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FLOOR DEBATE

May 11, 2005

LB 737

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Good morning. Welcome to the George W. Norris Legislative Chamber. Our acting chaplain this morning is Senator Marian Price from District 26. Senator Price.

SENATOR PRICE: (Prayer offered.)

SENATOR CUDABACK: Thank you, Senator. Thank you, Senator Price, for acting as our chaplain today. We appreciate it. Call the seventy-seventh day of the Ninety-Ninth Legislature, First Session, to order. Senators, please record your presence. Record please, Mr. Clerk. Are there any corrections for the...

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

SENATOR CUDABACK: Are there any corrections for the Journal, Mr. Clerk?

CLERK: I have no corrections, Mr. President.

SENATOR CUDABACK: Messages, reports, or announcements?

CLERK: Mr. President, I have neither messages, reports, nor announcements at this time.

SENATOR CUDABACK: Thank you, Mr. Clerk. We now go to Select File, state claims and budget bills. Mr. Clerk, LB 737.

CLERK: Mr. President, with respect to LB 737, I do have Enrollment and Review amendments pending. (AM7092, Legislative Journal page 1405.)

SENATOR CUDABACK: Senator Erdman, for a motion, please.

SENATOR ERDMAN: Mr. President, I move the adoption of the E & R amendments to LB 737.

SENATOR CUDABACK: Heard the motion to adopt the E & R amendments to LB 737. All in favor of the motion say aye. Opposed, nay. They are adopted.

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LB 422, 423, 737

CLERK: I have nothing further on LB 737, Senator.

SENATOR CUDABACK: Senator Erdman, for a motion, please.

SENATOR ERDMAN: Mr. President, I move the advancement of LB 737 to E & R for engrossing.

SENATOR CUDABACK: Heard the motion to advance LB 737 to E & R for engrossing. All in favor of that motion say aye. Opposed, nay. It is advanced. Mr. Clerk, LB 422.

CLERK: LB 422, Senator, I do have Enrollment and Review amendments pending (sic).

SENATOR CUDABACK: Senator Erdman, motion please.

SENATOR ERDMAN: Mr. President, I move the adoption of the E & R amendments to LB 422.

SENATOR CUDABACK: Heard the motion to adopt the E & R amendments to LB 422. All in favor say aye. Opposed, nay. They are adopted.

CLERK: I have nothing on the bill, Senator.

SENATOR CUDABACK: Senator Erdman, for a motion, please.

SENATOR ERDMAN: Mr. President, I move the advancement of LB 422 to E & R for engrossing, and I'm glad that Senator Flood is back.

SENATOR CUDABACK: Heard the motion by Senator Erdman to advance LB 422 to E & R for engrossing. All in favor say aye. Opposed, nay. It is advanced. Mr. Clerk, LB 423.

CLERK: LB 423, Senator, I have no amendments to the bill.

SENATOR CUDABACK: Senator Flood, for a motion, please.

SENATOR FLOOD: Mr. President, I move the advancement of LB 423

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to E & R for engrossing.

SENATOR CUDABACK: You've heard the motion to advance LB 423 to E & R for engrossing. All in favor of the motion say aye, please. Opposed, nay. LB 423 is advanced. Mr. Clerk, LB 421.

CLERK: LB 421, Senator, I do have Enrollment and Review amendments. (AM7093, Legislative Journal page 1383.)

SENATOR CUDABACK: Senator Flood, for a motion, please.

SENATOR FLOOD: Mr. President, I move the adoption of the E & R amendments to LB 421.

SENATOR CUDABACK: You've heard the motion by Senator Flood to adopt the E & R amendments to LB 421. All in favor of the motion say aye, please. Opposed, nay. They are adopted.

CLERK: Senator Pederson would move to amend with AM1485. (Legislative Journal page 1459.)

SENATOR CUDABACK: Senator Pederson, to open on AM1485 to LB 421.

SENATOR D. PEDERSON: Thank you, Mr. President. Members of the Legislature, this amendment to LB 421 simply corrects what has gone on. As you will recall, we did fund the Women's Commission. Initially, in our budget we had provided termination funds for that entity, and what this does is simply removes the provision to the closure portion of that bill, and we would ask to have that removed since there is funding now for the organization.

SENATOR CUDABACK: Thank you, Senator Pederson. You've heard the opening on AM1485 by Senator Pederson. Open for discussion. Any discussion? Seeing no discussion, Senator Pederson, you're recognized to close. Senator Pederson waives closing. The question before the body is adoption of the Pederson amendment, AM1485. All in favor vote aye; those opposed vote nay. The question before the body is the Senator Don Pederson amendment, AM1485. Have you all voted on the question who care to? Record

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please, Mr. Clerk.

CLERK: 26 ayes, 0 nays, Mr. President, on the adoption of Senator Pederson's amendment.

SENATOR CUDABACK: AM1485 has been adopted.

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

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Flood, for a motion, please.

SENATOR FLOOD: Mr. President, I move the advancement of LB 421 to E & R for engrossing.

SENATOR CUDABACK: You've heard the motion from Senator Flood to advance LB 421 to E & R for engrossing. All in favor say aye. Opposed, nay. It is advanced. Mr. Clerk, LB 424.

CLERK: LB 424, no E & Rs. Senator Pederson would move to amend with AM1486. (Legislative Journal page 1459.)

SENATOR CUDABACK: Senator Pederson, you're recognized to open on AM1486 to LB 424.

SENATOR D. PEDERSON: Thank you, Mr. President. This is a technical amendment to the capital construction bill and this is requested by the Department of Administrative Services regarding the reapportionment of Nebraska capital construction funds, funding originally appropriated to the Environmental Trust Board in 2004-2005. In order to carry out the unexpended balance forward, the reappropriation should include in this bill rather than in the deficit bill.

SENATOR CUDABACK: Thank you, Senator Pederson. You've heard the opening on AM1486, offered by Senator Don Pederson to LB 424. Open for discussion. Seeing no lights on, Senator Pederson, did you wish to close? He waives his opportunity to close. The question before the body is adoption of Pederson amendment AM1486. All in favor vote aye; those opposed vote nay. The question before the body is the amendment offered by

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LB 424, 425

Senator Don Pederson to LB 424, AM1486. Have you all voted on AM1486 who care to? Record please, Mr. Clerk.

CLERK: 28 ayes, 0 nays, Mr. President, on the adoption of Senator Pederson's amendment.

SENATOR CUDABACK: The motion was successful. The amendment has been adopted.

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

SENATOR CUDABACK: Senator Flood, for a motion, please.

SENATOR FLOOD: Mr. President, I move the advancement of LB 424 to E & R for engrossing.

SENATOR CUDABACK: You've heard the motion to advance LB 424 to E & R for engrossing, as amended. All in favor say aye. Opposed, nay. It is advanced. Mr. Clerk, LB 425, when you get time.

CLERK: LB 425, Senator, I do have Enrollment and Review amendments first of all. (AM7098, Legislative Journal page 1430.)

SENATOR CUDABACK: Senator Flood, please.

SENATOR FLOOD: Mr. President, I move the adoption of the E & R amendments to LB 425.

SENATOR CUDABACK: The motion is adopt E & R amendments to LB 425. All in favor say aye. Opposed, nay. They are adopted.

CLERK: Mr. President, Senator Raikes would move to amend, AM1432.

SENATOR CUDABACK: Senator Raikes, you're recognized to open on AM1432.

SENATOR RAIKES: Thank you, Mr. President, members of the Legislature. I would like to withdraw that.

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SENATOR CUDABACK: It is withdrawn. Anything further on the bill, Mr. Clerk?

CLERK: Mr. President, Senator Chambers would move to amend. Senator, I have AM1380 in front of me. (Legislative Journal page 1374.)

SENATOR CUDABACK: Senator Chambers, you're recognized to open on AM1380.

SENATOR CHAMBERS: Mr. President, I'm going to take a second to get caught up to where we are.

CLERK: Would you like me to characterize it for you, Senator?

SENATOR CHAMBERS: Yes, I would appreciate it.

CLERK: It applies to Agency 3, Legislative Council: It is the intent of the Legislature there shall be no discrimination by such agency against any person based on sexual orientation.

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, when I offered this amendment on General File, there were 19 votes in favor of it. There were not a lot of votes against it; there were people simply not voting. Senator Jensen has pulled a trick on me on LB 548, a bill that I had gotten an amendment to that would not let those three programs getting that tobacco fund money discriminate, but he managed to ease that into the budget bill so he could slip out from under that particular amendment which would prohibit that discrimination. So I need to ask Senator Jensen a question.

SENATOR CUDABACK: Senator Jensen, would you yield?

SENATOR JENSEN: Yes.

SENATOR CHAMBERS: Senator Jensen, which one of the budget bills did you manage to put that language into that deals with those three institutions or entities that will get that additional \$2 million, or whatever it is? Which one of the budget bills?

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SENATOR JENSEN: Well, LB 548 was a bill that I introduced which would have increased the tobacco settlement dollars going to the research centers or to the...for biomedical by \$2 million. And the Appropriations Committee pick that up, that \$2 million, in their appropriations package. I did not ask them to do that. That was done. So LB 548, the reason, the real reason for the bill, disappeared...

SENATOR CHAMBERS: And what I asked you, which...

SENATOR JENSEN: ...or went away.

SENATOR CHAMBERS: ...which of the budget bills is that in, LB 425 or LB 426?

SENATOR JENSEN: LB 426.

SENATOR CHAMBERS: Thank you. I'll focus...

SENATOR JENSEN: Well, now wait a minute, I could be wrong on that.

SENATOR CHAMBERS: What I'm going to do is ask the staff of the Appropriation...

SENATOR JENSEN: It is...it is LB 426.

SENATOR CHAMBERS: I'm going to ask the staff of the Appropriations Committee to identify that language and draft me an amendment to strike it from LB 426. That's a request that I'm making now because I may not have time to get over there before we get to that bill. The reason, members of the Legislature, I'm back on this amendment to LB 425, the reason I want this amendment is for the reasons that I gave on General File. State agencies should not discriminate. The reason I'm not offering a general antidiscrimination amendment is because the other groups that are likely to face discrimination are already protected under the law. There are voluntary statuses that are protected under the present law, such as marital status, and religion. Those are protected groups. They enter

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those relationships or abstain from them voluntarily. So whether a person thinks that an individual chooses a sexual orientation or not, and I don't believe that, but whether they believe that or not, the notion of voluntariness has not prevented the Legislature from passing into the law language to protect them. So I am asking that in this appropriations bill we include language to make it clear that no state agencies are going to discriminate on the basis of sexual orientation. I don't believe that any entity receiving state money should do that and I'm going to fight on LB 426 to try to get that language taken out of that bill and put back into LB 548. That's where it should be. Senator Jensen has made clear his opposition to protecting people from discrimination which is based on their sexual orientation. What he did was clever, what he did was slick, and what he did tricked me. I wasn't alert to it. I let it get by. I was inattentive. And one of the reason I was inattentive was because of the individual involved. I'm the one who says you have to watch everybody, and I neglected to do that. But once bitten, twice wise. So I have three more years here. I don't know how many Senator Jensen has, but I will watch him a lot more closely. In the past, I had spoken highly of Senator Jensen and the way he carries on his business as the head of the Health and Human Services Committee. Those things that I said at that time I do not take back. I meant every word of it. And if situations had not changed, I would make the same statements and mean every word of them again. But circumstances change, and when circumstances change they alter cases. This is an issue which is not going to go away. The arrangement that I had made on General File was to pull all of my amendments so that the bill could advance, and that was done. So now the bill is before us, LB 425, and I'm offering this amendment. I don't know how much...let me just see how things pan out. But my mood is entirely different now than it was...different from what it was when I was on the road driving down here. I just appreciate the fact that somebody had the decency to alert me to what Senator Jensen had managed to pull off. He didn't tell me, Senator Jensen did not tell me; somebody else did and felt that I should be aware of it, and I will be eternally grateful to that person, who shall remain anonymous. I don't forget people who have befriended me and I don't forget those who have tricked me. So you all should look

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at me this morning, take in what you see. I have been tricked. I have been duped. I have been snookered. I have been suckered. If I achieve something that I think is noteworthy, I will mention that. Not everything we do in this world succeeds in the way we would choose. There are reversals that we suffer. And since my public life is an open book, I turn the pages so that if I'm to be beaten with a stick I like to take away at least part of the enjoyment and the satisfaction from those who observe it by being the one to mention it first. But to make it crystal-clear that "My head is bloodied, but unbowed"...that is from "Invictus." "Out of the night that covers me, / Black as the Pit from pole to pole, / I thank whatever gods may be / For my unconquerable soul." One of the greatest athletes, in my view, of all time is Muhammad Ali. As great as he was, he did not win every fight. What we have to do when we suffer a reversal is to call into play our resilience...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...and our determination. So Senator Jensen has energized me. He has forced me to reach into my reserve of resilience. And, as I said, we'll just see where things go from here. But this amendment on this bill is designed to have a general impact on all of the agencies that are receiving money. These are government agencies, not private, and I do not think that any of them should be given carte blanche to discriminate on the basis of sexual orientation. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. You've heard the opening on AM1380. (Visitors introduced.) On with discussion of AM1380. Senator Chambers.

SENATOR CHAMBERS: Mr. President, members of the Legislature, Senator Erdman and the Clerk pointed out that the floor amendment being considered right now that's on the gadget goes only to the Legislative Council. I'm going to substitute for that, when we get the correct number, the general amendment that I have discussed but which is not the one that's at the top of the list. And when I get that number, that is a substitution I'm going to make, and I will discuss that amendment and see where we would go. I would rather not take each one of these

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agencies reflected in the numbered amendments that you see on the gadget. Because I didn't have, at that time, the specific number of the amendment I'm discussing now, I simply had every amendment that was pending to the budget bill that had my name on it moved over to Select File. So I'm going to continue my discussion because it will have a bearing on that general amendment, as I call it, and it would say to the effect that a Section 7 is being added and that would be the section, if adopted, which would cover all of the agencies and entities receiving money by way of LB 425. The reason I was not up to speed this morning is because I was over discussing with Senator Jensen to find out exactly what had happened and when it happened. He did say that the Appropriations Committee decided to do this dastardly thing, but others can talk about that. All I know is that it was done. And I have...I had talked to a lobbyist for Creighton, Jim Cavanaugh, and he said Creighton had no opposition to the amendment. The other two had made it clear, during the discussion on General File, that they had no opposition to it. So it should be attached to those entities, wherever they are found, in LB 426. I'm going to try to strike that language, as I said, and if that fails then I'm going to see if I can get the body to reconfirm the decision that was made on General File; namely, to specify those agencies. And let me tell you where this is so interesting. Senator Jensen's staff and I worked together to draft an amendment to make sure that the language that I had drafted and persuaded the body to adopt to LB 548 would go only to those three entities that had been discussed. The amendment, drafted by Senator Jensen's staff, can probably be seen on your gadget if you call up the text of LB 548 and look at the proposed amendments. Why would that amendment be drafted, why would that work be done when I initially on it was approached by Senator Jensen's staff, at the behest of Senator Jensen, I'm sure? Because the way the amendment had been drafted and added to LB 548, it would have reached further than I intended and it would have gone beyond the discussion. So, silly me, I trusted Senator Jensen's staff, I agreed to the drafting, and I offered it as an amendment to LB 548. So I can imagine the glee...

SENATOR CUDABACK: One minute.

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SENATOR CHAMBERS: ...in Senator Jensen's office as they watched their nefarious plan unfold. I would not have gone through all of that had I been aware of what was going on. And Senator Jensen never informed me of what had been done. He never told me that the amendment is not anything that I should plan to deal with because he took out of LB 548 the three entities that my amendment dealt with and he was going to jettison the rest of LB 548 and try to take what was left in that bill and put it onto LB 426. Oh, it was...it was a complicated, well thought out, well executed plan.

SENATOR CUDABACK: Time, Senator.

SENATOR CHAMBERS: I give them credit for that.

SENATOR CUDABACK: Mr. Clerk, please.

CLERK: Senator, I have now what...AM1379, which the page has just delivered you a copy of. I think that's the amendment you would like to offer and substitute for AM1380. (AM1379, Legislative Journal page 1374.)

SENATOR CHAMBERS: Yes.

SENATOR CUDABACK: Without objection, so ordered.

SENATOR CHAMBERS: Thank you. And, Mr. Clerk, I appreciate this. To look among all of those amendments on the gadget and find the one that I wanted is something that I appreciate greatly. So this amendment would say, "Insert the following new section: Section 7. LEGISLATIVE INTENT. It is the intent of the Legislature that there shall be no discrimination by any agency receiving funds under this act against any person based on sexual orientation." If this amendment is adopted here and a similar amendment is adopted on LB 426, I would not then try to remove the language from LB 426 that Senator Jensen's cleverness put there. But I am dead serious about this amendment. And if the budget bill does not advance it doesn't matter to me, because we can come back during a special session. I had not come here prepared to take a lot of time on this budget bill or any other budget bill. I had told the Speaker that. But

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apparently the Speaker didn't know what I found out this morning. So all bets are off, as far as I'm concerned. I just haven't determined how much time I'm going to take or how far I'm going to push this battle. But if this amendment is adopted to LB 425, it would still be partly a carryover from discussions that I had with people on General File as to my intentions. My number-one intention is not to delay the budget bill. It is not to prevent the budget bill from passing. It certainly is not my intent to push the issue to a cloture vote, at whatever point that may occur. But there are amendments other people want to add to this bill. I don't know whether they would vote cloture if their amendments were not considered. But since most of the work, or much of it, was done on General File, there may not be any need to add any of these other amendments. But if mine is rejected, I'm going to take a lot of time on all the other amendments. If I'm dealt with fairly and I get my teeth kicked in, that's a part of getting in the ring. If I don't want my teeth kicked in, I should not get into the squared circle, as they call it. I should not participate in what the purists refer to as the sweet science, meaning boxing, prizefighting, professional mayhem. But if I get into the squared circle to participate in the sweet science, there are certain rules that are to be followed. When I fight, I let people know what it is that I'm doing, what it is that I intend, and how I intend to go about it. There is no requirement that that be done on this floor and, generally, it is not done, and it was not done with me. I do not hit below the belt. I do not strike a person when he or she is down. I do not rabbit punch, meaning strike somebody on the back of the neck. I don't approach somebody from the rear and, from ambush, attack that person. Others can do it and they have done it, but when I find somebody whose credo is that the only rule is the following--there are no rules--I can fight in that manner also. You can see how much space is reserved to me for debate on this bill. I can take each one of these and explain why each of the agencies that each of these amendments will address ought not discriminate on the basis of sexual orientation. Will it be repetitive? Everything that I'm saying from this point onward is repetitive. Anything said beyond the words of the amendment really is repetitive. It is clear. It is concise. There are no extra words. If there were an intent to do justice, the articulation of these words

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would be sufficient. There are some people who think, and I disagree with them but they're entitled to their belief, that the greatest moral code was contained in the Ten Commandments. Well, they don't know what's in there. You're not supposed to let your animals work on certain days even, but there are people who don't feel that way about animals so they don't really know what is in the Ten Commandments. But if you presume that to be true, those Ten Commandments, and there are different versions of them even in the Old Testament, but if those Ten Commandments constitute the greatest moral code, why is there such a thick "Bible"? Why is there so much else written? There are stories, there are elaborations, there are interpretations, and there are outgrowths. People say that in the New Testament the greatest words uttered were spoken during what has come to be known as the Sermon on the Mount, when Jesus gave the "blesseds," as many of his statements were introduced, and the commentary. Even though more space was taken to chronological or record the Sermon on the Mount, which the person who chronicled it was not there to hear--none of that was written until at least 30 to 40 years after Jesus was long gone, if he ever really existed--but nevertheless, take that as being factual. Why is the rest of the New Testament so thick? Once again, stories, elaborations, explanations, interpretations, and constructions. Despite the fact that these words in my amendment are few and clear, discussion is needed to show the rationale and to try to show a compelling justification for these words to be adopted by the Legislature. If the words are not adopted, will I die? They were not adopted on General File and I'm still here, alive and kicking, and I intend to continue to be here. It ought to be obvious that this matter of sexual orientation being a basis for discrimination is not considered by me to be a light and trivial matter. It is extremely important. These are the people against whom the government and others still feel comfortable saying these people are not truly a part of the human family, and a government which is put in place to ensure certain rights for all people, not just citizens, all people, will exclude these people that I'm concerned about from the human family, and I'm not willing to see that happen. If we would look at the flawed ethics, the flawed, sometimes even nonexistent morality of the marketplace, you would find some of the largest businesses setting a standard

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that the state would do well to emulate in this area. They are looking for people with talent, ability, and those traits that will help make these businesses prosper. In Washington State there was a proposal before the Legislature to prohibit discrimination against people based on sexual orientation. Microsoft had supported such things in the past, but...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...one of those zealous, fundamentalist preachers...Senator Jensen, you're not alone in your attitude...talked about a boycott of Microsoft and its products, and Microsoft backed off. There was so much public criticism that Microsoft switched its position publicly, acknowledged its error, and talked about the need to be against discrimination and to fight it. That proposal lost by one vote. Business understands. The Legislature is a branch of government. We set the rules. We understand. The Supreme Court has gone as far as it can go by placing stringent requirements on judges and all those who function in courtrooms. There should be no discrimination based...

SENATOR CUDABACK: Time, Senator Chambers.

SENATOR CHAMBERS: ...on sexual orientation. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. You've heard the opening on AM1379. Open for discussion. Senator Foley, followed by Senator Jensen, Chambers, and Schimek. Senator Foley.

