I know all of you have areas in your districts that could use these funds. So it concerns me that we are taking money, that is really the only money that is dedicated to technological advances in this state, and putting it in the General Fund. And, and not only doing that, but putting it in the General Fund in perpetuity, through page 48, lines 25-28 of L-- AM2698 of LB1413.

DeBOER: One minute.

M. CAVANAUGH: Thank you, Madam President. So I'm, I'm a bit protective of this one, and it, it does concern me. And I understand what the motivation is in these 2 bills of sweeping funds to fund whatever is in the budget this year, but these are 1-time sweeps. This particular one is not a 1-time sweep. This is making this permanent. And I think that that is something that we should be having a broader conversation on, because the Public Service Commission is an elected body and it is their-- under their purview. So we should be talking in, in concert with them about sweeping this excess fund. And if we have an excess fund that is so great, we should also be talking about the fund-- the fees of the fund, because there have been times--

DeBOER: Time, Senator.

M. CAVANAUGH: Thank you, Madam President.

DeBOER: Thank you, Senator Machaela Cavanaugh. Senator Conrad, you're recognized.

CONRAD: Thank you, Mr. President. Good afternoon, colleagues. I rise indifferently in regards to the, the motion that my friend Senator Cavanaugh has on the board. I think it's hopefully clear to all colleagues and all stakeholders that she filed this in order to structure the debate on the budget motions. This is not signaling some sort of a return to the ongoing consisting filibuster tactics that

were utilized last year, but is just one of the tools available to structure the debate on the budget, which is critically important. Because of her protective and/or hostile motions, and depending upon how you want to describe them or look at them, the amendment that I filed on this measure is, is quite a bit further down the way. And I know Senator Jacobson has an amendment that's filed, as well, that's very important in regards to state tourism dollars. But I wanted to flag for the body that I am proud to work with the business community and entities representing their interests, whether that's small businesses or our largest corporate partners who we have found a lot of common ground and alignment in regards to, I think, the misguided components of this budget bill that needlessly sweep funds from the unemployment program, needlessly. And I want to lift that up and thank the Omaha Chamber, Lincoln Chamber, State Chamber, and the Nebraska Federation of Independent Businesses for their advocacy on this topic at the committee level, continuing to work with myself and other stakeholders who are concerned about this transfer here at this stage of budget deliberations. And if you had ever wondered if our nonpartisan spirit was alive and well in the Nebraska Legislature, I think we're going to have a lot of opportunities to reaffirm that and prove that true, particularly when it comes to our treatment of this proposed fund sweep for the unemployment funds before us. Senator Slama and myself have been working to try and find a, a big issue that perhaps we could partner together on. And I think we may have finally, finally found our issue to work together on, and we'll thank the Appropriations Committee for bringing us together in that regard. But I, I think that this is an issue should-- that should have significant and serious debate, because I think that the sweep proposed by the Governor's Office and by the Appropriations Committee is misguided from both a legal policy and-- or not both, from all-- from a legal policy and economic perspective. And we can go through some of the, the legislative history about why that is. When you look back at how these funds were first established-- and I've been fortunate enough to, to be-- to do some of my homework here, and to look at the authorizing legislation for the State Unemployment Insurance Trust Fund, which came through our body back in 1994. And if you look at that authorizing legislation, you can see that there is an incredibly broad group of incredible state leaders that came together--

DeBOER: One minute.

CONRAD: --with the business community-- thank you, Miss-- Madam President-- to establish this trust fund. And it was very intentional to establish this trust fund so that we can literally hold in trust taxes that employers are assessed to be that rainy day, to be that

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

backfill, to be that insurance when times go bad. And so this has been a very thoughtful, very appropriate program to make sure that we're forward-filling during good times, that we have appropriate resources available for our unemployment insurance program and for job training purposes. And these funds, colleagues, are literally held in trust. Look at the authorizing statute in Nebraska, 48-622.01. The-- this is not--

DeBOER: Time, Senator.

CONRAD: --a slush fund, a cash fund to be diverted for other purposes. Thank you, Madam President, and I look forward to continuing the debate on this and other topics in LB1413.

DeBOER: Thank you, Senator Conrad. Senator McKinney, you're recognized.

McKINNEY: Thank you, Madam President. I rise in support of the IPP motion and against LB1413. I thought it was important that this bill has a bunch of cash transfers. I could be wrong, but I think there's about 25 transfers. So I just figured we got time. We might as well say what-- say what they are. So, you know, the first one on page 2 of the committee amendment that got marked as 1, in Section 63, the transfer from the Tobacco Settlement Trust Fund to the Health Care Cash Fund is amended to reduce the amount by \$2.5 million in fiscal year '24-25, and \$1.25 million each year thereafter. 2, in Section 71, transfers to and from the Cash Reserve Fund are amended to include a transfer of \$35 million from the Jobs and Economic Development Fund in fiscal year '23-24, a transfer of \$13.841 million from the Governor's Emergency Cash Fund in fiscal year '23-24, a transfer of \$5 million in fiscal year '24-25 to the State Insurance Fund, and a modification to-- of the transfer to the Nebraska Capital Construction Fund to reduce the transfer in fiscal year '23-24 by \$15 million-- 900-- \$900,000-- \$950,250-- 245. Then we get to-- under the explanation of the amendment, in Section 1 and 2, \$7 million in fiscal year '23-24 and \$5 million in fiscal year '24-25 is transferred from the Nebraska Education Improvement Fund to the Education Future Fund. In Section 3, \$500,000 in fiscal year '23-24 is transferred from the Professional Practices Commission to the Education Future Fund. In Section 4, \$3 million in fiscal year '23-24 is transferred from the Records Management Cash Fund to the General Fund. In Section 5 and 6, \$2.5 million in fiscal year '23-24 and 2-- and, and \$2.5 million in fiscal year '24-25 is transferred from the Employment Security Special Contingent Fund to the General Fund. In Section 7, \$20 million is transferred from the Affordable Housing Trust Fund to the Rural

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

Workforce Housing Investment Fund in fiscal year '23-24. In Section 8, \$5 million is transferred from the Affordable Housing Trust Fund to the Middle Income Workforce Housing Fund in '24-25. In Section 9, \$4 million in fiscal year '24-25 is transferred from the Civic and Community Center Financing Fund to the General Fund. In Section 10, the remaining unexpended balance on June 30, 2025, is transferred from the Job Training Cash Fund to the General Fund. In Section 11, \$9 million in fiscal year '24-25 is transferred from the Site and Development Fund to the General Fund. In Sections 12 and 13, \$1.16 million, or a little more than that is transferred to-- in fiscal year '23-24. Then \$526,716 is transferred-- in fiscal year '24-25 is transferred from the Department of Motor Vehicle Cash Fund to the General Fund. In Section 14, \$6.5 million in '23-24 is transferred from the Water Recreation Enhancement Fund to the General Fund. In Section 15-- Sections 15 and 16--

DeBOER: One minute.

McKINNEY: --\$4 million in '23-24, and \$1 million in '24-25 is transferred from the Revenue Enforcement Fund. I'll get back on the mic and finish, because there's some more. I just think the public should know about all these transfers that we're discussing. It's very interesting. It's a lot of transfers, the most I've ever seen since my time in the Legislature, to be honest. So I, I think it's important for the public to know and for us to have conversations about these funds. Thank you.

DeBOER: Thank you, Senator McKinney. Senator Wayne, you're recognized.

WAYNE: Thank you, Mr.-- Madam President. Will Senator Jacobson yield to a question?

DeBOER: Senator Jacobson, will you yield?

JACOBSON: Certainly.

WAYNE: Thank you. Can you take a little bit of time and talk to me about North Platte and the benefits of North Platte, and where you see North Platte growing to?

JACOBSON: Well, I think North Platte is in a unique position right now because of the new sustainable beef packing plant, which is set to employ about 875 new employees, just for the plant by itself. OK. So that will be huge growth, along with all the ancillary business.

WAYNE: Tell me a little bit more about sustainable beef and how, how Union Pacific or-- and the railroad ties into-- to that area and, and how you see the growth of, of Hersheys and how the inland port has, has facilitated that?

JACOBSON: Well, obviously, the inland port is, is a big deal because with the UP slowing down some of its traffic coming through North Platte because of the reductions in coal, they've had to pick up other business. And so we used to not be able to have any kind of rail sidings there, because of the traffic going through North Platte. But now that the coal traffic slowed down, UP is actually looking for more business. So that made it possible for the inland-- for the-- first of all, the rail park to be built in North Platte-- or actually, it's outside of Hershey. So it's really the Hershey rail facility, which is just west of North Platte. And so that gets us onto the main lines. And then, of course, the rail park, which was a bill that was brought by my predecessor, to really provide funding to be able to create an inland port and expand the rail park. So we were the first designated inland port, which would allow us then to expand the rail park and be able to be an import/export facility out of the central part of, of the state of Nebraska. So with the interstate, our airport with a mile-long runway in North-- in, in North Platte, along with the Highway 83 running between Canada and Mexico, we're unique-- uniquely positioned to be able to really accommodate that facility and significant growth.

WAYNE: So what do you see in the next, I don't know, 5-10 years? If you could-- if you could give a, a 1-minute elevator pitch on where you see North Platte growing, and its strengths, and, and how it gets there. Can, can you give me that for, for 1 minute or less?

JACOBSON: Well, gosh, now you're being challenging when you say 1 minute or less, but let me try. I think if you look at the growth of Omaha, look at the growth of Lincoln, move to Grand Island. Grand Island now is an MSA. Grand Island has grown significantly over the last 10 years. Kearney is growing significantly, still behind Grand Island. Grand Island is behind Lincoln. North Platte is behind Kearney, but North Platte is now seeing its growth. So we're continuing to see growth along the interstate as we move west. That will continue to happen if we're willing to make the right investments in those markets to be able to accommodate affordable housing, be able to accommodate the growth that has to occur, be able to accommodate the, the infrastructure that has to go in place.

WAYNE: So that's my last question. So when you think about growth and, and investments, where do you-- like, explain how the state's investment in, in sustainable beef in the inland port and, and why that initial seed money, we'll call it, facilitated all the growth you're talking about. Like the-- it kind of-- people don't understand how the inland port works and how everything works, and that's kind of why I want to have this dialogue.

JACOBSON: Sure. Well, I think it's important to note that, that there's a significant upfront infrastructure cost, that companies are not going to come in individually and invest in that. They will invest on the back end, but they won't invest on the front end. So you've really got to--

von GILLERN: One minute.

JACOBSON: --get the base infrastructure in place, and then you're going to attract these companies. Individually, they're going to come in, and then that's going to balloon from there as they come in. It's a little bit like a housing development. You're not going to go into a farm-- piece of farmland-- a quarter section of farmland and build a house. Somebody's got to come in and put in the infrastructure: street, sewer, water, etcetera. That's very expensive to do. Someone's got to do that on the front end and be willing to take the patient money to get those lots sold over time, as that housing develops out. This is the same concept.

WAYNE: Thank you. And, colleagues, 1, that's the easiest way to filibuster, is to ask a colleague a question so you don't have to do all the work. But, 2, the other part of it is, is starting having these dialogues, you start to figure out and really have a conversation how economic development really occurs, and how it works in western Nebraska. And the reason I did that is purposely. When I start talking about north Omaha these next couple of weeks, north Omaha is no different than North Platte.

von GILLERN: That's time.