SENATOR FOLEY: Thank you, Mr. President and members. Not one of you could credibly claim that you've ever heard me engage in gay bashing, and not one of you could ever credibly claim that you've heard me make derogatory jokes about persons who are homosexual. That's not who I am as a person. I don't engage in that kind of speech or conduct. But I realize that there are some people who do and, to the extent that they do, they ought to stop because it's very unkind, it's very wrong. But having said that, I've got to tell you I'm a little bit offended at how

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our legislative process is being abused. The other day we had LB 312 on the floor. It's a tax incentive bill for business. I'd venture to say that between 40 to 45 members of this body support that bill. That bill is going to sail right through. Oh, I know there might be some stalling tactics, but in the end the bill is going to sail through. It has tremendous support. Senator Chambers filed 15 or so amendments to the bill, and Senator Landis made a deal with him on open microphone; said, Senator Chambers, if you pull your 15 amendments then I will take one of my bills, which is a committee priority bill, and I'll gut that bill and allow you to use it for a bill that you can't get out of committee. I think that does great violence to our committee process. It takes a bill that's a committee priority bill of Business and Labor Committee, and Senator Landis says you can gut that one, and he says to Senator Chambers, you can take a bill that's pending in Judiciary Committee that you can't get out of committee because you don't have the votes and you can insert it into this other bill. I think that's a great abuse of the process, I think that's wrong, and it certainly wasn't necessary to move LB 312. LB 312 was going to move. It's got 40 or more votes of support. Today we have before us again, I think it's identical language, the same amendment we talked about the other day, and that amendment was not attached. Senator Chambers is offering it again. I think it's wrong. This is the state budget. This is a bill that funds the operations of state government. If we want to start using this bill to advance social policy, then it's fair game. It's fair game. You're opening the doors to all kinds of amendments if that's where you want to go. The courts have spoken to the question of protected class status. It's a technical legal issue. We've discussed that in the Judiciary Committee any number of times. And one of the criteria for protected class status is that the group would be considered politically powerless. That's certainly not the case here. That is certainly not the case. I think we're heading down the wrong path. We should not adopt this amendment. I'd urge you to vote no on AM1379. Thank you.

SENATOR CUDABACK: Thank you, Senator Foley. Senator Jensen, followed by Senator Chambers.

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SENATOR JENSEN: Thank you, Mr. President, members of the Legislature. First of all, I want to make a public apology to Senator Chambers and to the body for this issue, and then I would like to also then tell you where this came from. LB 548 was my bill. LB 548 did three things. It would have made an adjustment in the tobacco control dollars because we currently are spending \$2.5 million that is going to that out of the monies, as they come into the state, from the tobacco settlement dollars, and we're putting \$405,000 of General Fund money into that also, so a total of \$2,905,000. I increased that to \$3 million, took it out of the General Fund because that's really an issue that they should not appropriate every year. So this \$3 million would have been taken care of through that issue. The bill then also dealt with a cap, in that we are currently putting \$50 million a year into health-care matters, again, out of the tobacco settlement dollars. I asked that that be increased \$2 million, to \$52 million. That was the amendment then that Senator Chambers amended for those four agencies. I did not vote for that amendment; however, I voted to advance the bill to Select File. But through...and, by the way, LB 548, there was no A bill on it. It wasn't designed as an A bill. So the appropriations really had to come out of the appropriations side, and when it did, and matter of fact, I believe that was Senator Kruse's amendment that was adopted and brought forward as our appropriations package, I certainly did not wish to deceive Senator Chambers or anybody else in this body. I don't do that. But it did leave then, since that appropriations was taken care of, and like so many bills that we do, there are part of one bill in one thing, part of this in another; this is part of the appropriations package. That's probably where it should have been all the time. But there were two items that were left, that tobacco settlement and that cap. I still support those. I have introduced an amendment on LB 426 to take care of those, or to add those on there. I will pull that amendment for the body. And, Senator Chambers, I certainly did not want to deceive you. We've dealt together many, many times. I hope we can do that in the future. Goodness, we grew up in the same neighborhood together, went to the same schools together. And so I have no remorse or anything else or...against Senator Chambers. He does what he does to it...that I think he is deep...and has deep feelings about that, and certainly that's

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also the way I try to deal. He has...he's great on principles. I like to believe that also I am a principled person. He asked me, did I support certainly that sexual orientation measure? I do not. But that, again, is a personal feeling. But I would not maneuver or try to deceive a bill because that's in there. I just wouldn't do that. And so I...and if...if that's your feeling towards me, Senator Chambers, I can understand that, but I apologize and I'd ask for your forgiveness for that, and also for this body. It was certainly my not...not my...not my intention to deceive this body in any manner. I think what was going on was proper.

SENATOR CUDABACK: One minute.

SENATOR JENSEN: The \$2 million was part of the appropriations package. That's where it belongs. There was not an A bill on LB 548. Yes, I was going to take those two remaining portions that there weren't...there wasn't any dollars on particularly, or certainly not General Fund dollars that appropriated dollars, and make them part of this. And, like I said, I will pull that amendment. And I would ask that we can move forward with today's business, move forward with the appropriations process. That's what we're here to do. On this particular issue, we will deal on that. I also was here when Senator Landis made his offer to Senator Chambers that that LB 13, I believe that was the number, that we would deal with that later on and take an up or down vote, and I think that's also proper. So I would just, again, apologize. If you feel that there's some deception, it certainly was not...

SENATOR CUDABACK: Time, Senator Jensen.

SENATOR JENSEN: Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Jensen. On with discussion of AM1379. Senator Chambers, followed by Senator Schimek.

SENATOR CHAMBERS: Mr. President, members of the Legislature, Senator Jensen, I accept what you say at face value. You and I did not have the opportunity this morning to discuss at great

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length. The reason I broke it off was because I was called to discuss the amendment that is before us now. But I accept what you said. I was not insisting on an apology. Under the circumstances, I don't think that you owed me one. You certainly don't...well, it's up to you to decide what you owe to the body, but you did not owe me an apology. When we fight, we fight, but apologies are not a part of it. But because of my interpretation of your actions you may have felt the need to say what you said, but I'm accepting your explanation at face value. So Senator Jensen is out of the mix as far as the person is concerned, but I still feel the same on the issues. I didn't hear what...all that Senator Foley said, but I know what his attitude is on this. He said something about gutting one of his bills and doing this, that, or the other. I don't care what he does. I welcome him doing that. Let him bring the bill up here and see if he can gut it, and then see if he can get done whatever he wants done. And I don't care which of his bills stay on the agenda, I will fight them as I've fought them before. I'm not intimidated by him saying he'll bring these pro-life bills, these antiwomen bills, and all these other kind of things that he brings. He's the one who used the budget bill in the first instance to get \$500,000 for his dogmatic Catholic views, his antiwomen views to support a specific antiwomen's rights organization. That's what he did and you all went along with him. Then you're going to let him stand up here in his self-righteous pomposity and preach about how the budget bill ought not be used? And he did it and he had his minions out there from his church and from the organization. So I take everything that man says with a grain of salt, and he needs to know what I think. He says what he wants to say; I say what I want to say. And let him do his worst or do his best. I will stay here till the cows come home and deal with any issue he wants to bring to the floor. You don't see me running around, sniffing up to people saying, now you got to help me do this, we got to get this Chambers. And I'll tell you something else. You have never seen me go to any agency or organization and say, I've supported you so now you support me and my children. I've never done that. I don't trade. My family is off-limits. I won't even discuss my family with the media. I tell them I'm the one in public office. You can go after me on anything that you want, and naturally I will reciprocate, but my family is not

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brought into it. You don't see me trotting them out and you've never seen in political gatherings, on brochures to show all the children that I've got, or my wife. I didn't project them out there. They were not political pawns or entities to be used. And we need to play hardball now. Maybe if I had somebody supporting me and my family I could pontificate because then I take orders because the hand that feeds is the hand that controls. I get all kind of telephone calls from people who are members of Senator Foley's church. I don't mean the Catholic Church. I mean his individual church. They send me things that he writes and puts in their bulletin. Whether they do or not put it in the bulletin, I let these people know I don't care.

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: What a church prints is their business. But when somebody is going to get up here and be self-righteous and do all they can to hurt other people then I'm going to deal with that person. He's got his religion taken care of. You can't discriminate against him because of his religion. But because of his religion, he wants to discriminate against other people and say that because I'm using every means under the rules, I'm playing by the rules, to help remove discrimination I'm corrupting the process? Then get ready for it to be corrupted some more. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Schimek.

SENATOR SCHIMEK: Yes, thank you, Mr. President and members. I rise in support of the Chambers amendment. And I don't know what happened, and I've kind of partially heard some of the conversation, and no matter what happened regarding the language that was put into the bill last week, or earlier this week maybe it was, time is passing fast, I'm going to support this because I think it's the right thing to do. Do we have to be the 51st state on every occasion to do something that's right? Nobody is asking anybody with this amendment to either approve or disapprove a certain sexual orientation. All they're saying or all we would be saying in this amendment is we don't believe that people should not be able to get a job or be fired from a

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job based on their private lives. For heaven's sakes, do we want a certain class of people to be unemployable? I mean, I'm taking this to its utter extreme, but if everybody had that attitude there would be no gays employed in these United States, and then we would have a huge problem. Nobody is asking anybody for anything except the right to life, liberty, and the pursuit of happiness, in terms of being able to support themselves and those that they feel strongly about. These...most of us...most of us know people who are gay. Some of us have people who are gay who are in our family. They might be a cousin, they might be a brother, they might be niece. I mean, do we...do we want the people that we love discriminated against? I don't. I'm going to support this amendment. I think it's the right thing to do. Maybe it's not the absolutely purest way to go about it, but I've seen a lot worse things happen on the floor of this Legislature and I think it's an acceptable way of doing it, and I hope that you will all support it.

SENATOR CUDABACK: Thank you, Senator Schimek. Senator Chambers, and this will be your third time, as you know.

SENATOR CHAMBERS: Yes. And if there are any who agree with me, this is one time I'll request time. But if you don't give it to me, I'm going to have to make other ways available for me to get that time. I am not going to get off this issue. Let me clarify something. I'm not gay, Senator Foley. I'm not gay. I want to clear that up because I think I need to say that to you. If I were, I wouldn't deny it. I'm black. I have more things done against me because I'm black than would be done against me if I were gay. But let me tell you why I'm so strongly opposed to this discrimination. Unlike some of these self-righteous, self-proclaimed pompous preachers and lecturers to others, if I believed in religion, I would accept the notion that I had been a sinner, born in sin, cursed, and bound for hell where I would be doomed and damned forever. And if happened to see the light, I would not be one of these who delighted in the fact that I'm holier than everybody else; they're going to hell and I'm not and I would gain pleasure from that. Because I had been snatched from the jaws of perdition, I would be anxious to do all I could to draw people to the same safe harbor I had managed to find, and I would know that I'm not going to achieve that by

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lambasting them, making them feel they're subhuman, because when I was a sinner I didn't want to be treated that way and those were not the kind of approaches that drew me to the light. It was somebody who had let their light shine in such a way that I said, this is different; I see a peace, I see a serenity, I see an all-inclusiveness in this person's attitude that I have not seen and I want to find out what causes that person to be that way, and I would look into it. I'd be like the centurion who went to Jesus, who was not a "Chrishian," and he told Jesus, I've heard what you can do, I've got a servant who's sick and I want you to come heal him. No, he said, I want you to heal him. Jesus said, well, take me to your house. And the centurion, knowing that if Jesus did what they said he did, he was a man with power. The centurion was a man of authority and power and he said so: I am in a position of authority. I say to this one go, and he goes. I say to this one come, and he comes. I say to that one do it, and it's done. You don't need to come to my house. You speak the word, because you are a man under authority, and it's done. And Jesus marveled and he said, I have not seen this faith even among all those in Israel. And the manservant was healed. That was the approach that was taken. Now, if I had come to the light, that would be my view. I would treat people the way I had been treated that brought me to this understanding of the truth, and that's not the attitude being shown toward our brothers and sisters who are gay and lesbian. When slavery was rife in this country, it was supported by Catholics. There were Catholic slaveholders. The Chief Justice of the U.S. Supreme Court, Roger B. Taney, who wrote the Dred Scott decision saying a black man has no rights that any white man is bound to respect, was a Roman Catholic. There were people called abolitionists who were white. They were not slaves, they had never been enslaved, but they fought hard to abolish slavery. You don't have to be suffering the plight of people who are oppressed to have enough understanding of what oppression is and make it up in your mind...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...that you are not going to be comfortable in the presence of those people's oppression; that simply because you're safe from it doesn't mean you're going to avert

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your eyes and not see what your brothers and sisters are suffering. Are you your brothers' and sisters' keeper? You might answer no, but when that question was posed by Cain, after he killed his brother and God asked him, where is your brother, and Cain asked God, sarcastically, am I my brother's keeper, the question was not answered, not by Cain, not by God. It's left hanging, and it hangs in the air today. You decide whether you're your brother and your sister's keeper, and you can cut it even finer and determine who is your brother and who is your sister. Anything born of a man or a woman is my brother and my sister. I'm not going to watch my biological brothers and sisters suffer, and I'm not going to watch that extended family of humankind suffer if there's anything I can do to alleviate it. I wouldn't even watch...

SENATOR CUDABACK: Time, Senator Chambers.

SENATOR CHAMBERS: ...Senator Foley abused and not do something to help if it was in my power to do so. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Foley, followed by Senator Howard and five others.

SENATOR FOLEY: Thank you, Mr. President. I wonder if Senator Chambers would engage in a conversation?

SENATOR CUDABACK: Senator Chambers.

SENATOR CHAMBERS: Yes.

SENATOR FOLEY: Thank you, Senator Chambers. Earlier you made some comments that were similar to some statements that I had heard you made earlier this year and I just want to engage in a little bit of a dialogue with you to see if we can clarify this a little bit so that I don't misinterpret what you were saying. And I don't remember exactly how you phrased it, so...

SENATOR CHAMBERS: Just ask me.

SENATOR FOLEY: You made some comments that seemed to say that I

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had gone to the Catholic Church or that the Catholic Church was in some way subsidizing my service in the Legislature, either by assistance to my family or assistance to me personally or...can you help me clarify what you were saying earlier along those lines?

SENATOR CHAMBERS: Senator Foley, I said that had never been done for me. I make hats. If a hat comes up and a person's head fits it, they put the hat on.

SENATOR FOLEY: So you're not saying in any way that the Catholic Church is subsidizing my family or my service here.

SENATOR CHAMBERS: Senator Foley, I said what I said, and I will let it stand just the way I said it. If it doesn't apply to you, it doesn't apply to you. Is that clear?

SENATOR FOLEY: It does not apply to me, Senator.

SENATOR CHAMBERS: All right.

SENATOR FOLEY: Let's make that clear. And any suggestion that you might make...and I'm going to get the transcript because I think...I think you went further during your earlier comments. I think you went further when you spoke to this issue awhile back with a thinly veiled attempt to claim that in some way that my service here or my family is being subsidized by the Catholic Church. And to the extent that you make that kind of an allegation, Senator Chambers, you owe me an apology. That is very unfair. I take that as a direct attack on my integrity, and I'm not going to stand silent when you do that. If you've got some facts to support what you're trying to claim, lay them on the table. But if you don't, you owe me an apology.

SENATOR CHAMBERS: Is that a question?

SENATOR FOLEY: No, it is not. Thank you, Mr. President.

SENATOR CUDABACK: Are you finished, Senator Foley?

SENATOR FOLEY: Yes.

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SENATOR CUDABACK: Next speaker will be Senator Howard, followed by Senator Connealy, Senator Kruse, Senator Schimek, Senator Friend, and Senator Chambers. Senator Howard.

SENATOR HOWARD: Thank you, Mr. President and members of the body. I would really like to thank Senator Schimek and Senator Chambers for standing up and, quite frankly, speaking the obvious. Sometimes it almost feels like we've gone back decades in our thinking and our decision-making process here. I don't understand the issue of prejudice based on sexual orientation and, matter of fact, who is really that concerned with what people do in their own homes, in their own lives? The basis of employment is based on your ability to do the job. I don't understand the discussion regarding other factors entering in. And with that having been said, I'd like to offer the remainder of my time to Senator Chambers.

SENATOR CUDABACK: Senator Chambers. Senator Chambers, did you wish to use some of Senator Howard's time?

SENATOR CHAMBERS: Not right now, thank you.

SENATOR CUDABACK: Okay.

SENATOR HOWARD: Okay. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Howard. Senator Kruse, followed by Senator Schimek. Senator Kruse.

SENATOR KRUSE: Thank you, Mr. President and members. I stand in strong support of Senator Chambers' amendment. I wish it could be more...at a point where it could be more comprehensive, but I call all of us for a more rational approach to this. There's a lot of emotion thrown around here, and I recognize that, and I accept that, and I understand it. At the same time, the issue before us is not a matter of opinion as much as it is of fact. We are dealing with a group of people here who are that way by birth. We're not talking about sexual activity. It's very difficult for me to understand why we will say you can't discriminate by race and you...and we don't include this.

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I can spot persons by race walking down the street. I can spot persons' sexual orientation in many cases going down the street or otherwise. They are clearly distinctive in physical build and the way their brains are wired and the way that they talk. It's very clear. It came out in the paper this week that gay men and women brains operate in the same way. This is a matter of creation. It is not an odd thing or off to the side for me. It's simply a matter of creation. I respect the Creator. I grew up on a farm. We had bulls that wouldn't work and we knew why. We understood that. I respect Creation. We deal with that. I have dealt for 25 years with persons with various kinds of sexual orientation. And by the way, I don't support the sexual activities of heterosexuals either, having been a pastor too long to do that. But I have discovered persons who have been faithfully married, have a family for years, and whose family accepts that sex for that person is not fun; it's a duty in order to have children. I just wish that we could rationally accept this no matter what our feelings are about sexual activity, that's off to the side, but that we could accept that this is a matter of creation for some persons. Some choose it. I would remind those that want to use the church in this that the church insisted 100 years ago that race is by choice. And in case you need it, there's quite a few biblical verses to support that. Well, we got over that kind of nonsense and that twisting of it, and we need to get over it now, look at it in a straightforward way, set aside the emotions and recognize that we're dealing here with a condition of birth. We need to recognize it as that. We need to accept it as that. We don't have to accept the various kinds of activity that are offensive to us. But we've got a group of people among us who can be discriminated against by the way they appear or by their voice, and that's wrong. We just need to say it. I find that the public policy of most of the community, when I talk about it outside the floor, everybody pretty well agrees. They say, you know, let's get on it, on with it; let's get on someplace else. I was a part of a congregation that had this as a fierce thing, but it was never a question of whether...

SENATOR CUDABACK: One minute.

SENATOR KRUSE: ...gay persons should be accepted or not, never

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was a question. It was a question of how we deal with persons in their sexual activity. That's quite another matter. I call upon us to look at this in a clear way, recognizing it as a parallel to race, and deal with it and move on, please. Thank you.

SENATOR CUDABACK: Thank you, Senator Kruse. (Visitors introduced.) Senator Schimek.

SENATOR SCHIMEK: Yes, thank you, Mr. President and members. I actually turned my light on to give Senator Chambers some time, and he was busy over there. I see he's back now and I'll give him the rest of my time in a minute. But I would like to personally thank Senator Kruse for always being so thoughtful. I know that Senator Kruse must have been a very successful and caring minister because of the way he's able to frame these kinds of personal issues that we have to address from time to time in the Legislature. So, Senator Kruse, I heard you. I think basically what you're saying is we are all God's children and we need to be accorded a basic decency wherever we go. With that, Senator Chambers, I would be happy to give you the rest of my time.

SENATOR CUDABACK: Senator Chambers.

SENATOR CHAMBERS: Thank you, Senator Schimek. Thank you, Mr. President. Members of the Legislature, I've had discussions with the Speaker. I'm now back where I was when I first came here this morning. I believe that Senator Jensen and I have arrived at an understanding, so that part, in terms of my thinking that he had engineered this complicated maneuver, I should have known that as a homebuilder he doesn't deal in anything quite that complex, but it has been worked out, explained. And Senator Kruse even told me the role that he had played in this thing, that he had not consulted with Senator Jensen. So it wound up being a confluence of events that resulted in a situation that I interpreted the way that I did, and I'm going to act on the basis of what my understanding is. When I said I'm back to where I was when I first came here this morning, I had told the Speaker that this amendment that we're discussing now is the one that I intend to try to persuade the

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body to adopt; that because it has a specific FA number and there were others with numbers and I had to get whatever I could into the Journal so people would know what is before us and they could go through those FAs and somewhere find this particular amendment, then when I dealt with it they'd be aware of it, they would have had notice. This is the amendment that I intended to discuss. There are other amendments pending to the budget bill, some in which I have an interest, but, as on General File, it is not my desire or intent to discuss all of these others. When the Clerk and Senator Erdman brought it to my attention at the outset that I was discussing one of the amendments that dealt only with the Legislature, I acknowledged my error, pointed out that it was not the amendment that I wanted to emphasize. We are now on that amendment. What has been said has been said. It can never be unsaid. But this amendment that I'm proposing ought to be adopted. There were 19 votes the other day; I hope there will be 6 more. This does not cost money. It declares a principle of this state that when money is going to these agencies, they are not free to discriminate on the basis of sexual orientation. No matter how much they may hate people they perceive as being of a different orientation, they cannot discriminate. They just have to swallow that and do their job. And the people who are encompassed by this amendment, whoever they may be,...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...will have some recourse. I do not think society should create a set of circumstances where any of its members can be treated unfairly and they have no way to get redress under the rules and principles under which that society is organized. And I'm going to do everything I can to bring America, or this little corner of America where I live and move and have my being, to the point of recognizing its own declared principles and applying them to every person, not just citizens, every person. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Chambers, there are no further lights on, so the Chair recognizes you to close on AM1379.

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SENATOR CHAMBERS: Thank you, Mr. President. And I appreciate those who turned on their lights so that Senator Brashear and I could have a discussion. I don't know all of the people who are my acquaintances who may be gay. I don't make inquiries. I don't know which heterosexual friends of mine have conjugal relationships with their spouse. I don't care about that. It's not my business. I'm not like these homophobic people who fantasize about what people of a different sexual orientation may be doing in their bedroom, in the backseat of their car or wherever these kind of activities are engaged in, and all heterosexuals know where those locations are. I don't even care. My life is fuller than that, and I just don't have those kind of morbid curiosities about other people. I think a person is more than his or her groin. I think if people could get over their "busybodyness," their wanting to stick their nose not only in other people's business but in their crotches, find something better to do with their time, we wouldn't need discussions like this one that I'm engaging in. When I see things that are stated by these religious zealots and those who call themselves fundamentalists, but I don't hear them saying anything about the genocide taking place in Darfur in Africa, where Arabs are slaughtering black people, the black Africans, they don't say anything about that, when there is nothing being said about the ravages of HIV/AIDS all over the world, when an attitude can be adopted that that is the punishment that people are suffering under God's direction because they lived an inappropriate life, I cannot digest that. It does not compute with me. Were I a doctor and somebody came to me with a crushed hand, I wouldn't ask that person, were you in somebody's business, were you doing something you shouldn't have done? No, I'm a healer. I evaluate the condition and I do what I can to rectify it to the extent that I can. Even Jesus said it is not the whole but the sick who have need of a physician. The people who are mistreated are the ones we ought to help. Jesus said again, you're not doing anything worthy of note when you do good to those who do good to you; the worst of people do that. Then he went into this litany of others who may do things to you that would turn you the wrong way and said, nevertheless, those are the people you need to treat right also. You've all heard the story of the good Samaritan, and the question there was, who is my neighbor? Everybody is our neighbor. There is not one

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person on this floor, regardless of how contentious my relationship with that person or those persons has been, who could not come to me with a grievance or a problem and I would not help that person or work with that person. Senator Foley and I even worked on an issue, and if he wants me to go into detail about that, because that's a fact, I will mention it; where, because of a job he had, there were certain amendments he could not bring because his principles would not allow him to do that. But he made a point with me and I thought the issue should be raised, and I raised it.