WAYNE: Thank you, Mr. President.

von GILLERN: Thank you, Senators Wayne and Jacobson. Senator Dungan, you're recognized.

DUNGAN: Thank you, Mr. President. And, colleagues, I do rise today, again, similar to Senator Conrad, a little bit indifferent as to the IPP motion, and still listening to the conversation regarding LB1413.

I think this is a continuation of the conversation that we had earlier today about some of the sort of 30,000-foot view concerns that people have about what's going on with this budget. As I expressed before, and as, I guess, I continue to see with the LB1413 transfers, I continue to have concerns about the diminution of a lot of these cash funds. And the fact that we are seeing these cash funds reduced relatively quickly, I think is worthy of pause, and I certainly think it's worthy of a conversation. So while I, I know that seeing IPP on the board can be alarming to a number of my colleagues, I, I want to, at least from my perspective, and I can't speak for my colleagues, reassure you that this is not a return, as Senator Conrad said, to last year or perpetual filibusters. This is part of a conversation that, that should happen and I think needs to happen. Already, in listening to Senator Wayne talk and listening to Senator Conrad talk, I've had a couple of things raised that I have questions about. And so I, I hope my colleagues are listening to the, the concerns we have, I guess, with regard to some of these cash funds and some of these transfers. From that 30,000-foot view, and I guess, just philosophically speaking, I do have concerns when we start to see cash funds for one particular purpose swept, and then have that money put onto the General Fund for a totally separate purpose. Now, I understand if we have a, a massive amount of money sitting in a fund that's not being used, it can be attractive to potentially utilize that for other purposes when we're looking at moving money around. But I want to encourage my colleagues to remember that the reason we have money in these cash funds is often for a very specific purpose. And if we start to get rid of that money and use it for other things-- we may be in a perfectly fine situation right now. But it is entirely possible that we could find ourselves, down the road, wishing we had left that money in those accounts in an effort to utilize them. Now, that being said, I certainly think there are some set-aside funds that we can look at using. For example, I've expressed my concerns at the amount of money that's been set aside for the canal. I think that last year we had a very robust conversation about whether or not the money set aside for the canal needs to be as much as it is. I completely understand the benefits of the canal, and speaking with my friends in western Nebraska, understand the necessity of a lot of what we're talking about there. But I think Senator John Cavanaugh, my row mate, had specifically discussed how that canal did not need to be as large, perhaps, as was being discussed. And so I, I do think we can always have a conversation around whether money can be moved for one purpose to another. But there was a conversation earlier about that State Unemployment Insurance Trust Fund, that suit fund. And I think we're going to continue to hear about this. But in looking at Senator

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

Conrad's amendment and also speaking to members of the Chamber and speaking to concerned friends of mine in the business community, I think there's a couple of parts of the law in that provision that need to be discussed. The specific Nebraska Revised Statute that creates that fund specifically calls it a special fund. And why I think that's noteworthy is it's a little bit different in a cash fund to denote it as a, quote unquote, special fund, because it does seem to delineate a, a difference between those 2 kinds of funds. In addition to that, the money that's being held in that State Unemployment Insurance Trust Fund, it specifically said that it shall be held in trust for a very specific purpose. So when we start talking about that \$70-million move from that specific State Unemployment Insurance Trust Fund over to the General Funds or to the other funds it's going to be used for, I think we have to give some credence to the very specific language that was laid out in the Nebraska Revised Statutes, with regards to the importance set-aside of that Unemployment Insurance--

von GILLERN: One minute.

DUNGAN: --Trust fund. Thank you, Mr. President. I was not here when that fund was created, obviously, but I've spoken with people who were. And they've essentially said to me, that was set aside for that very particular purpose, and the language contained in that statute was to highlight the importance of that purpose. Now, I fully recognize that we have not tapped into part of that fund for quite some time, and that's worthy of a conversation. But the conversation that I think we should be having with regards to that is whether or not our businesses need to be taxed that additional money, in order to put that into that fund moving forward. So rather than taking the money that they've already spent and not addressing the underlying problem, I think we could center a conversation moving forward, with regards to what we could do to help those businesses maybe have a little bit less of a, a financial burden, if that money's going into a fund that's not being used. But I don't think the answer is to then take that money and use it for an entirely separate purpose. So we'll keep talking about this, I'm assuming, colleagues, and I appreciate you paying attention. But I do hope we listen to the subject matter--

von GILLERN: That's time.

DUNGAN: --of the conversation today. Thank you, Mr. President.