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: And I didn't mention that I was doing it at his behest, but since he and I are open enemies, fighting like scorpions in a bottle, I want you to know nevertheless that there are times that Senator Foley and I have worked together and there are times when Senator Foley and I will work together again. My views are so broad and all-encompassing that I don't shut the door on anybody, no matter what has happened. They can shut the door, but I'll...and they'll come to me before I have to go to them, and they know that, and they know that my door will be open. They know that because it has happened so many times. Well, in the same way that our doors might be open to each other, we don't have anybody on this floor who will acknowledge to being gay, so we can say they have no representation on this floor so it's for us to speak for those who are not here to speak for themselves. And all this says is that the state...

SENATOR CUDABACK: Time, Senator.

SENATOR CHAMBERS: ...is not going to allow this discrimination. Thank you, Mr. President. I would ask for a call of the house and then I will take a machine vote.

SENATOR CUDABACK: There's been a request for a call of the house. All in favor of the house going under call vote aye; those opposed, nay. Record please, Mr. Clerk.

CLERK: 20 ayes, 2 nays, Mr. President, to place the house under

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call.

SENATOR CUDABACK: The house is under call. All unauthorized personnel please leave the floor. Unexcused senators report to the Chamber. The house is under call. The house is under call. Senator Jensen, would you check in, please? Senator Byars, Senator Pahls, Senators Flood, Langemeier, Kopplin, Stuhr, please check in. Senators Schimek, Burling, and Senator...Senator Burling, Senator Stuhr, Senator Schimek. Senator Stuhr. Senator Stuhr is on her way. All members are present or accounted for. The question before the body is adoption of the Chambers amendment, AM1379, to LB 425. All in favor vote aye; those opposed vote nay. Voting on adoption of AM1379. Have you all voted on the question who care to? Voting on adoption of AM1379. Senator Chambers, for what purpose do you...

SENATOR CHAMBERS: I would ask for a roll call vote.

SENATOR CUDABACK: Roll call vote has been requested.

SENATOR CHAMBERS: In reverse order.

SENATOR CUDABACK: Mr. Clerk, when you get time, reverse order roll call has been requested, please.

CLERK: (Roll call vote taken, Legislative Journal pages 1474-1475.) 23 ayes, 12 nays, Mr. President, on the amendment.

SENATOR CUDABACK: Amendment was not adopted. I do raise the call. Mr. Clerk, when you get time, next motion.

CLERK: Mr. President, the next amendment I have, Senator Chambers, AM1381.

SENATOR CUDABACK: Senator Chambers, you're recognized to open on AM1381 to LB 425.

SENATOR CHAMBERS: Mr. President, I have a series of amendments and the last one in this list would be...because I'm going to

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withdraw them all, but I want to make sure I don't withdraw some that I don't. So I'm going to scroll, I think that's the word, on this gadget to see what the last numbered amendment, because they all are together, that I would then withdraw.

CLERK: Senator, if I may, I think AM1436 may be the last.

SENATOR CHAMBERS: AM1436.

CLERK: It's AM1436, and it's the same amendment that we...that you just offered as it relates to individual agencies.

SENATOR CHAMBERS: Then at this point, because we know that the ones in that group would be withdrawn, I want to withdraw all of those and I will then review the others and see if any more happen to be in there.

SENATOR CUDABACK: They are withdrawn.

CLERK: Mr. President, the next amendment I have, Senator Chambers, I have AM1439 that deals with the Games and Parks Commission, Environmental Trust Fund.

SENATOR CHAMBERS: I want to withdraw that one.

SENATOR CUDABACK: It is withdrawn.

CLERK: Senator Chambers, I now have AM1437, a Peru State College issue.

SENATOR CHAMBERS: I want to withdraw that one.

SENATOR CUDABACK: It is withdrawn.

CLERK: Senator Stuthman, AM1470. (Legislative Journal page 1392.)

SENATOR CHAMBERS: (microphone malfunction)...that one also. (Laughter)

SENATOR CUDABACK: Sorry.

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SENATOR STUTHMAN: Was that an echo? No, but I didn't mean it, if it was.

SENATOR CUDABACK: Senator Stuthman,...

SENATOR STUTHMAN: Thank you, Mr. President and members of the...

SENATOR CUDABACK: ...you're recognized to open.

SENATOR STUTHMAN: This is a bill that...this is an amendment that I proposed the other night when a lot of them were not in the Chamber at that time. What it does is it refers to the jail reimbursement. This bill was originally put into statute in the session of 1998. April 9 is when it was done. And I'm going to read you just a little bit of what it was at that time, and that was in the bill. After sentencing, if a prisoner is a state prisoner, the state shall reimburse the county where the state prisoner was or is maintained in a criminal detention facility at the rate of \$35 per day for each day that the state prisoner was maintained in the criminal detention facility for such offense until the day the state prisoner is transferred to a Department of Correctional Service adult correctional facility, or placed on probation for such offense. The county board of the county or a county board of corrections shall request reimbursement as provided in Section 47-121. If the Department of Correction Services has been notified under the Section 83-4,133 that the criminal detention facility which has requested reimbursement does not qualify for reimbursement request for the days the facility that is not qualified. In plain language, that bill was to give the counties some money for the days that the prisoner, when it was a state prisoner was supposed to be in a state correction facility. They were to reimburse them for \$35 a day, which was not the total cost of maintaining a prisoner, but it did help for the counties. I think in a couple years later...well, what had originally taken place was that I think there was \$5 million, \$5.5 million set aside for that, but there's wasn't near the request for that amount of money. And I think what happened was a lot of the counties did not realize, you know, how the process was going,

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you know, realistically which prisoners were supposed to be reimbursed, and it took a little bit of a time for the county correction facilities, sheriffs, police departments to get into the motion of trying to request money back from the state. I think there was only like \$3.9 million or somewhere in that area of dollars that were reimbursed. But at that time, I think it was in 2002, there was legislation that would only allocate up to \$3.9 million for jail reimbursements to counties. But what we have right now, what we have right now is that in the current budget we have a dollar amount of how much can be reimbursed to the counties, and that is \$3,501,405, \$3,501,405. Up to that amount can be reimbursed to counties. I do have a little bit of a concern with, you know, how it is handled there, and it's in respect to counties, because some counties have inmates in different parts of...different quarters of the year. It is reimbursed by quarters. If there's a county that has a lot of inmates in the first quarter, they will get reimbursed for almost the full amount. But if you're one of the counties that has a lot of inmates in the last quarter of the year, you may not get a penny. And in my opinion, that realistically isn't right. But that's not my main issue. My main issue is that there has been a lot more request for the dollars. And what it was...and I'll just give you an example of last year. The request for dollars last year was...the request for...the claims was \$6.855 million, and they were only reimbursed \$5...no, \$3.519 million. So we're short about \$1.8 million. I think it would be a real burden on the state if we realistically went up to that dollar, but according to the original statute, it was supposed to be property tax relief, jail reimbursement to the counties, if that was the real intent in 1998. But since the amount of dollars wasn't utilized in those first couple years, it went back to down to not more than \$3.9 million. So what does my amendment say? In the Appropriations recommendation, they have recommended \$3,501,405, and according to the bill that was enacted a couple years ago, that was not supposed to be over the \$3.9 million, not to exceed that amount, so it could be less than that. But what I'm trying to do here is to request that we go up to \$4,062,405, and this would be an increase of \$411,000. That is what I'm requesting. Could I ask to that, I would...I have misspoken. I think I'm only trying to run up my dollars to the \$3.9 million, yeah, to the...to \$3.9 million, which was

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enacted several years ago in the bill, not to exceed that amount. So what I'm just doing is I'm just requesting the amount of dollars, like a \$411,000 increase, from \$3.501 to \$3,910,000. That's what I'm requesting with my amendment. So I'd be happy to answer any questions. I have a lot of illustrations. I've done...I've had some help with this from the Fiscal Office on counties that have received the majority of their request, but they're counties that had inmates in the first two quarters of the year. I'll give you an example. Antelope County had claims in the first two quarters, was totally subsidized. Then we have some other counties that received very little bit subsidy. I'll give you Madison County. Madison County had request in the first two quarters, the first quarter of \$75,000; received \$74,000. The second quarter requested for \$120,000; received \$120,000. The third quarter requested for \$66,000 and only received \$4,000. And that's just the first three quarters. They won't be getting any money the fourth quarter. And if there's a county that has a lot of state inmates in the last quarter of the year, will not get reimbursed for what I think should have been a state's obligation. So realistically, in the first three quarters of this year, the counties are short about \$1.8 million in the request. I'm not asking for a lot of money. I'm just asking that the appropriations part of it would get up to the amount not to exceed the amount that was put in a bill several years ago. I know they don't have to go up that amount if they don't want to. But what does it mean when we have initiated a bill to reimburse counties for the state inmates? So with that, I'll close with my comments.

SENATOR CUDABACK: One minute.

SENATOR STUTHMAN: I would like to ask the support of this body. I know it's not a lot of dollars, but yet a few dollars here and there do add up to a lot of dollars. But I am requesting that we go up to that mark of the \$3.9 million, and go from there. So those are my comments right now and I would try to answer any questions if some have it. Thank you.

SENATOR CUDABACK: Thank you, Senator Stuthman. You've heard the opening on AM1470. (Visitors introduced.) Senator Byars,

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on AM1470.

SENATOR BYARS: Thank you, Mr. President. I rise because I'd like to share some information with this body, those of you who might remember and those of you who don't. I'm certainly empathetic, being a former county board chair, with the participation with the state on these types of issues and how important they are, but I feel it's necessary that this body remembers something that's happened in the last fiscal year with Lancaster County. Lancaster County used this issue, and it was part of their...the press coverage, they used this issue as their excuse to discontinue funding of their share of funding for persons with developmental disabilities in Lancaster County. Originally, in this year's budget they cut out the entire amount. Then, after a number of persons who provided disability services and people with disabilities appealed to the board, they reinstated it for a six-month period, but those dollars were completely cut off as of January 1. Now, the figure that's roaming around in my head is somewhere around \$500,000 or \$600,000 that they reduced and, in effect, to get even with us, I guess, although they, the people that suffer, again, obviously, are those who can't speak for themselves, and those are persons with disabilities. And I want you to keep this in mind as you make your consideration of this amendment. I can't speak for all the counties. I know my county obviously loses, has lost dollars and in the fourth quarter will receive none. I certainly don't want that to happen. I, as a taxpayer who pay taxes in Gage County, will be affected. But I want to let you know, and as I was lobbied, I told the representatives of Lancaster County that before I can support this amendment I need at least some member of their board to make a commitment to me that they will come back in, in this year's budget, and restore the dollars that they have taken away from persons with developmental disabilities. I don't think I need to probably spend any more time on my reasoning. I will vote against the amendment because of that reason. If, in the time that we have debate on this, I get some assurance from someone from Lancaster County that they will not use the most vulnerable as blackmail, they will not use the most vulnerable to punish the state of Nebraska for not funding their share of jail expenses, if I get some assurance from them, then I will change my opinion. But at

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this point I am going to oppose AM1470 for that reason.

SENATOR CUDABACK: Thank you, Senator Byars. Further discussion? Senator Don Pederson, followed by Senator Janssen and others.

SENATOR D. PEDERSON: Mr. President, members of the Legislature, if you look back at this law, it was intended because of the fact that what the counties were doing is maintaining state prisoners. So it was not to be aid to the counties, necessarily. It was that the counties were taking on a responsibility for the prisoners. These were prisoners that had been assessed to be ready to go to the penitentiary, but the counties were continuing to hold them. As I mentioned before, both Senator Cudaback and myself were deeply involved in the development of this and we came up with what did amount to not a total amount to reimburse but a figure that could be justified partially as a basis of reimbursement to the counties. Now, when we talked about this on General File, I objected to it. I think Senator Stuthman had...was asking for more money than he's asking for right now, but it was based upon, I think, his efforts, which I understand, to try and recover what they didn't get in the past. And couldn't go along with that. It couldn't be sustained in that fashion. We didn't do any resurrecting of past sins, if you might say. But we just plain did not have the money for a period of time and when it came to the appropriation measure this year for the reimbursement for the counties, essentially when we did this we based it on what we did last year and that was it. Now the statute does provide that we may go up to \$3,910,000. I understand that claims far in excess of that amount were filed by the various counties. I do not know what the situation is as far as Lancaster County and representations that were made. I do know that the counties have been stressed financially as a result of the lack of aid that they have received or had expected to receive from the state. We did this initially because we thought it was the right thing to do. We thought these are not county real prisoners; these are state prisoners the county is holding for us, so we felt they should be reimbursed because they were doing what the state should be doing. But since they were located in the counties, being held there, we thought they should be

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reimbursed for that. And in view of the fact that we are authorized to go up to the \$3,910,000, I think that it's appropriate that, if you are willing, that we revise our budget to fill in this additional amount and that it would raise it, in effect, over the two-year period by \$817,190. That's a lot of money, but it's also a lot of obligation that the state has, and they have it to one of our sister entities, the counties, who I know are distressed. I think it would be appropriate for us to consider doing this. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson. Senator Janssen.

SENATOR JANSSEN: Thank you, Senator Cudaback, members of the Legislature. This is a fairness issue. This is something that we have imposed upon the counties when times were tough. We're seeing a little daylight now and I think it's very important that we do all we can to do some...to redo something that we imposed upon the counties. And I think a lot of your counties that are closer to Lincoln probably...and with a major city in them, are the ones that are most affected by this. Because of the crime rate in those counties, more people, you're going to have more prisoners that are actually wards of the state, and the counties are helping to...helping the state out by doing this, and that, as Senator Stuthman said, is not the whole entire expense. So a lot of that is going back onto the tax...or the property taxpayers in those counties, which I think is unfair that we are...we should be using sales and income tax dollars to reimburse or to keep those prisoners in the county jails. So with that, I am...stand here to to support of Senator Stuthman's amendment. Thank goodness that he saw the light and asked for these dollars. It's not a lot of money, but I will be supporting him. With that, Senator Cudaback, I'll give the rest of my time to Senator Aguilar.

SENATOR CUDABACK: Senator Aguilar.

SENATOR AGUILAR: Thank you, Mr. President and members. I'd also like to rise in support of the amendment. This is an issue that I've worked on before and I want to thank Senator Stuthman for bringing it forward. Now I'd like to change horses, if I

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can for a minute, and make a little announcement to the body. I just received a phone call this morning from home and my granddaughter just gave birth to a nine pound, nine ounce girl, making me a great-grandfather for the first time. Mother and daughter are doing well; grandfather feels very old. Thank you. (Applause)

SENATOR CUDABACK: Thank you, Senator Aguilar, and congratulations also. Senator Aguilar, your light is up next. Did you wish to...thank you. Senator Louden.

SENATOR LOUDEN: Thank you, Mr. President and members of the body. Yeah, I, too, are pleased that Senator Stuthman has brought this forward. These are something that if there is some money available or if we can see our way clear to help the counties in any way we can. Whenever we can help counties out, they consequently use that to help on some of their local citizen projects and their...goes into their funds, their local county funds and whatever they're strapped for. Anything that the counties have to spend usually comes out of local property tax, and so, consequently, if they have to spend it on something that takes care of state business, why, that's less money that they have to spend on local issues. I think this is a worthwhile project. This is something that at the present time the counties, at times, get along quite well, but there are places where some of these counties can be quite strapped if they happen to have a lot of, I would call it, bad luck, I guess, when they have several instances where people have to be brought down to the state facilities. So I think this is a measure that would do some good. It isn't that large amount of money, but wherever we can help out on something like this on our local level, I'm certainly in favor of it, and I certainly will support Senator Stuthman's amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Louden. Senator Hudkins.

SENATOR HUDKINS: Thank you, Mr. President and members. I will be supporting Senator Stuthman's amendment as well. As Senator Don Pederson explained, this is money that is due to the counties. Lancaster County and Douglas County take the brunt of it, of course, because that's where the larger of the

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corrections facilities are located. But because of timing, the county, Lancaster County, Douglas County, does take control of these prisoners until such time as they can be transferred to a state-run facility. That can take days. It can take weeks. It can take months. And in the meantime, the county is required to pay the care and maintenance of those prisoners. The state should be paying this money back to the counties. As was said earlier, this is a property tax issue. I appreciate Senator Byars...I would appreciate Senator Byars' comments on Lancaster County not paying their disability patients because of lack of money and that you wanted some reassurance. Well, obviously you know that it has to be a board thing. It cannot be one member calling you. Otherwise, I know where I can get ahold of a county board member really fast. But one person cannot give you that assurance. They do have a staff meeting in the morning and they have their regular board meeting Tuesday afternoon. So, unfortunately, you can't get that assurance while we're still debating this, so I would hope that you can listen to the rightness of this issue and realize that if the state would pay their bills to the counties then there would be money available to pay what you want paid. In Lancaster County alone, and this is up just through the third quarter of 2004, Lancaster County has asked for what they have due coming to them, \$355,000. They have only been given \$23,000. Where does that other \$332,000 come from? Unfortunately, it probably comes from the property taxes. So there is a lot of money here that is due and owing. We know that it is a money issue, but is also a due that is owed and it should be paid. What more can we say? You know, if we owe the light bill and we don't pay it, after a few months they shut our lights off. If we owe the insurance on our car after a few months and we don't pay it, they cancel our insurance. Why shouldn't it be the same thing for the state? This is not an easy thing for the counties to do. In fact, there is one particular pharmacy in Lincoln, whom I shall not name specifically; same thing has happened to them. They are the ones that are providing the medications for the state prisoners who are in the county facilities, hundreds of thousands of dollars, and I would sure hate to have to be that pharmacy manager and trying to keep everything running in the black. But let's just say, okay, state, let's pay your bills. Thank you, Mr. President.

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SENATOR ENGEL PRESIDING

SENATOR ENGEL: Thank you, Senator Hudkins. (Visitors introduced.) Senator Stuthman, you're recognized.

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. First of all, I want to clarify just a little bit exactly what I'm really asking for. Comes to \$408,595 a year, or for our budget package \$816,190 in the possibility of getting reimbursed for counties. You know, it goes up to that amount and it's to that amount that would be, you know, what is in the law right now, in the statute, to be reimbursed up to that amount. Hopefully we wouldn't have to reimburse that much. That would be the best thing that could happen. But it can go up to that amount. In the budget request, it was only that much less, so I think we should be obligated, of which we are obligated, to reimburse for our state prisoners. So I think we need to be realistic, put that total amount into that so that if there are requests up to that amount of dollars, that they get reimbursed. I don't think it's totally all fair, but I have not got a solution of how to make it any more fair. Some counties that have claims the first two quarters get reimbursed; counties that have claims the last two quarters may not be reimbursed, and that's really a tough situation to try to address and try to make it fair. But I don't have a solution for that yet. But all I'm asking is that, you know, if we could go up to the amount that is not to be exceeded. So with that, I'm listening to the discussion, I hope that we can work with this. I hope that the Appropriations, you know, and I've gotten good support from the Chair of the Appropriations and I really respect that. But at the present time I would like to give a little bit of my time to Senator Cudaback, if he would like to have some time.

SENATOR ENGEL: Senator Cudaback, do you yield?

SENATOR CUDABACK: Thank you, Senator Stuthman. I won't take a lot of time here, but I hope this goes easier than the first time we got this passed. LB 695 the bill was, and we did it out of fairness. Senator Pederson was a great help as long as...as well as many other members, and I thank Senator Stuthman for

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bringing this and catching this here. We don't want more than our share. All we want is our share, and I hope the people understand that. Now we have a little extra dollars, we can get back to maybe where we were. It's just that simple. It's not more than our share. It's just what we think we are owed by the state of Nebraska. I just thank all of you for listening to this. LB 695 was a tough one to get through to start with. Hopefully, this here won't be as difficult. And I do thank Senator Pederson, Appropriations Chairman, for coming along also on this, and Senator Stuthman and all the rest of you who can see to do this justified project. Thank you very much.

SENATOR ENGEL: Thank you, Senator Cudaback. Senator Stuthman, you have about 1 minute and 46 seconds.

SENATOR STUTHMAN: Thank you again. All I'm asking is that we try to get back to the point, the dollar amount, that was not to be exceeded. This is help to counties. Originally when this bill was passed, LB 695, that was property tax relief. And the state was doing its obligation. I think, you know, the state is doing its obligation and trying to meet its obligation, but with budgetary problems it's hard to get up to the total amount. And I think counties are willing to help with the situation for the whole state. But let's live up to the amount, you know, that was in...

SENATOR ENGEL: One minute.

SENATOR STUTHMAN: ...a bill that allowed \$3,910,000, not to be exceeded. Let's utilize those dollars. Those dollars are plugged in there so let's try to utilize those dollars. Like I had stated earlier, I wish we wouldn't have to use these dollars. I don't like to see people get in prison. I don't like to have inmates. That's not the place for them, the majority of them anyway. So let's just be realistic, let's try to live up to our duties as a state, and hopefully we don't have to get up to that amount of dollars, but I think we will. So with that, those are my comments. Thank you.

SENATOR ENGEL: Thank you, Senator Stuhr (sic). (Visitors introduced.) Senator Burling, you're recognized.

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SENATOR BURLING: Thank you, Mr. President, members of the body. Would Senator Stuthman yield to some questions?

SENATOR STUTHMAN: Yes, I would.

SENATOR BURLING: Senator Stuthman, I don't know if you have the answer to these or not.

SENATOR ENGEL: Senator Stuthman, will you respond?

SENATOR BURLING: If you don't, that's fine, but otherwise I'm kind of curious. Do you know that on an average across the state are these state prisoners in county facilities causing significant overcrowding for our counties?