von GILLERN: Thank you, Senator Dungan. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Mr. President. I was starting to count-- very important-- very, very important-- how many letters are in my name versus the current presiding President's name. And I will get back to you, because-- I mean, I could count on the microphone. He has 18. So, I guess, count my name, first and last. Although, in fairness, I do believe that Bradford is not the presiding officer's first name. I think it's his middle name. Yes. So when he's able to, I'm going to find out what his first name is and then we'll count that, or we could count both of our first and middle and last names and see who has the longest name. My full name, because my parents wanted to make it very hard for me to learn how to spell my name when I was little, is Machaela, not spelled the normal way, M-a-c-h-a-e-l-a, Machaela Munnely Cavanaugh, M-a-c-h-a-e-l-a M-u-n-n-e-l-l-y C-a-v-a-n-a-u-g-h. Try learning to write that in grade school. Yeah, exactly. And then there was, in eighth grade, where we had to write our full names in hieroglyphics, and I was the only one that had to take mine home to finish. Everybody else finished in class. So very traumatizing. Just kidding. I wanted to get back to the tourism conversation. Because I did get a letter from Younes Hospitality from-- I'm probably not saying that-- Young? Youngs? Younes. Thank you. I am saying it right. OK. Younes Hospitality in Kearney-- and-- about, about tourism. But before I dig into that, I just want to mention one of the things about tourism that I guess gives me pause on this and it is mostly for selfish reasons, but also to give a shout out to our-- some of us, our former colleague, Senator Sara Howard, is how will this impact Passport Nebraska? And for those of you that know former Senator Sara Howard and/or follow her on Twitter, you can find pretty much 2 things on Twitter-- her Twitter, cats and Passport Nebraska. Oh, 3, books. Cats, books, Passport Nebraska. It's a very controversial Twitter account. I highly recommend it, especially during Passport Nebraska season, because she and her husband try to go to all of the stops and they document them, and it is very fun to watch. I try to get to as many stops as I can, but I have never made it through the whole passport. So I want to make sure that whatever we do with tourism dollars, we are protecting that Passport Nebraska. And whoever came up with Passport Nebraska, that was genius, because it's a great way to find unique things across the state. One year, I was visiting my aunt in-- out in Hooker County, which is in Senator Brewer's district, the Sandhills. And in the town of Mullen, there is an art gallery. Hooker County is about 500 people, and the town is about 500 people. But they have an art gallery, and it was on Passport Nebraska. And it happened to be, I was visiting her during the Passport time, and so we went. And it's a really lovely art gallery. And, actually, my parents have a painting hanging in their house from there. And it's one of my

favorite paintings, and I should remember what the artist's name is. But anyways, if you're in-- if you're in Mullen, if you're going through Hooker County, you can see the art gallery. There is also a--

von GILLERN: One minute.

M. CAVANAUGH: --bar, bar/restaurant. I can't remember what it's called. The other Senator Cavanaugh would know, because his bachelor party was tanking down the Dismal River in Hooker County, back in 2008. I got married in 2007, and he got married in 2008. And I don't remember when he had his bachelor party. I just remember that they all got sunburnt in a tank down-- a horse tank, down the Dismal River, which is also very fun, and highly recommend tanking down the Dismal River. But anyways, so the-- I think I'm almost out of time. I didn't get very far in this Younes letter, but thank God we got to the bottom of Senator von Gillern's name. Thank you, Mr. President.

von GILLERN: Thank you, Senator Cavanaugh. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Mr. President. Well, first, I want to correct Senator Machaela Cavanaugh on one item, and that is Hooker County is my district. It used to be Brewer's district, but he abandoned it, and I picked it up during-- through redistricting. So it's my district. Thank you very much. And great-- and I saw you at the county fair, so I just want to point that part out. Yes. Well, let me talk to you-- I want to talk to you a little bit about an amendment that I filed that will be coming up either now or on-- it'll likely come up on Select, in terms of the \$5 million transfer to DED from the travel fund. My concern there is I want to make sure we all understand where those dollars come from and what the plan is for the Tourism Commission. The Tourism Commission is appointed and the members are appointed and confirmed by the Legislature. The director is appointed. But I can tell you that they collect 1% of hotel gross receipts-- hotels, B&Bs. And 1% of the gross receipts is an occupation tax that gets collected, goes into the fund. There was \$7.8 million collected in FY '22-23. The projected receipts for '24-25 is \$9.1 million. And then the Commission also brought in approximately \$500,000 from advertising in the state's travel guide. This means the State Visitors Improvement Fund should be approximately \$9.5 million available for the next fiscal year. The Tourism Commission, however, is limited on how much of those dollars they can spend. They have to get permission from the Appropriations Committee, and so the Commission's current spending authority for 24-- '24-25 is \$7.5 million. They went to the comm-- they went to committee asking for that authority to be moved to \$10.5 million for fiscal year

'25. However, in no event would they be allowed to spend more than what's in the fund. Now, as you recall, moving back through time, we went through a pandemic. When we went through the pandemic, the hotels were empty. So there wasn't a lot of, of occupation tax that was collected then, and there wasn't a lot of advertising going on because nobody was going to come, anyhow. I also know that there's people that weren't so excited about Nebraska. Frankly, it ain't for everyone. OK. I get that. But that's over now, OK, and we're moving on. Now, we've had conversation in the inheritance tax debate. And we added an amendment to that, that there would be an a-- that, that, that the-- the, the, the tourism dollars-- the county tourism dollars would not be raided, but that we would add someone from DED and someone from the State Chamber to the Tourism Board. So we've got additional input on that board as to how those dollars are allocated. My concern is that these are dollars that, by statute, go to the Tourism Commission and should be spent by them through the people that are involved in that Commission and what's happening throughout the state, namely the people that are paying that money to begin with, which are the people that are staying in motels and hotels. Senator Machaela Cavanaugh mentioned Paul Younes. I've mentioned before, he's got over 700 hotel rooms, very nice rooms in Kearney, Nebraska. Huge contributor to this fund. I can tell you, he's not wanting that money to go to DED, nor would any other of the hoteliers across the state want that money going to DED. Why are we going to move that money to DED and trust that they're going to do more with it than what tourism could do, particularly if DED and the State Chamber are going to have representatives on that board? So my amendment is to strike that transfer, leave that money with state tourism. It's not--

von GILLERN: One minute.

JACOBSON: --state dollars. It's dollars that are coming from occupation taxes that are being collected by hoteliers. And they're going to use these dollars to go to, to other states, be able to advertise Nebraska, so things like Nebraskaland Days, the, the other activities that occur in Nebraska. So it might be billboards and things like that, in the Chicago area, Oklahoma City area, others, to get people to come to Nebraska, experience Nebraskaland Days, which, by the way, attracts people from all over the world, annually, in June. So come out there in June, and explore and experience rodeo, and a unique opportunity to see a lot of things in, in North Platte. So with that said, I appreciate the time, Mr. President. I'll yield the remainder of my time. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

von GILLERN: Thank you, Senator Jacobson. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. President. Well, like others before me, I guess I'm ambivalent about the IPP. I'm not supportive of LB1413 as written. I know I've heard there's going to be some amendments that are offered, and so I look to see how those are going to be, adopted or not, in the conversation. I appreciate Senator Jacobson's comments about the tourism fund, and how it's acquired and paid, and that it should go for the purpose to which it's intended, which is one of my arguments about a lot of the funds we're talking about. And I appreciate a lot of the work of the tourism Nebraska, in particular, the tourism Passport, I think is a pretty fun program that they have. And I usually try to do a few of those every summer with my kids, and find new locations that I had not previously been aware of, to make a, you know, trip to. Along the way-- I'm trying to remember-- I stopped at a restaurant in Grand Island a few years back. And actually, one of my favorite things that I found in the tourism Passport was in Aurora, which was the, I believe was called the Edgerton Explorer [SIC], which is a-- kind of a hands-on science museum in Aurora, Nebraska, that I found out about through the tourism Passport. Took my kids there. We had a wonderful afternoon. And it's one of my favorite museums that are kid-friendly in the state, and I learned about it through the tourism Passport. So I appreciate the work of Nebraska tourism, and that's the type of thing they use the funding for, to get folks like me to come to places like Aurora for that program. And I think, in response to the other Senator Cavanaugh, she said something about going tanking on the Dismal River. And for the record, it was the Middle Loup River. The Dismal, I didn't think, has necessarily-- is not wide enough, at least at that portion of Hooker County, to take a, you know, a tank on. It's the Middle Loup that runs north of there, and it's run by Glidden's Canoe Rental. It's-- that was also-- that was fun. So spending-- had some good times in Hooker County. I've not been there, personally, since Senator Jacobson be-- became their representative, but I'd be happy to go back. So to return to the cash transfers, which I believe is what this bill is now. And I have spoken about several of them before. And like I said, I think we're gonna have some amendments about that. And I've heard tell that maybe there's an amendment, aside from Senator Jacobson's amendment, about the tourism fund. There's going-- there's one about the unemployment benefits. And as I previously stated, that this is a fund that employers pay in for a specific purpose. And we should, of course, save the funds for the purpose to which they are intended. And if we don't need that amount of funds, then we should find a way to decrease

the amount that is being brought in. But that's a good example of a fund. It's kind of a rainy day fund, which is the purpose to which it exists, or is to have money in the case of an emergency. And I liked the example, and I know Senator Jacobson would agree, about the Underground Storage Tank Fund, which I talked about recently, but not on this bill or the last bill. That when I first got here, I brought a bill to-- that would take some of the money out of the Underground Storage Tank Fund, because I was looking for \$200,000 or something like that for a bill that I brought. And somebody said, oh, well, they've got money sitting in that fund and they're not using it. And so I brought that bill, and the industry folks came and testified against it, and were kind of fired up. And I--

von GILLERN: One minute.

J. CAVANAUGH: --thank you, Mr. President-- and I thought that was weird. And then come to learn through time why they were so protective of that fund. Because the money is paid in by industry, being gas stations and folks in the industry of underground storage tanks, and that fund just sits there for remediation in catastrophic incidences. And if the money's not there, then someone else is going to have to pay out of it. And one of them is bankers, who maybe hold the note on a gas station or facility. And then it makes it 1, either it doesn't get cleaned up or it doesn't get cleaned up as quickly, and somebody else has an unexpected expense. And so the fund is there to help with those situations, but the-- it needs to have money in the fund. So I-- and that was one of the proposed original funds to be taken from, which, ultimately it wasn't. But my point is all of these funds, when they have money in them, maybe they're-- the money is there for--

von GILLERN: Time.

J. CAVANAUGH: --future reasons. Thank you, Mr. President.

von GILLERN: Thank you, Senator Cavanaugh. Senator Riepe, you're recognized.

RIEPE: Thank you, Mr. President. I wanted to echo the comments and the concerns expressed by Senator Conrad. Senator Conrad expressed the confiscation of \$70 million from the Unemployment Insurance Trust Fund of the \$77 million balance. These \$70 million do not belong to the state of Nebraska. They belong to the employers who have paid a tax, fundamentally, not unlike an insurance premium. One could argue employers have overpaid, given the fact the trust fund has grown from \$50 million to-- in-- 10 years ago, to today's \$77 million balance.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

Where should the substantial trust fund balance go? It should go to workforce development and work training and not confiscated for unrelated and temporary property tax relief. Thank you, Mr. President.

von GILLERN: Thank you, Senator Riepe. Senator Conrad, you're recognized.