SENATOR STUTHMAN: Yes, they do, because I do realize counties are overcrowded and they don't know where to go, but they have no place to go with them, and the prisoners that they should not have to be housing they're having to house. So it is a major problem.

SENATOR BURLING: Thank you. Now, I realize that this would change daily, but do you have any idea of an approximate number of state prisoners that are in county facilities right now? If you don't know that, that's fine.

SENATOR STUTHMAN: I don't have the number right on the top of my head, but I'm sure I could find it.

SENATOR BURLING: Now, do you think...Senator Stuthman, do you think that the reason for so many state prisoners in county facilities is overcrowding or full capacity of state facilities, or is it logistics of getting them transported, or is it economics? Obviously, if we're not paying the bill, why, it's a good economic decision to put our state prisoners there. But do you know? Maybe it's all three.

SENATOR STUTHMAN: I think it would probably be all three of them, but I realistically think that the majority of the prisoners, the state correctional facilities are full all of the

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time and just they do not have the space, and it's trying to utilize spaces in the county facilities. We were fortunate in Platte County to build a new facility, of which some counties are also have intentions of doing and some have done. We're able to house all our own and those. We're not in a real bind. The problem we have is the responsibility of the state for those inmates, even with the \$35 a day, doesn't pay the whole bill. So the counties are paying the state portion of the bill. But I really think it's the availability of cells for inmates to be taken from the county and moved to the state correctional facilities.

SENATOR BURLING: Okay. Thank you, Senator Stuthman. I support your amendment, and thanks for your answers.

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Thank you, Senator Burling. (Visitors introduced.) On discussion of the Stuthman amendment, AM1470, Senator Kremer, followed by Senator Engel, Synowiecki, Senator Don Pederson.

SENATOR KREMER: Thank you, Mr. President and members of the body. I pushed my light quite some time ago and, since I did, everybody said almost exactly what I was going to, so I won't repeat a lot of it, but just to say this really is about property tax. Because in the past we've tried to give some aid to counties, cities, schools, and everything to relieve property tax, and in the shortfall years we've had to...we've gone back on that word, and this is one area that it is very...a good example of that happening. Hall County has been one that's been hit very hard. I think their shortfall this last year was about \$120,000, and their justice system, the whole justice system, is costing about 50...about 50 percent of their budget goes toward that justice system and it's very burdensome. They're up against their budget lid. And when they can't get reimbursed for something like this, it puts a strain on everything else that needs to be done in the county, as well as property tax. So I'll just state again that I support Senator Stuthman's bill and thank you for the opportunity.

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SENATOR CUDABACK: Thank you, Senator Kremer. Senator Engel, followed by Senator Synowiecki.

SENATOR ENGEL: Mr. President, I agree with this particular amendment. This is in statute. It's something that we promised and we haven't fulfilled it because we didn't have the money. Now we finally have some money and I think we should pay our bill. There's certain counties that have a high, high crime rate, and I happen to live in one of those. We're building a new jail up there because we can't hold the prisoners we have now, and most of those prisoners are state prisoners. So with this, I totally support this amendment and everything else that's been said why we should do it, and I certainly agree with them. Thank you.

SENATOR CUDABACK: Thank you, Senator Engel. (Visitors introduced.) On with discussion. Senator Synowiecki.

SENATOR SYNOWIECKI: Thank you, Senator Cudaback. Senator Stuthman, would you yield to some questions, please?

SENATOR STUTHMAN: Yes, I would.

SENATOR CUDABACK: Senator Stuthman.

SENATOR STUTHMAN: Yes, I would.

SENATOR SYNOWIECKI: (Laugh) Senator Stuthman, I got a couple questions. I probably should know the answers to some of these but I, quite frankly, I don't. When do these county prisoners get on the state dime? Is it as soon as they're sentenced?

SENATOR STUTHMAN: Yes, that's when, that's when it would be is when the sentencing is done and they're sentenced for the crime that they have committed and the sentencing is they've been sent to the state correctional facility.

SENATOR SYNOWIECKI: So, Senator Stuthman, if we have a presentence...you know, let's say an inmate, Howard, is in the Douglas County Correctional Center and she is sentenced today. So tomorrow, theoretically, the county would begin to get

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reimbursement from the state?

SENATOR STUTHMAN: Yes, that would be true.

SENATOR SYNOWIECKI: So the division line on when they're on the state dime and the county dime is the sentencing date.

SENATOR STUTHMAN: Yes, that is true.

SENATOR SYNOWIECKI: Senator Stuthman, who has the responsibility to get that inmate, once Inmate Howard is sentenced...excuse me, Senator Howard, but just using you as an example. As soon as Inmate Howard is sentenced, who has the responsibility for delivering the inmate to the state penitentiary system?

SENATOR STUTHMAN: In my opinion, as when I served on the county board, it's the responsibility of the county to transfer the inmate to the state facility upon the opening of a state facility. That is the way I understand it happens.

SENATOR SYNOWIECKI: So if a county is efficient in terms of transportation, they could theoretically get the inmates to the state system and would help offset or mitigate some of these costs to the counties.

SENATOR STUTHMAN: Yes, that's very true. But there realistically has to be a cell open, you know, for that inmate to be placed there in the state correctional facility. And if there's no cell open and the state says, we do not have a spot for him, please keep him in your facility and we will reimburse them for whatever it is.

SENATOR SYNOWIECKI: Senator Stuthman, you read off a litany of counties, some of them receiving some degree or some level of reimbursement, while other counties are getting zero. Can you help shed a little bit of light on that for me, why some counties are receiving a certain level or degree of reimbursement and others are not?

SENATOR STUTHMAN: Okay. I will give you just a little bit of

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the...and I don't want to consume a lot of your time, but I'll give you a for instance of Antelope County. They claimed \$1,120 for the first quarter and received \$1,155, so they got a little extra. The second quarter they claimed for \$18,305 and they got \$18,410. They received 100 percent plus. But in the third quarter they didn't have any claims. They didn't have any inmates and they put no claim in, and they weren't reimbursed. But if they would have had some, they wouldn't have received so much. Now I'm going to give you another instance. I'll give you Colfax County. Colfax County, first quarter, no claims; must have not had any inmates. Second quarter, claims of \$5,845. They received \$5,845. That's the second quarter. That's when there was still money in the fund. Third quarter, requested...

SENATOR CUDABACK: One minute.

SENATOR STUTHMAN: ...\$175 and got \$11 in the third quarter. But I'll give you another instance right close to that is Clay County--nothing in the first quarter, nothing in the second quarter. In the third quarter they requested \$5,670, and they only got \$303, because they were running out of money, and that doesn't take into consideration the fourth quarter.

SENATOR SYNOWIECKI: I just...I have a hard time comprehending why we're all over the map on this, why some counties are receiving reimbursement, some aren't. I don't know what the mechanisms are involved. I know your amendment raises this 400-some thousand dollars each year, right, Senator Stuthman?

SENATOR STUTHMAN: Yes. Yes, it does. It raises the total amount. And it's based on quarters. And I have...like I said before, I have no solution to try to fix this.

SENATOR SYNOWIECKI: What...how much invoice...inmate invoices do the state receive in total? I mean, would your amount in your amendment satisfy the total amount of inmate invoices that the state receives for reimbursement purposes?

SENATOR CUDABACK: Time, Senator.

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SENATOR SYNOWIECKI: Thank you.

SENATOR CUDABACK: Thank you, Senator Synowiecki. Members, I've had several members call up and say they cannot hear what's going on, so please, out of consideration for the speaker and others, try to hold it down. Thank you very much. On with discussion. Senator Don Pederson.

SENATOR D. PEDERSON: Thank you, Mr. President. I think I should let Senator Stuthman...

SENATOR CUDABACK: Senator Stuthman.

SENATOR D. PEDERSON: He was not given the opportunity to finish his...

SENATOR STUTHMAN: Yes.

SENATOR D. PEDERSON: ...sentence. The answer is yes? (Laugh) Would you respond to Senator Synowiecki's question?

SENATOR STUTHMAN: Yes, yes, I would respond to Senator Synowiecki's question. And I think his concern is, is we're all over the board as far as, you know, some are getting reimbursed, some aren't getting reimbursed. The problem that we have is that some of the counties have no inmates in a certain quarter, but we pay until the \$3,900,000 is gone. That could be gone in the first two quarters. Second two quarters, when another county just has their inmates then for the state, may not get anything. I would like to see a better solution of how to do this. Maybe it needs to be divided by quarters, the \$3.9 million needs to be allocated by quarter. That would make it a little bit better because the quarter would have that amount of dollars in it, where right now we've got the...

SENATOR D. PEDERSON: Senator. Senator Stuthman,...

SENATOR STUTHMAN: Yes.

SENATOR D. PEDERSON: ...that was an awfully long answer to a rather simple question.

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SENATOR STUTHMAN: Oh, I'm...I'm...

SENATOR D. PEDERSON: I think the question was, did they submit claims for more than what they're asking to be reimbursed for? And I think the answer is, yes, that there are claims far in excess of that amount, probably approaching \$6 million. Now I'd like to go on with my own time. There was something that I would like to say in regard to this for clarification. Senator Stuthman, I think I need to correct you on what you were explaining to Senator Synowiecki. I think the way that the reimbursement takes place is that a prisoner, like Senator Howard is arrested...I don't know why we're picking on her, but anyway, she's arrested; she's put in jail for a state crime but she has not been convicted of that crime. So when she is convicted of that crime then, if it's a state crime, then the dating goes back to the date that that prisoner was incarcerated on that crime. So that's the date of reimbursement. So I just...I'm trying to correct you in that respect. I think that's the way that the allocation takes place. I'd like to clarify a couple of things in connection with this. This is not going back and trying to reimburse for something that...we have said generally we're not going back for reinstatement of things we couldn't pay before, and that's not this. This is to pay the counties what we contracted to pay them as for state prisoners, so that amounts to this \$800,000-plus. And the reason that it was not in the budget initially was the fact that when we prepared the budget we prepared it based upon the prior biennium returns, and during the prior biennium we did not have sufficient funds. We didn't know until we got through the budget process that we were going to have sufficient funds to pay this, and that's the reason why we now can bring this up. It is an obligation. Another thing I would like to clarify, and that is that the rate at reimbursement is \$35 a day. Now, I happen to know that from North Platte, where they had to house prisoners in Lexington because they didn't have adequate space, I knew that at the time we did this they were having to pay them between \$50 and \$60 a day. So the reimbursement was not intended to be an actual cost, because the actual cost of the incarceration of these prisoners for the counties is in excess of the \$35 we're talking about. And the reason that I support

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this amendment of Senator Stuthman, I didn't intend to cause a run on the bank. The idea is that we prepared this budget...

SENATOR CUDABACK: One minute.

SENATOR D. PEDERSON: ...at a time when we didn't have adequate funds. We do have now the adequate funds to pay this obligation. It is a state obligation and I think that we should pay it in that amount. So with that, I would urge your adoption of Senator Stuthman amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson. On with discussion. Senator Raikes, followed by Senator Engel. Senator Raikes.

SENATOR RAIKES: Thank you, Mr. President, members of the Legislature. My understanding of this amendment, to be corrected, is as followed...follows. We have an allocation system in place for this money that really doesn't make a lot of sense. It's first come, first serve, so you end up fully reimbursing for first quarter prisoners, if you will, and very likely nothing for last quarters. I guess my question to you is, why would you appropriate more money into that kind of a system? The second point is, in my understanding, once a prisoner is convicted and sentenced to a state facility, there is 100 percent reimbursement by the state. They either go to the state facility or the county from that point on is reimbursed for all their expenses. What we're talking about here is, what about the cost of incarcerating that person before we really knew if they were a state prisoner or if they were going to eventually be a state prisoner? That confuses me about a clear state obligation and the failure of the state to live up to its obligations. I don't...I don't see it that way. I think...I think the argument is being made is that, well, it's really not all that much money in the scheme of things. But I think the more important questions are what makes good sense, either in terms of the way the program is structured or in terms of the time period involved of an incarceration and who should really pay for it. It's not clear to me but what it is a county expense to incarcerate prisoners at the time it's not known whether they would be convicted and sentenced to a state

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facility. And it is clear to me, from what Senator Stuthman and others have suggested, that this appropriation mechanism doesn't make much sense. So, from that standpoint, I don't feel inclined to support this amendment. If I'm wrong, why, please...please make me aware. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. Senator Engel.

SENATOR ENGEL: Mr. President, members of the body, I agree with Senator Raikes to the point that if...we should amend the whole statute to make it more palatable and more equitable, because in this particular case it isn't. Now, like I said, I came from a county that we have a very high crime rate. We have..and it's very, very expensive up there. We have to, at the present time, we have to farm out most of our prisoners. But the only thing is, because we have a high crime rate, we're probably...we'll probably get more out of this earlier than those that don't, and perhaps the same way in Douglas County and Lancaster, wherever they are. So this really isn't fair, because those first come, first served, and that just doesn't make sense. So I do think we should overhaul this whole statute, as far as I'm concerned. The only reason I'm in favor of the \$400,000, or whatever that amounts to, it is in statute, it is money we owe. If it wasn't in statute and it wasn't money we owe, I would not vote for it. Thank you.

SENATOR CUDABACK: Thank you, Senator Engel. Senator Synowiecki.

SENATOR SYNOWIECKI: Thank you, Senator Cudaback, and thank you, Senator Stuthman, for being responsive and so forth to my questions, and I genuinely appreciate and, you know, on a certain level, sympathize with what you're trying to do here. But, you know, the thought of putting more money into a program that we seem to be all over the map on this thing. We've got counties receiving zero, nothing, from the reimbursement program. We got counties that are receiving full reimbursement. And then Senator Stuthman reports that there's counties receiving more than what they invoice the state for, for reimbursement of inmates. I think, as Senator Engel indicated, before we start putting more money into a program that seems to

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be all over the map in county usage, that we should first examine the statute. Maybe the Appropriations Committee can take a look at this during the interim and come back with a program that's a little bit more solid and I think a little bit more fair for the counties. The fact is we're going to put another \$400,000 or \$500,000 into the program and you're still, even with this additional expenditure, even with this additional appropriation, members, you're going to have counties going to come away with zero. For whatever reason, they're not being funded. You're still going to have probably the same counties receive their full reimbursement, and it's going to be dependent upon the time of the year, the quarter, and all these sorts of things. It's still going to be funded below the amount at which we get invoiced from the counties. And by putting this little bit more, \$400,000 more money, I think the problems will still be prevalent. We'll still have counties that will not be receiving any reimbursements. And remarkably, Senator Stuthman reported we've got a couple counties out there that are receiving above and beyond what they invoice the state. So until and if we get this program straightened out and get it more on a solid and logical base, and again, with genuine appreciation of Senator Stuthman and what he's trying to do, I'm not going to vote for the additional expenditure until we can figure this thing out. We're all over the map. And soon as we get a more solid base, more logical reasoning behind this program, I can't in good conscience vote to put more money to the program. Thank you, Senator Cudaback.

SENATOR CUDABACK: Thank you, Senator Synowiecki. Senator Mines.

SENATOR MINES: Question.

SENATOR CUDABACK: The question has been called. Do I see five hands? I do see five hands. The question before the body is, shall debate cease on amendment...the Stuthman amendment, AM1470? All in favor vote aye; opposed, nay. Voting on ceasing debate on AM1470 to LB 425. Have you all voted on the question who care to? Voting on ceasing debate. Have you all voted? Record please, Mr. Clerk.

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CLERK: 25 ayes, 1 nay to cease debate, Mr. President.

SENATOR CUDABACK: The vote was successful. Debate does cease. Senator Stuthman, you're recognized to close on AM1470.

SENATOR STUTHMAN: Mr. President, first of all, I would like to ask for a call of the house.

SENATOR CUDABACK: There's been a request for a call of the house. All in favor of the house going under call vote aye; those opposed vote nay. Record please, Mr. Clerk.

CLERK: 21 ayes, 1 nay to place the house under call, Mr. President.

SENATOR CUDABACK: Vote was successful. The house is under call. All unauthorized personnel please leave the floor. Unexcused senators report to the Chamber. The house is under call. The house is under call. Senator Dwite Pederson, Senator Hudkins, Senator Langemeier, Senator Heidemann, Senators Fischer, Landis, Schrock, Raikes, Redfield, Senators Smith, Friend, Louden, and Thompson, and Bourne, please check in. The house is under call. Senator Stuthman, your time is running, as you know.

SENATOR STUTHMAN: Okay. Yes. Thank you, Mr. President and members of the body. In closing, I would just like to make a few comments. First of all, I want to thank my colleagues for helping me through this. You know, this is kind of a new experience for me and there's going to be a lot of them in the future that it's going to be the first-time event for many of them, you know, putting an amendment on a bill. And I apologize for some of my ignorance, but I really appreciate the senators making corrections, and I stand corrected on those points. But I want to...I want to just mention a little bit that all I'm asking for is to put the dollar amount up to what was put in the bill several years ago, an amount not to exceed. I'm not asking for any more dollars. I'm asking a few more dollars than was put in the budget by the Appropriations Committee. They put in \$3.5 million. The original plan was dollars not to exceed \$3.901 (sic) million. That's all I'm asking for, is just to go

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up to that amount, what was in the program from several years ago. Those are the dollars. I just want to get up to that part. But I would hope we wouldn't have to utilize all those dollars. As I've stated before, you know, housing inmates is not something that I really like to do. But if we have made an agreement a couple years ago of a dollar amount not to exceed, then let's leave that right there. I do realize that this is...it's not very equal to counties just because of when inmates are put into prison. I think we need to really take a look at how we can structure this better. There may be a possibility if it's billed by quarters that it could be...could be divided by quarters, the \$3.9 million. Maybe that could be worked out. But I think we need to work on that in a year to come; maybe introduce something there that would make it more realistic and equal to all counties. Because I think, you know, some counties that have their inmates the last quarter of the year, their property owners are paying the full bill for something that is an obligation of the state, and I respect that. So I think that's what we've got to be concerned with. There is a lot of room for improvement here, a lot of room,...

SENATOR CUDABACK: One minute.

SENATOR STUTHMAN: ...but I think it can be done. Maybe it needs to be divided into quarters and then, if there's money left at the end, prorate it back to those that didn't receive as much, maybe another dollar a day, something in that fashion. But all I'm asking here is your support to bring this dollar amount up to the statement that says we will, the state, will not exceed \$3,910,000. So with that, I ask for your support and I want to thank you.

SENATOR CUDABACK: Thank you, Senator Stuthman. You've heard the closing by Senator Stuthman on AM1470 to LB 425. All members are present or accounted for. The question before the body is, shall AM1470 be adopted? All in favor vote aye; opposed, nay. Have you all voted on the question before the body who care to? Record please, Mr. Clerk. Record vote has been requested.

CLERK: (Record vote read, Legislative Journal page 1475.)

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38 ayes, 3 nays, Mr. President, on the amendment.

SENATOR CUDABACK: AM1470 has been adopted. I do raise the call. And, members, while we're on this subject, I do appreciate when somebody wants a record vote such as this to speak up. It's difficult for me to hear, or whosoever in the Chair, at times, so just don't be afraid to let your voice be heard. Appreciate it. Thank you. Mr. Clerk.

CLERK: Mr. President, the next amendment, Senator Bourne, FA216.

SENATOR CUDABACK: Senator Bourne, to open on your amendment to LB 425.

SENATOR BOURNE: Thank you, Mr. President, members. I'd like to substitute AM1570 for FA216, please. (Legislative Journal page 1476.)

SENATOR CUDABACK: No objection. So ordered.

SENATOR BOURNE: Thank you, Mr. President, members. Stay with me, if you will, this is kind of a confusing subject. You might recognize it. On General File Senator Mines ran an amendment that would have restored the MIRF money through 2009. What my amendment does is add back \$2.4 million, which is one year of MIRF money, but it places it in the state aid to municipalities fund. So it increased the state aid to the municipalities fund by \$2.4 million for one year. And the reason that I am advocating or doing...advocating doing this is that there are many cities in our state that budgeted for the comeback, for lack of a better word, of the MIRF money. And by that I mean, in 2003, and I'm going to read through the transcripts of the floor debate a little bit, in 2003 there was some confusion, in that a number of us thought we were voting to eliminate MIRF for two years, with the exception of 520-some-odd thousand dollars for the city of Lincoln so they could satisfy a bond obligation. And then the understanding was is that MIRF would be eliminated for two years, would come back in 2005, now, and continue on through 2009. So a number of cities, including my own, budgeted based on that premise, on that thought that the money would be

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coming back in 2005. So my city, and I'm sure many of your cities, are sitting there with a hole in their budget because they were counting on this money coming back and it didn't. There was some confusion, and I'm not saying that anybody deliberately didn't put this money back or deliberately went back on an agreement, but there were a number of us in the body that thought we had an agreement and voted for a particular amendment that satisfied Lincoln's bond obligation, with the...again, with the promise or commitment that the money would come back in 2005. So I'm not advocating that that money come back and stay for four years, as was advocated in the previous Mines amendment. I'm simply saying, let's...let's give this money that would have gone into MIRF for one year, let's put it in the state aid to municipalities to help these cities that budgeted based on their thought that the money would come back, the MIRF money. Let me just go back a little bit. Senator Thompson had a bill, and it was LB 440, and the purpose of LB 440 was to eliminate the funding of MIRF, the Municipal Infrastructure Redevelopment Fund, and that comes from cigarette tax revenue, by the way. That would provide an annual cost savings of \$3 million to the General Fund. And that funding source, the MIRF fund, was set to expire anyway in 2009. So Senator Thompson's bill, LB 440, eliminated MIRF. Senator Beutler, on the floor at the end of the session in 2003, he filed an amendment, and that amendment basically changed the allocation so that...it was AM1661, and Senator Thompson, her comments on the floor: So as essentially if you vote for AM1661, you're doing two things. You're saying they're going to take care of the Lincoln problem, and that is that the city of Lincoln obligated that MIRF, that income stream, to bonds, but we're also going to reverse the Appropriations Committee recommendation to sunset MIRF totally. And LB 440 was the Appropriations Committee's recommendation. So if you adopt that, you're reversing the Appropriations Committee's recommendation so that the money would have come back in 2005. So again, what I'm trying to do is I'm not trying to restore the entire fund. I'm simply saying that there are a number of cities in our state that budgeted based on the belief that the MIRF money was going to come back now, and so what we are doing is we are doing a one-time inflow of money to state aid to municipalities to help these cities, who thought the MIRF money

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was coming back, respond. With that, I'd be happy to answer any questions. Thank you.