CONRAD: Thank you so much, Mr. President. Thank you so much, as well, to my friend Senator Riepe for his thoughtful, supportive comments in regards to the amendment that I filed to address the misguided sweep of the unemployment trust fund. And that will come up later in regards to LB1413. I think that there is an ever-growing, bipartisan effort to come together and say that this is, is not a wise sweep for a variety of reasons. And I do think that those are deeply rooted in legal policy and economic concerns. And I want to talk just a little bit about those in greater detail. Again, if you look at the legislative history authorizing this program, from 1994, you had a similar-- similarly diverse set of senators coming together, working with the business community to figure out how to assess these resources and what to do with these resources. And they're meant to be a insurance policy for, for example, a, a, a rainy day fund when this-- when there are a lot of claims made in regards to unemployment during a period of economic downturn or recession. So by simply noting that the fund balance itself is high so we should sweep it, that, that fail-- that, that fundamentally misunderstands the program. The, the program, by design, is meant to have a high balance. It is forward-looking in order to capture resources during good times, because there will be a fast and a hard draw on them during down times. And there aren't other places to go in terms of pivots or backfills or loans or otherwise. And that's exactly how this program was designed, and, and for these purposes. Additionally, this is meant to be that safety net for our unemployment program, which is critically important to workforce development. And excess funds are supposed to be utilized, again, with careful crafting and consultation between policymakers and the business community for some of these excesses-- and I'm generalizing here, colleagues-- to be used for job training purposes. And again, this is a question that we need to ask a lot more before we delve deeper into this. But our friends on Appropriations are saying, well, this has a really high balance so we should go ahead and sweep it. Number 1, it's supposed to have a high balance by design. Number 2, those funds, held in trust for these specific purposes have been requested by businesses across the state saying, hey, we'd like to develop a job training program on X, Y, and Z to get people back to work or to recruit or retain employees. Crickets. Nothing. They're not getting the funds pushed out from the Department of Labor, even upon

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

requests for appropriate purposes, which, again, is artificially inflating some of these fund balances. And that's something that we need to take into account to make sure that these funds are being utilized for their best and--

von GILLERN: One minute.

CONRAD: --highest purposes and instead of just languishing in, in a cash fund, needlessly. Thank you, Mr. President. 2 other points that I want to make in regards to this issue, is we-- I, I mentioned this yesterday during our budget debate, but it bears repeating today. We're at-- this is a manufactured budgetary crisis. We are in a time of economic prosperity. And we are beg, borrowing, stealing, and sweeping all these cash funds, akin to what we do during a significant downturn or a recession, in order to, I guess, prop up or pay for some undetermined property tax plan that's emanating from the Governor's Office and the Revenue Committee at some point in the future over the next 18 days or so, what have you. But, colleagues, we shouldn't be raiding these funds at a time of economic prosperity, which is what we--

von GILLERN: Time.

CONRAD: --are in and at today. Thank you, Mr. President. And I'd be happy to take questions from other members if they want to yield time.

von GILLERN: Thank you, Senator Conrad. Senator Fredrickson, you're recognized.

FREDRICKSON: Thank you, Mr. President. I think our, our colleague, Senator Conrad, is a master of sort of sneaking in that last statement when she's at the end of time. So good afternoon, colleagues and Nebraskans. I know we're getting close to the 5:00 hour here. I just wanted to kind of highlight-- I, I think there's a number of things in LB1413 that warrant, I think, robust discussion by the body. And I think Senator Conrad is, and Senator Riepe, and also Senator Slama, I know has been working hard on this unemployment fund cash sweep here. And I think this is one of the nice things about, again, as Senator Conrad mentioned earlier, bipartisanship is still very much alive in the Legislature. The unemployment cash sweep, I also have some concerns about it, and particularly from-- just from a business perspective. So for folks at home who are kind of maybe loosely following this debate, so, so businesses pay into this fund. So this is-- this is a tax that is placed on businesses in our state, employers in our state. And they pay into this fund specifically for

unemployment. So, you know, our state's fund has-- it, it-- it's, it's a bit inflated, is what we're learning. And there is certainly, I think, a question about what do we do with those funds? I do think it's-- I think it would be prudent for this Legislature to say if we are going to be transferring these funds, to-- given the context that this is coming from the business community, we should be really considerate that we spend these funds in a way that is, maybe, in line with the business's goals, whether that's a reimbursement to businesses, or if that's, you know, looking at things like workforce development, for example, looking at things like childcare, thinking about what are the priorities of the business community, given the fact that these are the funds that the business community has, in fact, been paying into. So I'm going to continue to listen to that. Again, I appreciate the work of both Senator Slama and Senator Conrad on this. And I will yield any remaining time to Senator Conrad, should she so wish.

von GILLERN: Thank you, Senator Fredrickson. Senator Conrad, you're yielded 3 minutes.

CONRAD: Thank you, Mr. President, and thank you to my friend Senator Fredrickson. I wanted to continue just 1 key point in regards to the dynamic that we see on this issue regarding the unemployment trust fund. And, and I want to just be clear about this because sometimes it can be confusing for new members, and perhaps even seasoned members might, might need a refresher on this. So if you go back and you look at the transcript from the committee hearing on this topic, you will see a host of information provided by Director Albin as to why he thinks it is OK for the Governor and the Legislature to sweep this fund. And no doubt Director Albin has been around a long time, and is well-respected, and takes his job very seriously. And I've been grateful to always have a, a strong professional relationship with him, and am grateful for the work that he and his team does at our Department of Labor. But let me remind you of 1 thing here. So the Department of Labor is a code agency. And so that is a different dynamic when they are testifying on behalf of the administration, where they are typically aligned with the administration or the Governor's policy agenda and political prerogatives. And so senior members will know that sometimes it can be challenging to get an objective take from code agency directors or agents when you're trying to kind of get to the bottom of things. Now, they're entitled to their opinion. That's just the way the structure works.

von GILLERN: One minute.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

CONRAD: But-- thank you, Mr. President-- the, the point being here-- and it's not to disparage Director Albin, who does a great job. It's to remind legislative colleagues that when the Governor and the code agency director say, go ahead and sweep this, it's fine. But then you talk to the people who are impacted on the front lines, the small businesses and the larger businesses who have fought against this proposal. That should be a red flag, colleagues, that the political alignment there isn't giving you the information you need to make the decision. And that's why it's critical that we have stakeholders outside of state government who can provide that independent perspective. So our small business organizations and our large business organizations all across the state are saying, do not make this sweep. It is wrong from a policy perspective. It is divorced from economic reality, and there may be legal concerns.

von GILLERN: Time.