SENATOR CUDABACK: Thank you, Senator Bourne. You've heard the opening on AM1570 to LB 425. Open for discussion. Senator Mines, followed by Senator Beutler and others.

SENATOR MINES: Thank you, Mr. President. Colleagues, obviously I stand in support of AM1570 by Senator Bourne, although it's not, as my amendment was, to restore MIRF, and we're looking at a \$3 million number, lessened by a \$520,000 Lincoln exemption. Senator Bourne is exactly right. Municipalities throughout the state had planned on MIRF money being restored in this budget year and obviously have budgeted for those numbers. And through the process, there was great debate on the floor, and I contended at the time that a deal was a deal, and many stood up, particularly, Senator Pederson, and said, you know what, we honored our obligation, we fully funded MIRF to the...to LB 440, but to accomplish that, General Funds were reduced by an equal amount. So in fact the cities were not made whole. MIRF was restored, but state aid to cities was in fact reduced. I think Senator Bourne's approach is a nice midpoint where we can all come together and say, you know what, cities, we're going to make you whole for one year. After that the deal is off. It is no deal. But those of you that have made commitments for the funding, those of you that are...have obligated yourselves to improve your infrastructure, we're going to make sure that that happens in this fiscal year, and after that we'll take it out and we'll do something else, perhaps. But I stand in support of the amendment and I, frankly, don't see any philosophical difference between Senator Bourne's amendment and Senator Stuthman's amendment to make counties whole for another purpose. The commitments were made, commitments should be honored, and we're going to honor...we would honor that MIRF commitment with AM1570. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Mines. On with discussion of the Bourne amendment, AM1570. Senator Beutler, followed by Senator Don Pederson.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature,

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since I've been a member of the Appropriations Committee, I have rarely voted against what the committee has done. And as you know, on the first round of debate on this particular amendment I did not side with Senator Mines and Senator Bourne. But I felt badly after that first round of debate because my remarks on the floor of the Legislature were obviously the cause of misunderstanding, and obviously the fact of misunderstanding is pretty clear. There were a lot of people who thought that the floor debate meant one thing or another and, frankly, I don't have a clear memory or feeling about what was intended at a certain point in time. I think what may have happened is that in a strict narrow sense I answered Senator Bourne's question, yes, MIRF would be restored, and he probably logically took that to mean that MIRF would be restored and/or state aid; that is, that we would not...that we would restore the total funding to the cities that they had had before we made the cuts. But there were two funds in question and we didn't speak on the floor to both funds. Whatever the case may be, people didn't have a common understanding. Now you can deal with that in a number of different ways, but I want to support Senator Bourne's amendment. I want to support it with the idea that there was a misunderstanding; for me, personally, that I may have been a cause of that misunderstanding. What he is asking for is one year, not two years and a continuing ongoing appropriations. The cities are going to have to come in next year and argue to put it back in on a permanent...in the permanent base. So it is truly a compromise. But we do have the money this year for one year. In the next two years we have plenty of money, even though out further we're putting ourselves in a bind. But I think that this would be a fair resolution and restore everybody to the good feeling that they've had working with one another. I would hate for us to lose that bad feeling on what I think is an honest misunderstanding. So I'm supporting Senator Bourne's amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. Senator Don Pederson.

SENATOR D. PEDERSON: Mr. President, members of the Legislature, I thought we talked about this on the General File, and it appears to me the big distinction between then and now is that

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the request is for half of the money that they were requesting on the General File, and we turned that down. I don't know how many of you have ever heard of Rasputin. I mentioned him during the discussion about commissions and how they never seem to go away. Well, Rasputin was sort of the power behind the czar in Russia and people felt if they could take care of him, they could take care of the problems that Russia had. So a group took him out, they shot him, they stabbed him, they poisoned him, they attempted to drown him, but he came back. And I have that same feeling about this particular issue. And so here we go again. Now we're talking about MIRF money again, and it's based upon, as was said by someone, a misunderstanding. There was never any agreement. Neither Roger Wehrbein nor myself, as respective Chairs of the Appropriations Committee during the discussion on this matter, said that there was any agreement. The Governor and I signed a letter to the city of Omaha, copy to the city of Lincoln, saying there was no agreement. But we are attempting to recreate an agreement. And I would have thought that if a city was going to make moves based upon something as convoluted as has been just described, that certainly someone would have come to us for clarification and said, is this...is this okay? Shall we go forward based upon something? Well, nobody did that. And apparently the cities, particularly the city of Omaha, has gone forward with things based upon a faulty assumption. And I think that it's a mistake for us to characterize, Senator Mines, this as being similar to what we just did with the counties. This is about 180 degrees different. With the counties we had a statutory obligation which we are fulfilling. The best that could be said about this particular issue is that the cities of Omaha and Lincoln, primarily, want additional money. They attempted to spend money based upon the hope that they were going to get some additional money. But, as Senator Redfield pointed out very clearly the other day, those cities haven't received any less money; they were just hoping to get more money. And I think that that is a poor way to respond and to go forward with the business of major cities. And I think that it is a mistake to say, now we have additional money, therefore, let's give the cities money. That is not the issue involved in this case. If we have money now, that doesn't mean that that's a green light to go ahead and spend that money. I think that we have to be very prudent. And

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if you look at your fiscal note that's on the agenda for today you will see that, yes, we have money today. Now, they haven't figured in the economic incentives in the bottom line yet, and we still have other things that will need to be spent, but look at...look at the end of the next biennium and see where we are, and it's going to be a very serious hurdle. And I urge, and I will urge again those of you who are new to this Legislature, those of you who will have an additional two years after this biennium, which many of us will not have, remember that what you do now is going to impact what happens to the ability of the state to function appropriately two years from now.

SENATOR CUDABACK: One minute.

SENATOR D. PEDERSON: So be very careful in the way that you do this. I would ask you to do as we did in General File, to reject this proposal. Thank you very much.

SENATOR CUDABACK: Thank you, Senator Pederson. Senator Friend, followed by Senator Bourne.

SENATOR FRIEND: Thank you, Mr. President. Members of the Legislature, Senator Bourne is right, and Senator Pederson is able to point that out--convoluted, confusing issue. A lot of things happening in the last two years in order to make that water just muddy enough, just muddy enough to produce enough confusion to create a potential, I guess, budget snafu. What I would say is this. On General File I said a lot of things, and approaching citywide elections in Omaha, said a lot of things that I don't necessarily regret, but I truly believe...that I truly believe, I'm not going to...not going to go into a bunch of histrionics and go crazy on that aspect of it again. Another aspect of what I said, to move further in this discussion, is that I didn't believe that this argument was whether or not there was an agreement, an ironclad agreement, because clearly we've got a section or a sect of people out here that says it's just not the case, and statistical data, facts, to backing that up; another group that's saying, look, we've got cities that are saying, no, that is the case. But I don't think that's the reason we're here with this amendment. I said on General File, and I believe this, I think we need to talk about the

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appropriate amount. We've been doing that on several...more than several occasions on the appropriations budget. And I believe some other senators have pointed this out on several occasions in regard to the budget that we've been dealing with, that the Appropriations Committee does great work. Nobody ever stands up here and says the Appropriations Committee doesn't do very good work. You can't. They put in long hours. They're here when all of us are heading back to watch our kids' baseball games or whatever. But you know what? I don't hear anybody standing up, and maybe there's a reason for this, and saying, hey, you know, Senator Bourne's Judiciary Committee, they get 25 percent of the bills, they do great work; you know what, let's pat them on the back. Of course they do. Senator Stuhr's committee, when we're out looking for "Captain Lunch-hunter," they're in there dealing with some pretty heavy issues a lot of times. The point is this. We're dealing with these issues over, and over again. The budget is out here. I don't think it's hands off. I think what we have to discuss is what's the appropriate amount, because there is confusion. There's confusion and there's enough people that are confused about what they were supposed to receive. It's hard for me to disagree with what Senator Pederson is saying. But at the same time, it's hard for me to look the cities in the face, after all the stuff that I've been shown, and say, well, this is typical, we just can't give you the money back, or at least a certain amount. So I thought and I said, on General File, the appropriate discussion was the amount. I still feel that way. I don't feel what's being asked for here at this very moment is inappropriate or over the top and not achievable if some juggling and some open-mindedness...

SENATOR CUDABACK: One minute.

SENATOR FRIEND: ...in regard to this budget is concerned, I guess, works itself out. There is no...there is no way that I think when we're done with this amendment, one way or the other, up or down, that I think a good portion or a portion of the body, a section of the body, is not going to be upset. We're going to have a group of people that are just like, you know, something went wrong here. Something went wrong because of this agreement. But like I said, slide away from that. If the

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misunderstanding is there, let's talk about the amount, because the misunderstanding probably drove us to that point. With that, Mr. President, that's all I have. Thank you.

SENATOR CUDABACK: Thank you, Senator Friend. On with discussion. Senator Bourne.

SENATOR BOURNE: Thank you, Mr. President, members. I hate to beat a dead horse here, but I listened to Senator Pederson's comments and he...he's indicating that this is about Lincoln and Omaha, and it's not. There are 532 cities in the state that had planned on receiving some money out of MIRF. Now, I don't know how many of those cities recognize that the agreement was the money would come back in 2005 and set a budget based on that belief. I hope...I would urge you to call your city mayors, your city administrators, your finance people and find out if they had. This is not about Lincoln, it's not about Omaha, in isolation, other than the fact that they thought this money was coming back and budgeted in that regard and then here they sit with holes in their budget and they're trying to make that up. And what Senator Mines did was his amendment said it comes back and then continues on until the plan was set to expire anyway. So that's four years, and I'm simply offering a compromise here that on a one-time basis these cities can have a little bit of a boot, so to speak, to help them respond to the lack of that money coming in that they budgeted for. It's that simple. There's 532 cities that have planned on this or that get money out of MIRF. Now, again, I'm not saying every one of them planned or every one of them set their budgets with the belief that this money would come back, but I know my community did. So this is not about Lincoln. This is not about Omaha. This is about the entire state and those cities that draw on MIRF. And I appreciate exactly what Senator Pederson is saying and I understand that he's trying to, you know, be a conservative, and that's great. I think his philosophy and mine are pretty much similar. But I do believe that this is an extenuating circumstance. We had an agreement. And I'm not...again, I'm not saying that anybody is violating that. I think there was just a general misunderstanding of what Senator Beutler's amendment did and what would happen in 2005. My belief is one way. Senator Beutler's is now, after reading the

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transcripts...I don't want to put words in his mouth...he seems to agree that that was what the agreement was, and I appreciate him standing up and indicating that. I think that this is the right thing to do. I don't think it's spending money beyond what we can afford. But I think it just...it honors an obligation that we made in 2003 to help those cities, and these are cities all across Nebraska, not just in the eastern part of the state, respond to the lack of this money being available when they thought it was going to be. So I think it's a modest request. I appreciate Senator Pederson's comments. There are the members of the Appropriations Committee, as I understand it, that are going to support the amendment, and I would urge you to do so as well. It's a compromise. It's a scaled-down version, from what Senator Mines had. It's a one-time help, one-time hand up to those cities that are trying to fix this hole in their budget caused by the lack of this money or this money not coming back in 2005. With that, I'd urge your adoption of this amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Bourne. (Visitors introduced.) On with discussion. Senator Engel.

SENATOR ENGEL: Mr. President, members of the body, I've served on the Appropriations ever since I've been in the Legislature, approximately 12 years now, and as far as this particular issue, I do not recall making a promise that we would continue this. So the difference between this and Senator Stuthman's statute...his amendment was I believe it's in statute, it's the bill we actually owe, so I felt we should pay that particular bill. As far as memories, there's four different kinds of memories. The normal memories, we forget things occasionally. There's the photographic memory where you don't forget a thing. There's selective memory, which some of us have. And then there's no memory. Well, I'm not accusing anybody of that, but we do have a problem with memories, because there are several different memories. Now the only thing is the...I've served long enough on Appropriations, I've been here in the good times, I've been here in the bad times. We're just coming out of some bad times. And again, we have extra money there, supposedly, right now. But the thing is that, being as it's there, everybody wants to spend it. Well, I don't think we have to

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be...I do think, in fact I do know, that we have to be very, very careful, because this comes in cycles and we don't want to go through what we went through these last three years. It's very, very difficult when you start cutting programs and very, very, very necessary programs. You cut into the blind and the disabled, you cut into the developmentally disabled, you cut here, you cut there, you cut there. I don't want to go back there. Now some...a lot of these folks will be gone in two years. I'll still be here in two years so I'll have to face those things. And, Senator Bourne, I don't believe in beating a dead horse. I don't even like to beat a live horse, you know, because I'm so gentle. But (laugh) but the thing is, we have to look down the road. We have to look two years beyond, two years and beyond when most...20 of your folks are going to be gone, when the rest of us here, we're going to have to face everything, and I don't want to face it with no money in the bank. Thank you.

SENATOR CUDABACK: Mr. Clerk, items for the record, please?

CLERK: Mr. President, one item: Your Committee on Education, chaired by Senator Raikes, reports LB 577 to General File with amendments attached. (Legislative Journal pages 1476-1480.)

And I do have a priority motion, Mr. President. Senator Cornett would move to recess until 1:30 p.m.

SENATOR CUDABACK: You've heard the motion to recess till 1:30 p.m. All in favor say aye. All opposed, nay. We are recessed.

RECESS

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Good afternoon. Welcome to the George W. Norris Legislative Chamber. Senators, the afternoon session is

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about to reconvene. Please check in. Senators, the afternoon session is about to reconvene. Please check in. Record please, Mr. Clerk.

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

SENATOR CUDABACK: Any announcements or items, Mr. Clerk?

CLERK: Not at this time, Mr. President.

SENATOR CUDABACK: Thank you. Mr. Clerk, please inform the body where we were when we recessed for lunch.

CLERK: Mr. President, when the Legislature recessed, Senator Bourne had pending AM1570 as an amendment to LB 425.

SENATOR CUDABACK: Thank you, Mr. Clerk. We will continue with debate. There were a number of lights on. Keep the lights on. If you do not wish to speak, just say so. Senator Mines, you're first in order.

SENATOR MINES: Thank you, Mr. President, colleagues. I won't speak to this again. I think we all understand what we're doing. And what we're asking of the body is whether an agreement was implied, or contractual, or statutory. The municipalities believed, two years ago, that MIRF would be reinstated. This body decided not...that that wasn't the course of action on an amendment I filed earlier. Senator Bourne has filed AM1570 to suggest that perhaps let's do it for one year...or, not perhaps. Let us...let's make the cities whole, not through the MIRF, but put it in the aid to cities. And it would be in the amount of \$2,450,000. I think it's the right thing to do. And cities have budgeted based on the restoring of MIRF. And I would simply ask that this body honor that commitment. Again, whether it was...it's statutory or contractual, cities believed at the time that it was a two-year holding on that promise. They agreed to two years. And now they are expecting to be made whole. So with that, Mr. President, I thank you.

SENATOR CUDABACK: Thank you, Senator Mines. There is, or are,

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rather, five lights on. Senator Synowiecki, Senator Redfield, Senator Erdman, Senator Bourne, Senator Don Pederson. Senator Synowiecki.

SENATOR SYNOWIECKI: Thank you. Thank you, Senator Cudaback and members of the Legislature. This entire subject was a...something that was considered by the Appropriations Committee throughout our process, subsequent to the Appropriations Committee budget being written. Obviously, it was a subject, again, of consideration during General File, with Senator Mines' amendment on General File. And yes, we're back again, duly considering this. In the meantime, during the interim, I've had several discussions with my city relative to this issue, obviously, as I'm sure many of us have had. And quite frankly, it does appear to me quite compelling, the arguments brought forward to me from the city of Omaha relative to the perception of the agreement that was made back a couple years ago. And quite frankly, I think there is a certain level of justification for that perception of an agreement, based upon floor debate and the floor transcripts. I think it's pretty clear. And given this, and given the fact--I think Senator Mines spoke to this a little bit--that municipalities went forward with that floor agreement, or perception of an agreement that was put together on the floor of the Legislature, they went forward--and I'm sure Omaha is not the only municipality that did this--with the budgeting for the city incorporating these funds. And now the Legislature, I think, at this point, given Senator Bourne's attempt to compromise this issue with a little bit of a lower amount, it resonates with me. And I think it makes a great deal of sense that we pursue this through this amendment, AM1570, that it is a compromised agreement, that I think there is justification for the perception that there was an agreement on the floor in 2003. And for all these reasons...and given, also, quite frankly, the compelling arguments put forward to me by my city, that budgeting was done around this perceived agreement, I think we should move forward with AM1570. I will support AM1570, and want to thank Senator Bourne for bringing this to us. I hope that we can find a way to adopt this so that we can get on with it. Thank you, Senator Cudaback.

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SENATOR CUDABACK: Thank you, Senator Synowiecki. Senator Redfield, on AM1570.

SENATOR REDFIELD: Thank you, Senator Cudaback, members of the body. I am very aware of the city of Omaha's concerns. At the same time, I don't see how they could have budgeted all projections for dollars from the state, in the fact that, within the budgeting process, our Appropriations Committee had not set the state aid for cities. So I'm not sure that they could have actually predicted exactly. I actually have a bill, LB 40, that's coming up. One of the issues that was involved in that was distribution of Affordable Housing Trust Fund dollars, and the fact that Omaha was not getting a good share of those, considering the needs with the population base there. And actually, the amendment that I have filed would mean about \$1.7 million in funds for the city of Omaha for that purpose. I'm looking at that. I'm looking at this. I'm looking at some of the other pots of money. And I'm having to question whether or not I want to run that amendment, in light of this. And I suppose it will depend on whether this amendment is actually successful. If Senator Don Pederson is on the floor...I don't see him. And I don't see Senator Thompson. I was having a discussion with Senator Thompson earlier, and I'm going to try to rephrase that conversation. Oh, thank you. Senator Pederson, if he could respond?

SENATOR CUDABACK: Senator Pederson, would you respond?

SENATOR D. PEDERSON: I'll try.

SENATOR REDFIELD: Thank you. Senator Pederson, when the Appropriations Committee is putting together the budget, when you were...when we had MIRF and were distributing funds through MIRF, were you not also adjusting state aid to cities accordingly, and when...between the two pots of money?

SENATOR D. PEDERSON: That's right. That's what we were doing.

SENATOR REDFIELD: So in fact, if MIRF went up, state aid might go down?

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SENATOR D. PEDERSON: Yes.

SENATOR REDFIELD: And contrariwise.

SENATOR D. PEDERSON: And that was reflected, I think, in the material that you presented the other day. Sort of the flow of money has remained pretty constant.

SENATOR REDFIELD: So in effect, if we add the money here to MIRF, to replace MIRF, we would have done it after the Appropriations Committee has already made the commitment to state aid, and not allow you to make the adjustment you might have done in the initial process? Am I following that correctly?

SENATOR D. PEDERSON: You're correct. And what this really does is just adds money to the budget. I mean,...

SENATOR REDFIELD: All right. Thank you very much, Senator Pederson.

SENATOR D. PEDERSON: Thank you.

SENATOR REDFIELD: Again, I'm going to reiterate the fact that the cities that have a local option sales tax actually had an increase in those tax funds of \$12 million across the state. And so I believe that we have done our best to hold them harmless. And under their tax scheme of sales tax and property taxes, they did not see the downturn that we did here under the income tax portion of our budget. So I am not going to support the amendment, even though I'm very sympathetic with Omaha. Thank you.

SENATOR CUDABACK: Thank you, Senator Redfield. Further discussion. Senator Erdman.

SENATOR ERDMAN: Thank you, Mr. President. Members of the Legislature, I'm...guess I'm interested in what the body is going to do on the Bourne amendment. We have been asked by Senator Stuthman, and 38 members agree, to fund the jail reimbursement to the \$3.9 million. We've done that. There was

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no agreement, but there is a statute that Senator Stuthman can point to and says, this is appropriate. Same time, Senator Raikes is going to offer us an opportunity to fulfill a statutory option to go up to 5 percent, or to meet the match on special ed. Well, if you're going to vote for Senator Stuthman's, you should probably vote for Senator Raikes'. And if you're going to vote for Senator Stuthman's and you're going to vote for Senator Raikes', you should probably vote for Senator Bourne's. Because even though it's not in statute, there's a question of what the agreement was, and we should do our best to resolve that agreement, to make sure that the statute is clear about what we're going to do with our public policy. And then after you do that, you should probably vote for every other amendment to fund whatever people want to fund. Because there's no logic anymore about what it is that we're doing. This is a good idea; let's fund it. Absolutely. Absolutely. But I'm an interested observer within the body. I've got a list of 38 names here that I'm watching to see how they vote on the Bourne amendment. I think Senator Redfield is being consistent to the extent, on this issue. But at the same time, the global position, or the global reality of this process is, we have to pass a budget. How much of that money do you want to spend? We could spend it all. And going down the path we're going, we will. So I'm interested. I didn't vote on Senator Stuthman's amendment. I have a motion to reconsider. I flat-out do. And I may bring it up. I'm just interested to see how the body is going to react on certain motions and certain amendments, to see what the rationale is for why we do what we do. Because at this point, I can't explain it, other than, Senator Stuthman asked us with a realistic idea. It's a good idea. It's not something that I would generally oppose. But at this stage of the game, it doesn't solve the problem as I understand it. It's a stopgap. So I'm trying to understand where we're headed. And I am extremely interested. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Erdman. Senator Bourne. Senator Bourne waives off his opportunity. Senator Don Pederson.