CONRAD: So we need to take that to heart, because it is part of the dynamic that is before us in assessing this budgetary item. Thank you, Mr. President.

von GILLERN: Thank you, Senator Conrad. Senator McKinney, you're recognized.

McKINNEY: Thank you, Mr. President. I rise, again, in support of the IPP motion and against LB1413. So back to all these transfers that are happening. So in Section 19, \$7 million in fiscal year '23-24 is transferred from the Professional and Occupational Credentialing Cash Fund to the General Fund. In Section 20-- Sections 20 and 21, \$11 million in fiscal year '23-24 and \$4 million in '24-25 transferred from the Behavioral Health Service Fund to the General Fund. Very interesting. Then we have, in Sections 22 and 23, \$14.75 million in '23-24 and then \$1.75 in '24 transferred from the Health, Health and Human Services Cash Fund to the General Fund. In Sections 24, \$1 million in fiscal year '23-24 transferred from the Contractor and Professional Employer Organization Registration Cash Fund to the General Fund. 20-- I mean, in Section 25, \$1 million in fiscal year '23-24 transferred from the Nebraska Training and Support Cash Fund to the General Fund. In Section 26, \$70 million in fiscal year '23-24 is transferred from the State Unemployment Trust Fund [SIC] to the General Fund. I just got an email about this. And the unions are not happy about this, just to let you all know. Appropriations and whoever supports that, the unions don't support \$70 million in fiscal year '23-24 being transferred from the State Unemployment Trust Fund to the General Fund, and you can think of many reasons why. In Section 27, \$5

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

million in fiscal year '24-25 is transferred from the State Visitors Promotion Cash Fund to the General Fund. In Section 28, \$50 million in '23-24 is transferred from the Jobs and Economic Development Fund to the Roads and Operations Cash Fund. That was a real interesting one. So we're spending \$50 million on roads. Where are the, where are the roads going? Because, you know, if we're spending money on roads, I got a lot of potholes in my district every year. So, you know, we could use money for roads in north Omaha. And it's other legislative districts with unpaved roads. Are we talking about an interstate system? I don't know. Interesting. But \$50 million on roads. The real issue with all this is we're basically raiding all these cash funds now. So my question is, in '27 or '28, when the state is going to be in some fiscal constraints, what are we going to do if there's no money? I'm just curious. I would love for somebody to answer that question. What are we going to do in '27 or '28 or '28-29, when these cash funds are low, the revenues are not the greatest, where are we going to get the money from? How are we going to figure this out? And on top of that, you'll be opening a new prison that you devoted \$350 million for, not operations. So-- and you still don't want to close NSP. So there's a lot of-- there will be a lot of interesting conversations in about 3 to 4 years in this place, about why we raided these cash funds, and we don't have any money to support anything. And hopefully, you know, revenue projections--

von GILLERN: One minute.

McKINNEY: --change. And maybe one day, we'll be open to revenue streams like legalizing marijuana, like our neighbors, those types of things to increase revenues, because we're going to have a problem. And you can vote for this and not think we won't, but we will have a problem, eventually, raiding all these cash funds. So I just wanted to give the public some knowledge about these. So thank you.

von GILLERN: Thank you, Senator McKinney. Senator Wayne, you're recognized.

WAYNE: Motion to overrule the Chair. No, I'm just joking. See? We didn't even have a motion. Everybody-- whoa, everybody-- I got to calm down. It's late in the day. So where are the roads going? They are not going anywhere. They're roads. But I understand his point, because I have tons of potholes. In fact, I have the most unpaved roads in the city limits in my district. I said in the city limits, Brandt. Senator Brandt got up because he thinks he has more unpaved roads. He has longer unpaved roads. I have short, unpaved roads with potholes that are as big as swimming pools. So in the summertime, that's where we

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

go. That's why the city started shutting down all the swimming pools, because we can just swim in the streets. We got potholes-- and you ought to come out. Erd-- Erdman does a-- Senator Erdman does a big belly flop. Then we have to go to the next pothole, because now it doesn't have any water in it anymore. So it's a whole-- it's a whole thing here. But no, I-- there are concerns about the budget. The reason I'm not getting on too much about the budget is because we're going to have more conversations, and I look forward to those conversations. But I agree with Senator McKinney, that in 2027, 2028-- I will be, hopefully somewhere in a place that has no signal where I'm watching on some, like Wi-Fi, the Legislature grapple with what they're going to do with this deficit. And then Senator Erdman is going to send me an email and say, I told you EPIC tax was the way to go. And I would say, I, I think I cosponsored it every year. So I was-- I'm happy that you were right. But, think they'll listen now? And probably not, will be his response back, but that's how it goes. So anyway, this budget is very, very interesting, is the-- is the best way to put it. And I don't fault the Appropriations Committee, because they do what's in front of them and look at what's in front of them. I, I do think we have to figure out, and I've been saying this, a better budgeting plan, of how we budget and how we do our budgets here. Will Senator DeKay yield to a question?

von GILLERN: Senator DeKay, will you yield to a question?

DeKAY: Yes.

WAYNE: Senator DeKay, you have some very beautiful area up in your, your district. Can you tell me some of the strengths and beauties of, of your district up there?

DeKAY: Certainly. Number 1, we would aspire for gravel roads up where I live, for one thing. But we do live in the rolling hills of northeast Nebraska. It's beautiful, and I would invite anybody to come up to that neck of the woods and take 3 or 4 days to see what the natural beauty of the state is up there.

WAYNE: Thank you. So I heard that-- there's a rumor out there that you may be hanging up your shoes and your stripes. You might give it another year. Can, can you enlighten us on that? I don't want to read about it on Twitter like I am right now, about Trev Alberts. I want to hear directly from you.