SENATOR D. PEDERSON: Thank you, Mr. President. There are

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several things about this bill. I wish I could just call the question and we quit talking about it. This is money. That's all that's being asked for, is money. Let's be real about it. I know Senator Bourne, my very good friend, is saying, well, there are five hundred and some cities in this state. How is this money apportioned? It's apportioned by population. Let's take Ellsworth, Nebraska, compared to Omaha. How much do you think Ellsworth is going to get out of all this? You know, look at it. It's an Omaha deal, to try and get more money. Now, I would ask you this. Senator Bourne, you're an attorney. How many times would you advise somebody to go forward with something, thinking that there's maybe an implied agreement to do something? And I just don't think you would. And I don't think anybody in any position of responsibility would tell a city, you go ahead and budget. This is, in their minds, very confusing, but you go ahead and do it, based upon an assumption. You wouldn't do it. And certainly, what you would do, if it was that crucial in what you were doing, you would come and talk to some people and say, is this correct? Is this the correct understanding? There was no understanding like this. This is an effort to try and imply an agreement. And you don't go forward in any contractual or business relationship thinking maybe that's what was done. Now, we talk about budgets. I don't believe the city of Lincoln has even completed its budget yet. And we're talking about, the cities have gone forward with their budgets based upon this. I don't think that's correct at all. And I don't think any of the smaller cities of the state have gone forward saying, boy, I sure hope I get that money; let's go ahead and start spending it. They don't do it that way. And I just think that there's almost no horse that's too dead to beat, apparently. And so we're going to work on this one. And I just think this is a totally different situation, Senator Erdman, than what we were talking about with the jail reimbursement. This is not the same at all. Jail reimbursement was based upon a statute, not based upon a misunderstanding or understanding or anything like that. It was based upon a law that we had on our books. And it wasn't an effort by Senator Stuthman to do anything other than to request that we comply with the law. And I think that that's a reasonable request. I don't think it's breaking any precedent in going ahead, saying, the statute says do this, and we didn't do it, therefore we are

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saying that we should do it. So I think that's the difference in this situation. But I think to say that we need to do this because there was an implied agreement is just not there. We didn't have that understanding, nobody that I've talked to, except trying to go back and reconstruct what people were thinking at the time that something was done several years ago. But there was no agreement made in that respect. And it's been made abundantly clear in that regard. This is just simply an effort, primarily by the large city, to try and get more money. That's all it amounts to. They haven't been hurt by any of this, as the...as Senator Redfield had shown the other day. The cash flow is still there. It's the same thing. So they haven't lost any money. It's just an effort to try and get more. Now, who wouldn't try to get more? But I think it's our responsibility to see to it that we don't just give away money. That's not the effort today. It's not going to be my effort at all. But if it comes to the situation of having to comply with the state law, I think that is my responsibility to bring that forward. So I don't think we've violated anything in that regard. And I think we just have to call this what it is. And I would urge we continue to reject the proposal, even though it's half of what was presented the other day, which we turned down. So with that, I request that you not approve this amendment by Senator Bourne. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson. On with discussion. Senator Fischer, followed by Senator Erdman.

SENATOR FISCHER: Thank you, Mr. President, members of the body. As I'm looking at this amendment, I'm unclear on parts of it. And listening to the discussion, I'm unclear on for sure what this is saying. If I could ask Senator Bourne a question, please, or two?

SENATOR CUDABACK: Senator Bourne.

SENATOR BOURNE: Certainly.

SENATOR FISCHER: Thank you, Senator. A lot of the discussion I've been hearing seems to center on that this money is going to MIRF. And in that case, it certainly won't help any of the

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small cities and villages in my district, because my understanding is, MIRF money goes for new development, such as building new sewer lines, new water lines. Is that correct?

SENATOR BOURNE: I think that the reason there's some confusion is my responsibility, Senator Fischer. I apologize. This would be \$2.4 million of new money, not to MIRF, but into state aid to municipalities. So it would not go into MIRF. I simply...the logic, in my mind, why I chose \$2.4 million, is that is the amount of money that MIRF would have been restored to if we had lived up to our agreement. So...but the \$2.4 million is not in MIRF. It will be in the aid to municipalities. So if you vote yes on this amendment, you are increasing state aid to municipalities, 523, or 532 municipalities or cities throughout the state. That's what you'll be doing. Not MIRF, but you're increasing state aid to cities.

SENATOR FISCHER: So when the money is given to these municipalities, if we pass this amendment, the restrictions that MIRF has on how the money can be used, such as building new water lines, those restrictions aren't there? These small communities that aren't expanding, that aren't putting in sewer and water, they can repair and maintain their current sewer and water lines.

SENATOR BOURNE: Yes, ma'am.

SENATOR FISCHER: Is that correct?

SENATOR BOURNE: Absolutely. That is absolutely a correct statement.

SENATOR FISCHER: Okay. Thank you very much, Senator Bourne. I'll return the rest of my time to the Chair. Thank you.

SENATOR CUDABACK: Thank you, Senator Fischer. Senator Erdman.

SENATOR ERDMAN: Thank you, Mr. President, members of the Legislature. And just to clarify to Senator Pederson, I actually made that exact argument, that what Senator Stuthman asked us to do was to fulfill a statutory obligation. The

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interesting part about it was that that was not done by the committee. Senator Stuthman had to bring that out here on the floor. And to make the argument that what we did there was statutory, we had to do that, that was the same argument that I'm sure Senator Stuthman or others made to the committee. I made that argument. I am not saying that what one is doing is right or wrong. He's absolutely correct. Senator Pederson is absolutely correct. What Senator Stuthman asked for was the fulfillment of state statute. This is not in statute, that Senator Bourne is asking us to do. Flat-out, it is not. It is not. I will say it again. I said it the first time; I said it again. But the reality is that if you're going to spend money for an appropriate reason and you've got the money, listen to the argument. I don't think I'm going to vote for Senator Bourne's amendment, but I'm not sure. Let's listen to his closing, see if he can make sense of what we're talking about today. Let's listen to what Senator Raikes is trying to ask us to do with increasing special ed. Let's listen to what everybody else wants to do to spend money. And Senator Pederson, bless his heart, is going to vote no on all of them, according to his last speech. So let's do it, and let's see what happens. I'm seeking to understand what the policy is going to be for the Legislature to say yes to some things and no to others. That's all I want to know. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Erdman. Senator Bourne, there are no further lights on. I'll recognize you to close on AM1570.

SENATOR BOURNE: Thank you, Mr. President, members. And again, Senator Fischer, I appreciate your question. I want to make very clear that this money is \$2.4 million that will go into aid to municipalities. So again, it is not MIRF money. It is not restricted money. It's aid to municipalities. The logic is, is that two years ago, cigarette tax money was put into a fund called MIRF. We had an agreement that MIRF was going to go away for two years, building up the General Fund by \$3 million a year. And so what I'm saying...if you vote green on this amendment, state aid to municipalities will increase by \$2.4 million for one year. And I have a list here of

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five hundred and some communities that receive money out of this fund. City of Alliance gets \$79,000. I'm just going to read some of the bigger ones. Beatrice is \$110,000; Bellevue is \$406,000; Columbus is \$185,000; Cozad, \$36,000; Dorchester, down at \$5,000; David City, \$22,000. There's a list of 532 cities that will benefit from this amendment. It will honor the agreement that the Legislature made two years ago. And these will be unrestricted funds. So the question that Senator Fischer asked, would it have to be used for infrastructure, it would not. It would not. It's actual aid to the cities, a one-time \$2.4 million increase. I think it's fair. I think it makes sense. I appreciate Senator Pederson's comments, but I truly believe that this was an agreement that we had made. And if I didn't think that agreement was made, we would have done something different on LB 440, I believe, the original bill. I apologize for the confusion. But make no doubt now, this is \$2.4 million, I think it's cigarette tax money, that would actually go to each and every community on this list, 532, they can use the way they like. I know a number of your cities have counted on this money coming and have set budgets that reflect that. And I think it makes sense for one time, \$2.4 million, to give this money to these communities, to make them whole. With that, Mr. President, I'd ask for a call of the house. And I'd like a roll call vote in regular order, please. Thank you.

SENATOR CUDABACK: Thank you, Senator Bourne. Been a request for a call of the house. All in favor of the house going under call vote aye; those opposed vote nay. Record please, Mr. Clerk.

CLERK: 28 ayes, 1 nay, Mr. President, to place the house under call.

SENATOR CUDABACK: The house is under call. All unexcused senators please report to the Chamber. The house is under call. And unauthorized personnel please leave the floor, because the house is under call. Senators, please check in. Senator Engel, would you check in, please? Thank you. Senator Johnson, would you please check in? Thank you. Senator Cornett, Senator Landis, Senator Thompson, and Senator...thank you. Senator Thompson and Senator Cornett. All members are present or

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accounted for. There's been a request for a roll call vote in regular order on the question. Mr. Clerk, please call the roll. Members, please bear with us.

CLERK: (Roll call vote taken, Legislative Journal pages 1480-1481.) 16 ayes, 19 nays, Mr. President, on the amendment.

SENATOR CUDABACK: The motion was not successful. The amendment has not been adopted. And I do raise the call. (Visitors introduced.) Mr. Clerk, please, next amendment.

CLERK: Mr. President, the next amendment I have is by Senator Schimek, AM1495. (Legislative Journal page 1437.)

SENATOR CUDABACK: Senator Schimek, you're recognized to open on AM1495 to LB 425.

SENATOR SCHIMEK: Thank you, Mr. President and members. This is the Blue Book amendment. And AM1495 restores some of the funding for the Nebraska Blue Book on a very limited basis. It was drafted with the help of the Information Office. And as you all recall, monies were cut from our budget in the last few years, and one of the things that went was the 19...or, the 2004-2005 copy of the Blue Book. And this amendment restores enough money so that 2,500 copies could be produced, at a cost of about \$33,000. Now, typically, we print about 5,500 copies of the Blue Book, at a cost of about \$65,000. What this will do is will give us the...I think, probably the bare-bones minimum of what we could or should do. It would ensure that every public school and school library, as well as every legislator and every elected official would receive a book, and that there would be a limited amount that would be available for public sale. Now, I'm having two blue sheets passed out. And the second one has several different options that we could look at. I chose option one, because it was the least copy. My whole interest in this is that we have an historical record in hardbound copy, which, we have actually been producing the Blue Book since 1937. And even during, you know, very difficult times, we have always produced the Blue Book. And we do have it on-line now. The CD ROM version of the Blue Book came out this

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year. You all got a copy. And it's been made available to everybody. But the Information Office, I found out, has received feedback that they really would like to have that book form. So I think it's an important service that the Legislature does provide to the public. I think it was never meant to be a source of revenue. I think it provides lots of information for historians. And it is, you know, I guess an icon of state government. It's something that everybody recognizes and appreciates. If you have any questions about why we chose what we did, I'd be happy to answer them. I might tell you that if you look at option one, you'll see exactly who it is that we're giving away to. If you look at option two, the underlined part tells you what additionally we would get for that money, as far as distribution. And if you look at option three, which is what we usually do, that shows you to whom these would be distributed, above and beyond option one or option two. So you can see that usually we distribute to federal agencies, district and county judges, city and county clerks, et cetera, et cetera. But I think that I'm only asking you for the very...what I think is the bare minimum to get this information out. There would still be some copies available for sale. With that, Mr. President, I'd be happy to answer questions the body might have.

SENATOR CUDABACK: Thank you, Senator Schimek. Senator Janssen.

SENATOR JANSSEN: Thank you, Senator Cudaback, members of the Legislature. Looking at the blue sheet that Senator Schimek has passed out, if you would go with me down the left-hand side, the printing cost of the Blue Books, and then the postage, you know, postage is plenty expensive anymore. On option number one, it's \$6,700-some; option two, \$7,621; option three, \$16,500. Senator Schimek, would you care to have a little discussion with me here? Could there be some way that we could, through each legislative office, have them brought there, and then people who requested them could either pick them up there, or by some means, and eliminate a lot of this postage? You know, you could take them to your...say, if you're in my district, you could bring them to the library; those who wanted a Blue Book could pick them up at that public library, make the library the distributing point for those Blue Books. Now, I know postage is

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expensive. But my gosh, you know, this is...that's a third, on option three, of the cost, is in postage.

SENATOR CUDABACK: Senator...

SENATOR JANSSEN: So that's food for thought. Maybe we could work something like that.

SENATOR CUDABACK: Senator Schimek.

SENATOR JANSSEN: And if you'd like some of my time, go right ahead.

SENATOR SCHIMEK: Thank you, Mr. President. Thank you, Senator Janssen. And I don't argue with you that the postage costs are high. At the present time, the way we've always done it, there has been some of the kind of distribution that you're talking about, because we've each received ten copies to give out in our districts. And I'm not saying that's not a good idea. But I'm not certain the job would get done that way, the way that you're suggesting. And it would be particularly, maybe, more complicated in the metropolitan areas, where there are multiple libraries and multiple, multiple schools. And I'm not sure that those distributions would get done. But certainly, postage, even at the smaller cost, it's about a fifth or more of the total cost.

SENATOR JANSSEN: Well, Senator Schimek, we all represent the same amount of people. We all have a certain area. And could it be the responsibility of us as elected officials to make sure that we get them to our district? (Inaudible)...

SENATOR SCHIMEK: I mean, if that's what this body wants to take on, I would have no objection to it. I'd certainly be happy to do it. But I'm just saying, Senator, we might be wasting our money, too, if those books didn't get distributed.

SENATOR JANSSEN: That could be. That could be. Well, I'll give the rest of my time back to the Chair, or if someone else would like to discuss this further. Thank you.

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SENATOR CUDABACK: Thank you, Senator Janssen. Senator Jensen.

SENATOR JENSEN: Thank you, Mr. President, members of the Legislature. I have for years supplied Westside High School with a number of Blue Books, and they use them in their classes. They teach from them. It is a recording of the events of the previous years. And I think it's been used very, very wisely. You know, we got thousands of kids that come down here every year, and up in the balcony, and to be exposed to state government. There's also thousands of others that never make that trip. And so this is an opportunity for them to do so. I believe that I have a complete set of Blue Books that go back to 1950, in my office, that I've tried to collect over the years. I don't know how many others around there have that type of collection. But it's not for my benefit. But it sure is great to look back in the thirties, when, yes, there was a Depression going on, and what went on in the state. And that is a history book. And it kind of bothers me when we say that we're going to stop giving out history books. Now, I'll admit, I enjoy history a little more when you start to become part of it, I guess, at my age. But I really think that this is an asset, this is a recording of the state's history. And just to walk away from that...and yes, when I got that little CD--I think it's a CD, rather than a place to set your coffee on. I have never figured that out. I'm still struggling with this modern technology. But I really do feel that, yes, there are places to cut. And I don't wish to spend any more money than we need to. But perhaps we could reduce this expense, as Senator Janssen said, in eliminating some of the cost of postage; or, for that matter, to even charge a fee for these books. I think they're that important. Schools right now are buying all kinds of educational books. Yes, they're short of money, too. But I really, really would like to see this continue, and would support Senator Schimek's move. I'm glad she brought this forward. Senator Schimek, do you want any more time? Or you are...I'll return the rest of my time back to the Chair.

SENATOR CUDABACK: Thank you, Senator Jensen. Senator Don Pederson.

SENATOR D. PEDERSON: Mr. President, members of the Legislature,

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we did not decide today to not do this. We decided during the budget crunch that we had to conserve monies. And so the thing is, I know this is a detriment to somebody like Senator Jensen, who has trouble with technology. But this is all on-line, and you could see this. But there's an historic aspect to this. Senator Schimek had brought the suggestion to me, prior to her filing this amendment. And I said I think this is something that the Legislature should decide about doing. She has a rather conservative proposal, dollar-wise. But you know, it's sort of like, you've got a bookcase there, and you've got a blank spot in that bookcase. And that's what's bothering somebody like Senator Jensen, I know. And we can't see his picture there. But we can have it in our minds. But anyway, I think that this is a matter that I think is strictly up to you. We decided early on not to do these, simply because of the cost factor. I haven't had one person complain to me about the fact that he didn't have a Blue Book. Well, Senator Schimek. I'm sorry. But aside from that, I mean, there hasn't been this hue and cry about, gosh, where's my Blue Book this year? But I think that this is something that you should vote on, decide whether we should retain the tradition of issuing such a book on a limited scale, or whether we should continue our on-line service, and whether this is like the old oxcart. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson. Senator Redfield.

SENATOR REDFIELD: Thank you, Mr. President, members of the body. If I could ask Senator Schimek a question, I'd appreciate it.

SENATOR CUDABACK: Senator Schimek, would you reply?

SENATOR SCHIMEK: Certainly. Thank you.

SENATOR REDFIELD: Senator Schimek, are Blue Books going to be available on-line or by CD to the libraries, without your amendment?

SENATOR SCHIMEK: Yes.

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SENATOR REDFIELD: So this would just be hardcopy books?

SENATOR SCHIMEK: That's correct.

SENATOR REDFIELD: All right. Thank you. I will tell you that libraries use on-line services. They are finding it's the most efficient method of distributing information, not only for space purposes, but because people can actually access those databases from their own home computers, as well as the computers in schools and libraries. So this is the way information is disseminated today. So I don't think that we really need a printing that would be distributed to public libraries and school libraries. But I do understand what Senator Jensen is talking about from the historical purpose, and I would be supportive of a limited edition that might be on sale. And if you really need to fill that blank space on your bookcase, then Senator Jensen might want to pitch in a few bucks. Anyway, I just wanted to share that. Because children today growing up aren't even looking at these. And it is grievous to me when those books become outdated and they go into a dumpster. And I think about the trees that are lost. I admit to being a tree-hugger. And so that would be my thoughts. Thank you.

SENATOR CUDABACK: Thank you, Senator Redfield. Senator Schimek, there are no further lights on. And we'll recognize you to close on AM1495.

SENATOR SCHIMEK: Thank you, Mr. President and members. Senator Redfield, I agree with you that many children will go to their computers and use these. But there are others that won't. And there are certainly many adults that won't, especially our older adults. Senator Byars reminded me that we did start this in 1937, which was during the Depression, and that surely, if they could afford to do this, we can afford to do it. I don't think that we need to print them in the same numbers, perhaps that we have in the past, now that we do have the on-line edition and the CD editions as well. But I think that at least for now we should cut down the number and do it, so that we can bridge that gap. And maybe this needs further discussion as we go forward. I think maybe we always need to produce a few editions for our State Library, for others. But that's an ongoing discussion.

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But for right now, I would like to see us continue the discussion, and not have it be based on money and money alone. Because I don't think money is always the most important. I think the historical significance of these books is great. Before I ever came into the Legislature, I used to consult them, to look at things like, for instance, what the voting was in 1980 in the Governor's race. You could go to the back of this book and you can find out, county by county. You used to be able to get...in this book, you used to be able to be able to get the party platforms. I mean, there are always...it's always changing. You can go in this book and look at all the boards and commissions. It's a ready, quick thing that you can have when you aren't necessarily at your computer, whatever. I would very much appreciate your vote on this. And I think that it's an ongoing discussion that we should have. But I don't want to see 1904-1905 (sic) go by without any printing of the Blue Book. Thank you.

SENATOR CUDABACK: Thank you,...

SENATOR SCHIMEK: Oh, excuse me, (laugh) 2004-2005 to go away without the printing of the Blue Book. (Laugh) Thank you, Carol.

SENATOR CUDABACK: Thank you, Senator Schimek. You've heard the closing on the AM1495, which is an amendment to LB 425. All in favor of the amendment vote aye; those opposed, nay. Have you all voted who care to? Are you requesting something, Senator Schimek?

SENATOR SCHIMEK: Yes. I think we better have a call of the house. The vote is a little slow in coming in. Please.

SENATOR CUDABACK: There's been a request for a call of the house. All in favor of the house going under call vote aye; those opposed, nay. Record please, Mr. Clerk.

CLERK: 25 ayes, 0 nays, Mr. President, to place the house under call.

SENATOR CUDABACK: The house is under call. All members check

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in, please, report in. All unauthorized personnel please leave the floor. Unexcused senators report to the Chamber. The house is under call. Senator Engel, please. Senator Heidemann, Senator Kopplin, Senator Fischer. Senator Landis, would you check in, please. Thank you. Senator Synowiecki, Senator Connealy, Senator Thompson. Senator Jensen, for what purpose do you...?

SENATOR JENSEN: Could I ask for a point of order? What option are we voting on--one, two, or three?

SENATOR CUDABACK: What are you requesting, Senator? I cannot hear you. Mr. Clerk, would you please inform the person who's asking?

CLERK: Senator, just...the amendment before you appropriates \$33,000 General Funds.

SENATOR JENSEN: That's helpful. Thank you.

SENATOR CUDABACK: Senator Engel. Thank you. Senator Brashear. Thank you. And Senator Connealy and Senator Thompson. Senator Schimek, you have a choice of either call-ins or a roll call. Senator Schimek.

SENATOR SCHIMEK: A machine vote is fine.

SENATOR CUDABACK: Did you...I think we've had a machine vote, Senator Schimek. We have had a machine vote. So your options are call-ins or roll call. Thank you. Senator Thompson is not here. Did you wish to proceed? Senator Thompson is on her way, so all members are present or accounted for. Mr. Clerk, call the roll, please.

CLERK: (Roll call vote taken, Legislative Journal pages 1481-1482.) 25 ayes, 9 nays, Mr. President.

SENATOR CUDABACK: The motion is agreed to. AM1495 has been adopted. I do raise the call. Mr. Clerk, next motion, please. Items for the record, please, first.

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CLERK: Mr. President, items for the record. Study resolutions: LR 112, by Senator Schimek; LR 113, Senator McDonald; LR 114, Senator McDonald. Senator Landis, and amendment to LB 211, to be printed; Senator Beutler, to LB 90, to be printed. (Legislative Journal pages 1482-1484.)

SENATOR CUDABACK: Thank you, Mr. Clerk.

CLERK: Senator Howard would move to amend LB 425 with AM1504. (Legislative Journal page 1456.)

SENATOR CUDABACK: Senator Howard, you're recognized to open on AM1504.