DeKAY: If I had to make a decision right now, I would say I'm done. But a lot of things can happen between now and next October. We'll

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

just see how I feel, see what the-- what it looks like out there, and how much I want to participate and how much I have on my plate at that time.

WAYNE: I, I hear you on that. Will Senator Dorn yield to a question?

von GILLERN: Senator Dorn, will you yield to a question?

DORN: Yes.

WAYNE: Hey, how'd that sales tax increase we gave you guys go-- work out for you in Gage County?

DORN: That worked out real well for us. In, in-- I forget-- I don't know how much-- how long a time period it was, but it created about a little over \$5 million that, now, was not used to pay the judgment by property taxes. In other words, sales tax did.

WAYNE: Doesn't it feel good that you can pass a bill and watch it go into fruition, and, and it actually makes changes--

von GILLERN: One minute.

WAYNE: --in your community?

DORN: Yes, very, very thankful for that. Very, very thankful for the Legislature, and everybody's help up here. Because without everybody's help up here, that bill would have never been passed.

WAYNE: Now, was that an override? If I recall right, was that an override?

DORN: Yes, that was. Yeah.

WAYNE: Yeah. See, good things happen sometimes when you over-- do a override.

DORN: Yeah. Sometimes it works. Yes.

WAYNE: Sometimes. I appreciate that. I appreciate that. Will Senator Riepe yield to a question?

von GILLERN: Senator Riepe, will you yield to a question?

RIEPE: Yes, I will.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

WAYNE: This is my last session and I just kind of wonder if you would give me some words of wisdom with the last 30 seconds of, of how I should finish out this year.

RIEPE: Well, my words of wisdom would be is take your 4 years and come back for 8 more.

WAYNE: That's not smart.

_____ : Ditch the argyle sweater, please.

RIEPE: And still wear the same sweater.

WAYNE: I said words of wisdom, not punishment, but I appreciate it. Thank you, Mr. President.

von GILLERN: Thank you, Senator Wayne, Senator Riepe, and Senator Dorn. Senator Machaela Cavanaugh, you're recognized. This is your third time on the mic before your close.

WAYNE: Senator DeKay was also a part of that conversation.

von GILLERN: Overruled.

M. CAVANAUGH: Oh, that's asking for a motion to overrule the Chair, right there. Whew. OK. It's almost 5:00, clearly. I would like to do something unexpected. I'd like to ask Senator Moser to yield to a question.

von GILLERN: Senator Moser, would you yield to a question?

MOSER: Yes, I would.

M. CAVANAUGH: Senator Moser, I would love to hear from you about potholes.

MOSER: Yes, they're a wonderful thing.

M. CAVANAUGH: Can you tell me more?

MOSER: Well, I-- my bit of information that I wanted to talk about, is the Build Nebraska Act takes a small percentage of the sales tax and rebates that back to cities and counties for roads construction and whatever purposes. I don't believe that they're earmarked. And, on average, every senator's district gets \$300,000, and I think that's divided between cities and counties. So like in Senator McKinney's district, that would be in the city of Omaha and Douglas County, I

assume. So both of their contributions would be available to them to spend on roads. And so if your potholes aren't getting filled, I would check with the county and the city and see what they're doing with this Build Nebraska fund revenue that they're getting. You know, it's, it's-- well, in McKinney's district, it would be \$300,000. And in Senator Wayne's district, it would be \$300,000. So that's not a lot of money to fix potholes, don't get me wrong, but it is a start.

M. CAVANAUGH: Thank you. Yeah. It-- that is a start, and it should be used. And if it's not being used, it definitely should be used for fixing potholes. Senator McKinney and I were talking about the pothole problem in our various districts. I think his district is worse than mine. I don't think; I know his district is worse than mine, but my district does also have some pretty severe pothole problems. And it's good to know that each district gets that money. So I wish I would have known that when I was out knocking doors in 2018, and everyone wanted to talk to me about potholes around Countryside Village and Christ the King. People who are familiar with the Omaha neighb-- area, the Christ the King School and Church and then Countryside Village is on, on Pacific Street, and the neighborhood streets on either side are, like, notoriously, like "you will damage your car" potholes. And so when I knocked that district, that was pretty much the number 1 thing everybody wanted to talk to me about. And I was, like, cool. I don't know how to fix potholes in your-- in your streets, in the Legislature. But now, thanks to Senator Moser's inside knowledge, I know a little bit more about it. So, how much time do I have left?

von GILLERN: 1 minute 51.

M. CAVANAUGH: We can adjourn. I, I heard we were adjourning at a very specific time, and it was not 5:02. So if I-- if I stop talking, I'm afraid that-- oh, OK. All right. Well, then I guess-- I, I do want to talk more about the cash funds, but I suppose it can wait until tomorrow. There's so much to say and so little time-- well, not little time. There's several hours, but there's still so much to say. So thank you. And I really do want to thank everyone for the conversation on this budget. I know it might seem like a very nerdy thing, but I have really appreciated it. I think it's really important, and a lot of people put a lot of work into this, and so we should be having a robust conversation about it. So thank you. And I will yield the remainder of my time.

von GILLERN: Thank you, Senator Cavanaugh. To the Clerk, for items.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 13, 2024

ASSISTANT CLERK: Thank you, Mr. President. Your Committee on Enrollment and Review reports LB1108 to Select File with E&R amendments. Amendment to be printed from Senator Dungan to LB399, Senator Jacobson to LB1413. Finally, a priority motion. Senator Jacobson would move to adjourn until Thursday, March 14, 2024, at 9:00 a.m.

von GILLERN: The question is, shall the Legislature adjourn? All those in favor say aye. All opposed say nay. We are adjourned.