SENATOR HOWARD: Thank you, Mr. President and members of the body. Last week, we had considerable discussion regarding an amendment that was proposed by Senator Foley. And I admit to being a bit blindsided by his amendment, and at the time, very concerned. And my concerns were basically two. And that were...those two concerns were that we really understand the role and respect the role that the agencies that we have here in Nebraska are playing in addressing the need of the unwed mother, the prenatal needs, the counseling; and second, that we do have an unmet need for this service that's been proposed. As I understand it, the amount of money that's being allotted to this program, start-up costs included, would be \$500,000, which is no small amount of money, and that this would be over a two-year time period. I thought about this and I thought about this, and I pondered this. And having come from my background, I really feel committed to sharing my knowledge, my information on this, to give a complete picture, to give a good perspective, to be fiscally responsible, not only for state dollars, but also for federal dollars that are spent, since we all pay into taxes every year. And on Sunday, on Mother's Day, I had a realization, that here in Nebraska, here in Nebraska, there is a great unmet need pertaining to prenatal services, prenatal counseling for the mother, prenatal services for all aspects. And so I talked to Senator Foley, who was very respectful, and said he, too, shared the concern for the population that I brought up to him. And I had an amendment drafted, and went back to Senator Foley, and discussed this with him. And I know

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that he is no less concerned than I am about this culture and their needs and their infants. And I'm just going to read you this amendment: The highest priority for use of the funds shall be to make prenatal services available for women on Indian reservations within Nebraska. Such services shall seek to reduce the risk of fetal alcohol syndrome among this seriously underserved population. And if you will allow me, I'm going to read some information on this. Pregnancy risks among Native American Women. Nebraska Health and Human Services reported in the year 2003, the rate of births to unmarried women was 703.9 per 1,000 live births for Native Americans, and 706.3 for African Americans, as compared to 261.7 for white women, and 316 for all other races. The highest rates of unwed pregnancies were reported among women age 19 and under. Nebraska is home to four federally-recognized tribes--the Omaha, the Ponca, the Santee, and the Winnebago. The Omaha and the Winnebago reservations are both located in Thurston County, Nebraska, which has the highest incidence of births to unmarried women in the state, at 728.3 per 1,000 live births. In addition to high incidence of teen and unmarried births, alcoholism is a critical health issue for persons residing on Nebraska reservations. Most concerning is the use of alcohol among pregnant women. Alcoholism not only affects pregnancy rates among Native American women, but as I'm sure you all know, when a pregnant mother drinks alcohol, so does her unborn baby. This unfortunate reality has led to disproportionate rates of fetal alcohol syndrome, commonly known as FAS, among Native American women. According to the Centers for Disease Control and Prevention, incidence of fetal alcohol syndrome per 10,000 total births for different ethnic groups were as followed: Asians, .3 percent; Hispanics, .8 percent; Caucasians, .9 percent; African Americans, 6 percent; and Native Americans, 29.9 percent. This data, and stacks of other research, indicate that Native American women are in dire need of counseling for pregnancy services and education. This amendment would ensure that the dollars designated for these types of services in our state would be prioritized for those populations most at need. This would give us the opportunity to impact a single health concern, and is consistent with the four purposes of the federal TANF Act in regard to preventing out-of-wedlock pregnancies. And in further researching the information on the proposed

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program, many of the factors involved here just really go to the heart of addressing this. And I'm going to read you a few: Improving and enhancing a woman's physical and mental well-being during her pregnancy and postnatal period. And here is a key factor: Improving and enhancing the physical well-being of the unborn child during pregnancy, and ultimately, the newborn. Some more information that I learned. Services including, but are not strictly limited to, counseling, pregnancy services, including childbirth, parenting, and abstinence classes, adoption services, assistance with food, shelter, clothing, and healthcare, and other supportive services, and services for outreach programs. All of these would be terrifically beneficial to this population, who for so long has been disregarded and really left without hope. I was very impressed by one segment of this proposal, which provides access to information on medical care, hospital clinics, doctors, healthcare facilities, other professional service, and assistance with identifying drug and alcohol programs, the key component that we need for pregnant Native American moms. I ask you to consider this. I feel this would serve not only to meet a need, but to give hope, to give hope to a population that for so long has had so very little offered to it. And to quote Governor Bob Casey of Pennsylvania, who supports the program that Senator Foley has brought to us, our business is to right the poison of hopelessness with love, which this in fact would do for the Native American population. I hope you will consider this, and I appreciate you listening to me. Thank you.

SENATOR CUDABACK: Thank you, Senator Howard. You've heard the opening on AM1504. Mr. Clerk, amendment to this amendment.

CLERK: Mr. President, Senator Foley would move to amend Senator Howard's amendment with AM1584. (Legislative Journal page 1484.)

SENATOR CUDABACK: Senator Foley, you're recognized to open on your amendment to AM1584.

SENATOR FOLEY: Thank you very much, Mr. President, members. As Senator Howard indicated, she and I have had a couple of very, very fruitful discussions on this whole question. And it's

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interesting, when two people sit down and talk through the issue, you discover how close you really are on the core questions that we've tried to address here. So I appreciate the fact that she has looked further into this program and has gathered some additional information and now wants to even improve the program in a particular way. And she's absolutely correct that the fetal alcohol syndrome is a particularly difficult public policy issue. And she has some evidence that I will not refute that this particular problem may be uniquely...well, I shouldn't say uniquely, but may be worse, if that's the way to phrase it, in a particular population. And she's trying to address that directly. I'm going to ask you to take a different approach, though. I'm going to ask you to adopt my amendment, which would ensure that the issues associated with fetal alcohol syndrome and the harmful effects of substance abuse in general be a component of the types of services that are offered in the program that we've adopted last week. The...and again, I want to emphasize that Senator Howard and I really have gotten pretty close in our thinking on this. We haven't closed the door, we haven't closed the loop, so to speak. But we're pretty close in our thinking on this. And this isn't everything she wanted, but I think it moves us in the right direction, because the substance abuse question and fetal alcohol questions run throughout our society. And it's important that when a woman is pregnant and comes forward to one of these counseling centers, that she be given the facts about the dangers associated with these drugs, and the life-long implications for her child if she doesn't address those questions. So again, I want to thank Senator Howard for coming to me with her concerns, and sharing her thoughts on this program. I think we've come a long way in kind of bridging our differences. And with that, I would ask you to adopt AM1584. Thank you.

SENATOR CUDABACK: Thank you, Senator Foley. You've heard the opening on AM1584, offered by Senator Foley to the Howard amendment, AM1504. Open for discussion. Senator Chambers.

SENATOR CHAMBERS: Mr. President, members of the Legislature, I'd like to ask Senator Foley a question or two about his amendment.

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SENATOR CUDABACK: Senator Foley, would you respond?

SENATOR FOLEY: Yes.

SENATOR CHAMBERS: Senator Foley, first of all, so you'll know where I'm going, I do support Senator Howard's amendment. But since yours is before us, that's why I'm asking you these questions. So the record will know what your amendment says, it would strike everything Senator Howard put in her amendment about the Native American population and substitutes this language. Quote, The dissemination of information regarding the risks of fetal alcohol syndrome and the harmful effects of substance abuse during pregnancy shall be a component of services offered. Is it your feeling that this kind of information is not currently being offered by any of the programs that exist and do minister to the needs of pregnant women?

SENATOR FOLEY: No. Actually, to the extent that I have knowledge of these programs that exist currently, I think most of them are already doing this.

SENATOR CHAMBERS: So this would not...

SENATOR FOLEY: This would...

SENATOR CHAMBERS: Go ahead.

SENATOR FOLEY: This would ensure it, if you will.

SENATOR CHAMBERS: This would not really meet a deficiency that is shown to exist, but it would be a redundant type of backup? Is that more or less correct?

SENATOR FOLEY: Well, I don't know if I'd phrase it that way. I think what I'm trying to do here...I know what I'm trying to do here, is to ensure that as this program goes forward, that the dissemination of information on these topics is a component of those programs.

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SENATOR CHAMBERS: Now, Senator Foley, as men of the world, we're going to be very frank and direct with each other. At least I'm going to be frank and direct. And I'm going to load the question by the way that I ask it. It is not your expectation that the group that gets this money will be headquartered on a reservation, is it?

SENATOR FOLEY: Senator, the amendment that we adopted last week speaks of a competitive solicitation. I don't know today who will compete for those dollars. I know we said on the record a week or so ago that it was your speculation that I already knew who was going to win the money. And I don't. I honestly don't know who's going to win the money. I don't even know who's going to bid for the money.

SENATOR CHAMBERS: Well, let me correct, if I left a misapprehension. I said you have a group in mind.

SENATOR FOLEY: Yes, you did say that.

SENATOR CHAMBERS: Okay. And that group is not located on an Indian reservation, is it?

SENATOR FOLEY: I don't have a group in mind, Senator.

SENATOR CHAMBERS: Then let me ask again the original question. Is it your expectation--I'm not talking about what you know--is it your expectation...let me phrase it like I did. It is not your expectation that this group would be headquartered on a reservation, is it?

SENATOR FOLEY: Senator, I don't know. I honestly don't know who will bid and who will win.

SENATOR CHAMBERS: Senator Foley, if that group is not headquartered on an Indian reservation, how is this dissemination to occur so that it will reach the population that Senator Howard has concerns for?

SENATOR FOLEY: That's a good question, Senator. That's a fair question. Because...and Senator Howard and I talked about this.

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We had a very good conversation about this. And her concern was that the Native American population may not want to go to whoever it is that's administering this program. Because the administrator of the program may be Lincoln, Grand Island, Omaha. I don't know where they're going to be. But they may be located in such a place that the population that she's specifically trying to reach may not be inclined to go there. And that's a very fair question that you've asked me, that you and I discussed earlier.

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: This language that you offer doesn't even say how the dissemination does occur, does it? Whether it's on the Internet, or any other means by which this dissemination would take place, does it?

SENATOR FOLEY: It doesn't say that. But I'm willing to say on the record that my feeling is, my thinking on this is that the dissemination would be through the counseling process, one-on-one, in-person counseling. There could be additional information provided on the Internet or through publications or pamphlets that they may want to disseminate through other means. But I'm...

SENATOR CHAMBERS: Well, because I have one minute left...and I've turned on my light again if I need to proceed with this. But I am going to speak to it again. The language in this amendment that you're offering does not have anything in it that would ensure it would reach the population that Senator Howard's amendment addresses, is there?

SENATOR CUDABACK: Time, Senator Chambers.

SENATOR CHAMBERS: Saved by the bell. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. On with discussion of the Foley amendment to the Howard amendment to LB 425. Senator Kruse.

SENATOR KRUSE: Mr. President and members, thank you. I stand

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in strong support of Senator Howard's amendment. I certainly appreciate the spirit of Senator Foley's amendment to that. But as I'm reading these, without prejudice, I would believe I would be opposing his amendment, since the second sentence of Senator Howard's proposal covers what he's saying, and I think in a more direct way. That sentence is: Such services shall seek to reduce risks of fetal alcohol syndrome among this seriously underserved population. I think that's what we're after. And that appears to be what Senator Foley is after. But I would like to keep in there the first sentence, which indicates a priority for the Native American population on reservations. And with that, you know, you make your decision as to which alternative you prefer. I prefer the original amendment, as I look at it. But I would hope all of us would join in this question of FAS. I have dealt with fetal alcohol syndrome and children in the adopted children of some of my friends. This is a horrific problem. It is a developmental disability for the rest of their lives, a developmental disability of the brain. And if that doesn't get your attention enough, it costs us money. What she's talking about here is a way of saving future tax dollars, a large stack of future tax dollars. We are talking about big money when we try to follow through one FAS baby through childhood, teenage, and then when they are unable, as this family of ours, to have a normal job, trying to keep them with that. We're losing the production they could have had in having a good job, and we are supplementing them the rest of their lives. We really need to pay attention to this. I would hope that HHS is already putting a priority on it. But I think it's good for us to give some backing to that. And I would think that the second sentence of Senator Howard's includes what is being stated here. I don't know how else you would seek to reduce the risk, without giving counseling, put out information. The one thing, perhaps, that would not...that would be in that would be that we put out information to the total population. Because you and I and our friends here on the floor are in charge of some of this information. FAS can be reduced if we let people know the problem that is there. Thank you.

SENATOR CUDABACK: Thank you, Senator Kruse. On with discussion. Senator Chambers, followed by Senator Howard.

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SENATOR CHAMBERS: Mr. President, members of the Legislature, Senator Howard's amendment is designed to address not just a perceived problem, but an actual problem. In stating the problem, it could seem like she is denigrating or demeaning a group of people, which is not true. She is simply pointing out that a problem which may be throughout the society is localized in certain areas. There are socioeconomic and societal factors that contribute to the localization of certain types of problems that befall all of humankind. We're aware of the conditions under which Native Americans live. There have been all kind of studies undertaken. In fact, Native Americans have been studied more than any group except mine. But the conclusion is inescapable that when people are subjected to very depressing, oppressive, suppressive conditions which are beyond their power to control, if they are located geographically so they cannot escape in that way, they will try to find a way to endure where they are. Even people in the suburbs, who would seem to have it all, turn to alcohol and drugs. So fetal alcohol is a problem everywhere. But where the problem is most severe is where the most attention should be addressed. If we had unlimited resources, we could take a broader approach. But where the need is greatest is where the most attention should be addressed. There was a common statement among black people about how things went during slavery times. They would bring a black woman--whom they referred to as a "mammy," because her mammary glands were used to provide milk for the children of the ones who claimed to own her--they would bring a black mammy into the slavemaster's house, and if the slavemaster wife sneezed, the black woman had to run and be so solicitous of this black woman--what's the matter, Missy? Missy got a cold? Missy got a chill? While her children might be dying of pneumonia in the slave huts. So when there is all kind of concern given for those who do have some recourse to assistance, but we have an isolated, discriminated-against population who can be assisted, and we turn our backs, that is not right. The mere disseminating of information, even if they put a pamphlet or a tract in the hand of every person on the reservation, is not the same as having a meaningful, consequential approach of the kind envisioned by Senator Howard's amendment. This would be where we can measure what may be accomplished. We know that there are people who would be benefited. This is not something that breaks down

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along religion, philosophical, or other fault lines, as Senator Foley's present amendment would do. I'm opposed to Senator Foley's amendment, because it lends nothing to addressing the problem. And he has not even taken it seriously enough to tell us what the word "disseminating" means, how this will be done. And he said it could be done through counseling.

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: There is nothing that says how it should be done. They might just have a one-paragraph piece of paper and give that, and it would constitute disseminating it. And it could simply say, consumption of alcohol or drugs during pregnancy may hurt your fetus, or as Senator Foley's group would say, your unborn child. And that's it. That is not what Senator Howard's amendment has in mind. And I hope we will defeat the Foley amendment to her amendment. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. On with discussion. Senator Howard, followed by Senator Thompson.

SENATOR HOWARD: Thank you, Mr. President and members of the body. In talking with Senator Foley, I sincerely believe that he cares about every baby as much as I do, that he feels that no infant is any less deserving than any other infant. My amendment would address the greatest need, the population that can benefit the most from this service. And he's absolutely correct, in that when he and I talked, I had told him that in fact it's difficult for the Native American pregnant woman who's living on the reservation to travel, possibly, to Omaha, to Lincoln, to receive services. And in fact, there's a degree of skepticism regarding services outside of the community and services that really do not relate to the individuals living on the reservation. The most effective services to meet the need for this population will be provided on the reservation. I oppose this amendment, in that it takes out the group of people who can benefit the most. When you look at spending money, when you look at providing services, look at where the need is. To me, that's a commonsense...it makes...it takes into consideration every individual, every infant, every unborn

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child. I ask you to vote against Senator Foley's amendment, on the basis that it doesn't include the individuals, the mothers, who can benefit from this, and please approve my amendment to allow this hope, to allow this opportunity. Fetal alcohol syndrome is lifelong, just as Senator Kruse explained. Children that are placed in facilities as adolescents cost us thousands of dollars each per month for each of these children for services. Because in fact, a part of their brain just simply isn't there, just simply isn't there. We have an opportunity to change a course of an entire group of children. I ask you to defeat Senator Foley's amendment, and to approve mine. Thank you.

SENATOR CUDABACK: Thank you, Senator Howard. Senator Thompson.

SENATOR THOMPSON: Thank you, Mr. President, members of the body. I have another amendment following on the same topic, and I don't want to harm Senator Howard's ability to get across what she wants to do. But I guess I would just weigh in to say, I think you should let Senator Howard be able to have her idea voted up or down, rather than Senator Foley's information sharing piece. I've just been printing them off, trying to figure out the difference between the two. And I guess one is that it provides prenatal services for women. I talked off the mike briefly with Senator Kruse, since he's actually been a part of this. And he said, you know, you try to get women to quit drinking while they're pregnant. And I think that's more effective than just giving them information about the risks of fetal alcohol syndrome. So, I've had the opportunity to spend the last couple days talking with people who deal in some of the areas of these services. I haven't had a chance to talk about this particular aspect. But I really think, in fairness to Senator Howard--and I appreciated Senator Foley's interest and respect for her proposal--I think you should defeat the Foley amendment, let Senator Howard have a shot at her own amendment. And I think that's the fair way to propose it. And then if Senator Foley wants to somewhere down the line introduce something...language to this effect, I think that would be the best way to do it, from a legislative process. Thank you.

SENATOR CUDABACK: Thank you, Senator Thompson. Senator

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Preister, followed by Senator Chambers, on the Foley amendment, AM1584.

SENATOR PREISTER: Thank you, honorable President, friends all. I stand in support of what Senator Howard is working on doing to provide some information, some education, and some treatment for a population that's certainly in need of it. I certainly understand and appreciate where Senator Foley is coming from in trying to provide some services to women that he equally believes strongly need that services. And both, I think, from each of their differing views, is approaching this is a way that is very dear to both of them, and that they really believe in and want to do some good things for. I agree with Senator Thompson that I'd prefer to see a straight-up vote on Senator Howard's amendment. The Ogallala Sioux tribe on the Pine Ridge Reservation has a major problem. I can't say why the Native Americans there are more susceptible to the disease of alcoholism, but I know that there have been a lot of reasons that have driven those people to alcoholism and to try and escape. And I know that 11,000 cans of beer are sold in Whiteclay every single day. And Whiteclay is a village of only 14 people. Those 14 people, if they were the ones consuming that alcohol, would certainly be doing a lot of drinking. Four million cans a year of beer are sold, largely to the Native Americans, these Ogallala Sioux tribal members, who, the largest portion of their reservation is in South Dakota, but who are also Nebraska citizens, and part of that reservation is also in Nebraska. The state of Nebraska realizes, just in sales tax, \$165,000 annually from the sale of that beer. I'm grateful to the Appropriations Committee that they're at least appropriating some funds this year to provide for some law enforcement in Whiteclay. We have a community that only has off-sale liquor licenses. That means that liquor can only be sold to be consumed off the premises. In the village of Whiteclay, there's no legal place to consume alcohol. And yet, all of this alcohol is being purchased there, and people are drinking it in the streets, people are falling down drunk. We've had unsolved murders in the community. And this has gone on for year after year after year, despite Nebraskans for Peace and many other organizations trying to bring attention to it, legislation being introduced to try and draw attention to it. That consumption of

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alcohol affects these children in utero. That alcohol consumption is destroying lives, not only the lives of those that are consuming it, but families and generations. Senator Howard is seeking to try to provide some intervention. And I appreciate that, as someone who has worked on part of this issue. I don't have all of the answers, but this is a component, and it is one thing that we can do. And I, for one, am going to take what action I can take to help Senator Howard in that effort. I will be voting for your amendment, Senator Howard, and I appreciate your efforts. Thank you very much.

SENATOR CUDABACK: Thank you, Senator Preister. On with discussion. Senator Foley, on your amendment.

SENATOR FOLEY: Thank you again, Mr. President, members. And thank you again, Senator Howard, for focusing our attention on this particular problem. There's no dispute...as you and I have discussed, there is no dispute that there is a public policy issue here that we ought to be working on. But the program that we adopted last week is broader than the fetal alcohol syndrome problem. And it's broader than the Native American population in our state. It was always intended to be a larger program, addressing more concerns--substance abuse, for example. That's not addressed in your amendment. There are many other economic pressures on young, unmarried pregnant women. We're trying to address some of those concerns. There's information needs, there's health issues, nutritional issues, parenting issues. That's all part of the package that we adopted last week. And the difficulty that you and I are having in trying to bridge our final differences relates to the fact that you're trying to take this program and narrow it down to a particular population on a particular issue. Which, I admit, is a problem. But I'm trying to keep this program focused on the broader effort here. And that's why we can't quite come to closure on our discussions. I agree fetal alcohol syndrome is a problem. But so is substance abuse, so is a whole host of other problems, throughout the state, throughout various ethnic groups. The U.S. Census Bureau provides data on the demographics of our state. And information that I've been looking at shows that the Native American population, according to their figures, is about 1 percent. They've got .9 percent. Let's call it 1 percent. Now, half of

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1 percent, the female half, roughly, takes us down to .5 percent. And many of those women are not pregnant, and many of those women are not fetal alcohol...or, are not alcohol abusers. So your amendment...the difficulty I'm having with your amendment is that it so narrowly focuses the range of services offered through this program that I just can't go there, because it was always intended, from day one, to be a much broader attempt to address the needs of pregnant women. And again, I thank you for the time that we've had to discuss these issues. I think they've been very constructive. And we really are very close in our thinking on this. But I respectfully suggest that your amendment takes us in a direction that I just don't want to go. I want to keep this a broad approach to many, many issues, so that the services that are provided women can be tailored to their particular needs across the state. And I'd ask you again, my colleagues, to advance AM1584. Thank you.

SENATOR CUDABACK: Thank you, Senator Foley. (Visitors introduced.) On with discussion of the Foley amendment to the Howard amendment to LB 425. Senator Stuthman.

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. First of all, on the surface, I am supportive of Senator Howard's amendment. And then we get another amendment to Senator Howard's amendment that brings up another concern. But maybe I would like to engage in a little conversation with Senator Howard, first of all, before I get into what I'm really trying to get to.

SENATOR CUDABACK: Senator Howard, would you respond?

SENATOR HOWARD: Yes.

SENATOR STUTHMAN: Do we, at the present time, have programs where these people, these women on the Indian reservations, can access some programs that can help them with this? Or are we discriminating against this group of people on Indian reservations, that they cannot make...or, programs are not available to them? Are they different than anybody else in the state of Nebraska?

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SENATOR HOWARD: And that's a very good question, Senator Stuthman. And they would not be prevented from accessing programs in another community if they were able to travel the distance and were motivated to do this. I'm not aware of any programs per se on the reservation that are reaching out to them. There simply isn't funding. This simply hasn't been available to them. Not only is the issue of lack of programs a problem, but it's also the issue of a cultural belief that this is not a strange practice. When an individual is without hope and turns to alcohol, it's not thought to be a culturally unaccepted practice. The level of awareness of the damage of the alcohol is either not there, or denied. And in answer to your questions regarding the programs, there are programs that reach out to this group of mothers, such as any other group of unwed mothers. They're not as accessible to these individuals on the reservation, and they're not as effective for them.

SENATOR STUTHMAN: And the reason for this is mainly because it's a reservation, and you feel that there isn't providers going out to the reservation and providing it for distance reasons? And the thing that I'm concerned about is, what about people that, you know, have the same problem, you know, the...just the young woman, pregnant, you know, that has got an alcohol problem, in any part of the state of Nebraska? Do we need to make sure that everyone can access these services? It seems to me like we're either not providing them on the Indian reservations, or are we providing them the same as we're providing them for the rest of the state of Nebraska?

SENATOR HOWARD: I believe I could say that Senator Foley and I would be united in saying that each and every mother, pregnant woman, should be allowed, should be able to access the same services regarding fetal alcohol counseling, prenatal services. This should be available. What I am saying, what I am pointing out, is that the need is here. The unmet need is in this community, on these reservations. When you look at the information provided that one in three infants born to a mother on the reservation is diagnosed as having fetal alcohol syndrome, that's a jarring factor. That's an overwhelming number for a population. The services that were being provided

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at this time are not meeting the need. And this is why I'm requesting consideration on this bill, to focus this amount of money, to focus this service where it can do the greatest good.

SENATOR STUTHMAN: Thank you, Senator Howard. The thing that I am also concerned with is, you know, when we have an alcohol problem, always what happens after the alcohol problem seems to be a drug addiction problem. And what I'm...

SENATOR CUDABACK: One minute.

SENATOR STUTHMAN: ...what I'm speaking of is meth addictions. You know, we haven't realistically seen what effects meth has on infants and babies yet. Yes, I'm sure, and I'm aware that there are a lot of them being born right now at the present time. But, you know, I'm a little bit concerned that we're just trying to do something in one area and we're not broad enough. I think we should be...we maybe shouldn't be just saying the fetal alcohol syndrome. Maybe it should be like in Senator Foley's, you know, with the substance abuse, that that should all be considered, too. I'm also concerned that we're trying to do something in an area, but I'm sure there's other areas of the state of Nebraska that, you know, are not served mainly because of the distance, and maybe it's one to one on babies born with alcohol syndrome, but there's only a few babies maybe. Maybe this area has a lot more babies. But that is a concern of mine that we're targeting.

SENATOR CUDABACK: Time, Senator Stuthman.

SENATOR STUTHMAN: Thank you.

SENATOR CUDABACK: Thank you, Senator Stuthman. Senator Connealy, followed by Senator Chambers, on the Foley amendment.

SENATOR CONNEALY: Thank you, Mr. President, members. Want to thank Senator Howard for bringing this. I was born and raised on the Omaha reservation and I represent the Omaha and the Winnebago reservation in my legislative district. And maybe I'd speak a little bit to Senator Stuthman's questions. And we do provide even extra, extra healthcare for the reservations but,

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as Senator Howard was talking, the need is so concentrated. You know, the diabetes is about four times more prevalent on the reservation than it is in the population as a whole. Alcoholism is by a factor of about four higher, and it has to do with some history, it has to do with socioeconomic status, but it also has to do with some of the biological functions and how the diet has changed and things like that through the years. This is a concentrated problem and I think the target that Senator Howard is applying here is very laudable and I think you can see real results by putting an emphasis. But as I read the amendment, it's not the whole program. It's not taking away from everything else. It's saying this should be a highest priority, and not the only priority, but the highest priority. And so I believe that this is a good approach and something that we ought to look at. We need to understand that this is a problem that the state of Nebraska has to step up and help with. We're doing a lot, but we need to do more.

SENATOR CUDABACK: Thank you, Senator Connealy. Senator Chambers. And this will be your third time, Senator.

SENATOR CHAMBERS: Yes, Mr. President. Members of the Legislature, touching a bit more on what Senator Stuthman expressed concern about, it should be kept in mind what was pointed out repeatedly during the debate of Senator Foley's amendment. There are numerous organizations right now, Senator Stuthman, providing the exact services that Senator Foley's amendment talks about. His amendment would be duplicative. What we're talking about in Senator Howard's amendment is not an area being addressed by numerous agencies. Numerous agencies currently provide the service that Senator Foley's amendment addresses. There is no need for a pilot program in that regard because there are established programs right now that have been ongoing. They have been sustained and they are sustainable without taking money from the TANF funds, the Temporary Aid for Needy Families Fund. Those programs exist right now. There are no equivalent programs addressing as the highest priority the matters contained in Senator Howard's amendment. Senator Connealy correctly stated what the amendment language that Senator Howard is offering us actually says. The highest priority does not mean the only priority. Everything else that

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Senator Foley's amendment would contain is amenable to being included in the services offered in Senator Howard's amendment. She is addressing state assistance, federal dollars, to a population which is currently situated as it is largely and primarily because of misconduct on the part of the federal government in breaking treaties, dislocating people. The story of Chief Joseph ought to be read by everybody if they want to see the lengths to which an entire tribe was put, being hounded and chased and pursued by the U.S. Army, the Army, against women, children, old people. And that group covered hundreds and hundreds of miles until they finally were exhausted, trapped, and attacked by the U.S. Army; put on what they call reservations in lands unfamiliar to them, far away from where they had grown up, from where their ancestors had lived, died, and were buried, all at the hands of the federal government. This plan is not being sought as a reparation. It's an acknowledgement of an existing, ongoing, acute problem. We could almost call it SARS, and that's that acute chronic respiratory syndrome. Here we are talking about a problem whose existence cannot be denied by anybody. It cannot be denied that the problem is not being addressed. It cannot be denied that Senator Howard's...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...amendment, as drafted, would give direct assistance in addressing the problem where it exists. I don't think you can beat that with a stick. So, following what Senator Thompson suggested, we should defeat the Foley amendment, deal with Senator Howard's offering as it is presented to us. This notion of disseminating information, we don't know what the information will consist of, how the dissemination will occur, or even what the word "disseminating" means, is to take away from what Senator Howard has focused our attention on. So I hope we will defeat the Foley amendment, then adopt Senator Howard's amendment. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Howard, followed by Senator Foley.

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SENATOR HOWARD: Thank you, Mr. President, members of the body. I'd like to address Senator Stuthman's concerns. And he didn't get a chance to finish asking me his question, but as I understand it, he's concerned about the problem of meth, as we all are. And as clarification, meth is really not the problem with a pregnant mother on the Native reservation; it's, quite frankly, beer. Beer is cheaper. Beer is available. Beer is legal to buy. You can go purchase beer, you can purchase as much beer as you want to. The culture doesn't restrict that, doesn't restrict the consumption. So it really isn't the meth issue with this particular group of individuals; it's the consumption of beer, straight up. I appreciate Senator Foley's concern. I appreciate his program, frankly. This program is focused on the needs of the pregnant mother. It's focused on helping her to have a healthy baby. To me, that seems ideal to look at the Native American population and offer this program to make the priority available to the group with the highest need. I look at that and I think this makes the most sense. I think in anything in life you look at where is the need. We have a limited amount of dollars. I've heard that since the day I was sworn in and I knew that before I came here. Look at the need. When one in three babies born to a Native American...a Native American parent, a Native American mother, with fetal alcohol syndrome, an uncorrectable condition, a lifelong condition, that will in fact cost each and every one of us for care and treatment of that child, that's where the greatest need is. And I offer the remainder of my time to Senator Chambers, if he would like it. Thank you.

SENATOR CUDABACK: Senator Chambers, did you wish to use the remainder of Senator Howard's time?

SENATOR CHAMBERS: Thank you, Senator Howard. Thank you, Mr. President. My comments today are not meant to disparage any proposal that somebody else has on the table. That is not necessary and that has been done. My position is clear on that. Now we have something before us which can stand on its own merits and it does not have to be compared to something else by way of making the other thing appear negative. This is such a positive approach and it will be possible to determine how this money was used and what benefits accrued from it. It would be

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truly an exemplification of what the term "pilot program" means. You are taking a problem and employing an approach for the purpose of seeing if that approach is practical in the sense of addressing the problem and alleviating, mitigating, and, which is impossible, eliminating it. We know that problem will never be eliminated. As long as old demon rum, John Barleycorn, Mogen David or whatever name that demon goes by is going to be legally sold and dispensed in this society, we're going to have...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...all of the problems that attend it. You can go all the way back to Ecclesiastes, Senator Stuthman, where you and I probably were stumbling around when it was written, and see where they were talking about the dangers and the pitfalls of consuming wine. So these problems will always be with us. Senator Howard is offering us something that will create a true pilot program and I believe we will be able to obtain certifiable results, not a cure, but we will be able to show that something worthwhile was done and that however many months from the beginning that assessment will be made, there will have been progress made and the condition will not be as severe as it was after this program has worked as it was prior. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Foley, and this will be your third time, Senator.

SENATOR FOLEY: Thank you, Mr. President. Let me see if I can review where we are. I've been around talking to a number of you on the floor and there is some confusion about what's happening here, so I'm going to see if I can help clarify things with something I'm about to do. Beginning of the session, Senator Brashear, as our Speaker, offered the Governor's budget bill. Over the ensuing months, the Appropriations Committee worked on that bill and brought us a committee amendment. On General File I offered an amendment to the committee amendment. The amendment was adopted. Senator Howard is now offering an amendment to that amendment, and I, in turn, have offered amendment to her amendment. I think we're getting confused here. I think to help clarify things what I'd like to do is

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withdraw my amendment. Let's focus on the substance of Senator Howard's amendment. Some of you have said that's what you want to do and I think that's fair enough. Let's discuss her amendment without confusing the issue, because we're at about the 16th layer here and it's getting...it's getting a little muddled. Let's do that, take it up in substance, address it up or down, see where that leaves us. As I stated earlier, and I apologize it's going to be redundant, Senator Howard's amendment really quite radically changes the nature of this pilot program. The pilot program that we adopted on General File was to serve the population of Nebraska, Native Americans included, and it was intended to address a wide panoply of social problems that young, unmarried, primarily, pregnant women are experiencing. Many of those pressures are economic. They have nothing to do with drinking beer. There are economic pressures that they're feeling. In some cases it is beer--alcohol; in other cases it's substance abuse--methamphetamine and so forth; in many other cases it's simply a lack of information. They don't know what's happening to them, they don't know why. They need basic fundamental information that most of us would just take for granted. They don't have it; they need it. That's what we are trying to address. A part of what we're going to address in this program is the fetal alcohol problem, absolutely we should. But it's so much more than that and, it's to such a...so many more women than that. That's why I want to keep our focus on the broader nature of what we're trying to attempt here. Mr. President, I'd like to withdraw my amendment so we can proceed to a vote on Senator Howard's amendment. Thank you.

SENATOR CUDABACK: It is withdrawn, Senator Foley. We're back to discussion of the Howard amendment. Senator Schimek.

SENATOR SCHIMEK: Yes, thank you, Mr. President and members. I would like to...I would like to ask Senator Howard a question or two. I've looked at the wording of this amendment, Senator Howard, and I apologize for not asking you these questions before, but it specifically mentions women on Indian reservations. And for the record, I want to find out what your intent with this is. Because we have one tribe in Nebraska that does not have a reservation, one of the four recognized...federally recognized tribes, and that is the Ponca

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Tribe. So that does concern me. And in addition to that, we have many, many, many, many, in fact I believe most of the Native American women in this state live off reservation, and I wanted to know if that was part of your thinking when you put this together or not, and what would be your intent if you think language needs to be massaged?

SENATOR CUDABACK: Senator Howard, would you respond?

SENATOR HOWARD: I appreciate that question, and I think that's very legitimate. When we looked at the numbers, when we looked at the needs, it boiled down to two things. First, the highest need is among the Native American population, the Native American mom-to-be; and second, when you take it county, by county, by county and look at the areas where this is concentrated, Thurston County, where the reservation is located, comes up with the highest number--29 percent of the live births. That's an incredibly high figure for the state of Nebraska when you consider that some of our populations have less than 1 percent. And so this is why I put this specific wording in there, to really try to get at where I saw the core of the problem being. And, yes, there are...there are Native American pregnant women living in all areas, in Omaha certainly, but these individuals do have services available more readily than pregnant women up on the reservation. And I think there's a greater knowledge base of the women that are living in a larger community, such as Omaha, where their support systems would provide different information. And to add to that, to add to that, the culture on the reservation is one of very little hope. And when a society of people...

SENATOR SCHIMEK: Senator,...

SENATOR HOWARD: I'm sorry. This is your time.

SENATOR SCHIMEK: ...may I?

SENATOR HOWARD: This is your time. I'm sorry.

SENATOR SCHIMEK: I know you're advocating.

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SENATOR CUDABACK: Senator.

SENATOR SCHIMEK: But, first of all, there are two Indian reservations in Thurston County, so that...you've got to keep that in mind when you're talking about figures.

SENATOR HOWARD: The Macy and the Omaha, yes.

SENATOR SCHIMEK: But all I wanted to do is, if we do this, I want to make sure that the Ponca Tribe doesn't get left out.

SENATOR HOWARD: Ah.

SENATOR SCHIMEK: And I'm wondering if we...if we need to address the population that's off reservation. But knowing that it would be a little bit more difficult to do that way, I don't know. But I really wanted to bring up the Ponca Tribe, for sure. Thank you.

SENATOR HOWARD: Thank you. I would not want to see them not included in this. Thank you.

SENATOR CUDABACK: Thank you, Senator Schimek. Further discussion on the Howard amendment? Senator Foley, followed by Senator Louden.

SENATOR FOLEY: I'll waive off this time, Mr. President. Thank you.

SENATOR CUDABACK: Thank you, Senator Foley. Senator Louden.

SENATOR LOUDEN: Thank you, Mr. President and members of the body. I approve of this amendment as such. I think something has to be done for our Native American population. I don't think I approve of the way it's written. I haven't weighed in on this amendment yet today, but we have a large population base of Native Americans in western Nebraska. In fact, in Sheridan County we have a large enough population base that we have to have access to Native American speaking people at our election polling places. So the percentage of population is quite large. So I think when you narrow it down to Indian reservation, I

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think you're probably exempting or not being able to include a huge number of Native American people, if this is the citizenry that you're trying to target this for. I would like to see some other language written into this...into this deal so that it would...if it's going to include Native Americans, then let's say Native Americans, whether they're living on a reservation or where they're living. When you talk about some of the problems there, I wonder at times if the problem is that great or where you're getting your statistics from. In the areas where I have...where I live, there's no doubt some problem, but I don't know if it's as great as what you consider it to be. But nonetheless, if there is a problem there and needs to be addressed, if there's money available to do that, it should be done, and I agree with...I support the amendment as such. But I really would like to see rather a different type of language in there so it doesn't just talk about the, what, two or three reservations that are on the eastern end of the state down here. I think the Winnebago and the Omaha's, whatever it is, up by...in Thurston County, and I think there's one other reservation up by...and maybe one down south, south side of just on the edge of Kansas, these are all areas that need to be addressed. So I think I don't know as I can support this amendment the way it's written, but I would appreciate if it was put together a little bit better and probably perhaps either redone or something like that so that it would include Native Americans statewide rather than just on a narrow field. Thank you.

SENATOR CUDABACK: Thank you, Senator Louden. Senator Foley.  
Senator Foley.

SENATOR FOLEY: Thank you, Mr. President. Let me get us focused again on what we're talking about here. We're talking about a very, very radical shifting and narrowing of the nature of this program. We're talking about a problem that exists, admittedly, no question about it, but it is a different problem, is a much more narrow problem than what the program was intended to address. Senator Howard's amendment focuses on the fetal alcohol syndrome problem in the Native American population. As serious as that problem is in that population, it's the tip of the iceberg that we're trying to address in this program. This

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program addresses so many other issues that are critically important to woman across the state, issues associated with economics and jobs and finances, substance abuse, all of the economic pressures that are placed on women, all the informational needs that women have. I urge you to vote down AM1504. It is a very, very unwise narrowing of this program. It really is going to serve to defeat the interests of this program, which were spelled out on General File, to try to address in a broad way the needs of pregnant women. Each of those women has a very unique reason for showing up at the door of the counselor. And in the vast majority of cases, the reason that she's there has absolutely nothing whatsoever to do with fetal alcohol syndrome. That's not her issue. It may be in some cases, sure it will. But in the vast majority of cases that's not why she's there. There are so many other reasons, so many other compelling needs that these women have, and that's what we're trying to address, the broader concerns, including fetal alcohol syndrome, which will be addressed as part of this program. I urge you to defeat this amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Foley. Madam President (sic), amendment please.

ASSISTANT CLERK: Mr. President, Senator Schimek would move to amend Senator Howard's amendment. (FA267, Legislative Journal page 1484.)

SENATOR CUDABACK: Senator Schimek, to open on your amendment to the Howard amendment to LB 425. Senator Schimek.

SENATOR SCHIMEK: Yes, thank you, Mr. President and members. I didn't actually keep a copy of the amendment, but what this does is it takes out Indian reservations. It takes out the wording "Indian reservations," and inserts the word "Native American women," so that the amendment that Senator Howard has would read, as amended by my amendment, "The highest priority for use of the funds shall be to make prenatal services available for Native American women within Nebraska." And it totally deletes the reservation. That means, Senator Howard, I think, that this program could put some programs on the reservations, and if it's a highest priority, they would, but they could also target the

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fetal alcohol syndrome in the urban areas or even the areas that Senator Louden is talking about which do not...he does not have reservations, but he has a large Native American population out there, I mean large in terms of his area. So I don't know if that improves it. I'm tossing it in there for discussion. I hope that it wouldn't be too hard or too long to discuss, though, because it makes a very simple change. Thank you.

SENATOR CUDABACK: Thank you, Senator Schimek. You've heard the opening on FA267, which is an amendment offered by Senator Schimek to the Howard amendment. Open for discussion. Senator Stuthman, followed by Senator Kopplin and others.

SENATOR STUTHMAN: Thank you, Mr. President, members of the body. I would like to engage in a little conversation with Senator Schimek, if I may, please.

SENATOR CUDABACK: Senator Schimek, would you reply to Senator Stuthman?

SENATOR SCHIMEK: Yes. Thank you.

SENATOR STUTHMAN: Senator Schimek, do we have at the present time programs that Native American women can access as far as fetal alcohol syndrome?

SENATOR SCHIMEK: I'm no expert in this area, Senator Stuthman, and I don't know. But I know that I just spoke with the director of the Indian Commission back in the lobby and she said they don't really have many statistics on fetal alcohol syndrome. So if there are programs, I suspect they're kind of hit and miss or they're...they may not be targeted particularly at that syndrome.

SENATOR STUTHMAN: Okay. Thank you. Maybe...and the reason I asked you the question is because you had introduced this amendment to it, but in...at second thought, maybe I would like to ask a question of our Health and Human Services Committee Chair, Senator Jensen, if he could help me out on that.

SENATOR JENSEN: (Microphone malfunction) Yes.

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SENATOR STUTHMAN: Senator Jensen, do we have programs currently in effect that would help Native American women with fetal alcohol syndrome? Do we have that, or do they just service or work with people that are not Native American women, or don't we have a problem like that?

SENATOR CUDABACK: Senator Jensen.

SENATOR JENSEN: Senator, we do have a program that was passed several years ago that we put a half a million dollars, \$500,000, a year into Native American health, and that was a bill that was passed when Senator Wesely was Chairman, and it still goes on, a half a million dollars a year; \$100,000 for each tribe and then \$100,000 goes for urban Native Americans, which would be probably either in Omaha or perhaps some of the other communities where there's a heavy Indian population. But we're presently putting out, like I said, \$100,000 per tribe, \$100,000 for urban Native Americans.

SENATOR STUTHMAN: Thank you, Senator Jensen. So that does tell me that we have, the legislative body has, committed extra money to Native American women for health.

SENATOR JENSEN: Well, I don't know.

SENATOR STUTHMAN: We have done that, the way I understand right now.

SENATOR JENSEN: Well, it's for health.

SENATOR STUTHMAN: So the thing that I'm concerned, you know, are we trying to do something more than what we've got already? You know, I think they already have...have maybe an advantage over the average person, because I'm sure that throughout the state of Nebraska there is a lot of fetal alcohol syndrome, irregardless of race or color. I think we have that. And the thing about it is, you know, yes, we're trying to make a high priority. Are we going to...when we do this, are we going to take a portion of the priority and make them a low priority? Because when you...when you increase something to a higher

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priority, something has to give on the other end. Somebody is not going to get served, because they're on a lower priority. What group is going to be on the lower priority? I don't know. I would like to see no one on the lower priority. But the thing that really concerns me is that, you know, maybe we've done enough already for Native American women health. Are they utilizing the program?

SENATOR CUDABACK: One minute.

SENATOR STUTHMAN: Is it enough? Is it too much? I don't know. I don't know. But the thing that I'm concerned about is when we make a decision to give a high priority to something, something else is going to give. Thank you.

SENATOR CUDABACK: Thank you, Senator Stuthman. Senator Kopplin, followed by Senator Howard, on FA267.

SENATOR KOPPLIN: Thank you, Mr. Speaker. Members of the Legislature, no doubt this is a very worthy item to discuss on its own, but we can add amendments to it all afternoon and a duck is still a duck is still a duck. This is a backdoor attempt to get a social issue into the budget and I think it's time to move on. Thank you.

SENATOR CUDABACK: Thank you, Senator Kopplin. Senator Howard.

SENATOR HOWARD: Thank you, Mr. President. And I would like to ask Senator Jensen a question, if he would be able to respond.

SENATOR CUDABACK: Senator Jensen, would you?

SENATOR JENSEN: Yes.

SENATOR HOWARD: Thank you. Thank you. I think you were about to complete your answer with Senator Stuthman, and I, too, would like that information if you could share that with us, please.

SENATOR JENSEN: Thank you, Senator Howard. Senator Stuthman I think was kind of implying that it's all used for...or there's...these dollars are used for Native American women and

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also fetal alcohol syndrome. I don't...it may be, but it's not designated for that. I know they have used that money for diabetes and diabetes screening and diabetes education, and so I don't know exactly...I can't tell you today what each tribe is using those monies for. We haven't been dictatorial as to how that money is to be spent other than healthcare. Does that answer your question?

SENATOR HOWARD: And I take it healthcare would be in the most general of terms.

SENATOR JENSEN: It is a general term. And maybe this is the year that we need to go back and maybe find out exactly what it's been used for. But I do know that, as Senator Connealy said, the diabetes among Native Americans is four times what it is for the Caucasian, and so I know they're using some for that; the rest I don't know. They could be using it for fetal alcohol, but I wouldn't say that on the floor that that's where it's going.

SENATOR HOWARD: I appreciate that information. I think that's very helpful to put it in a perspective. And if I could, I'd like to share some additional information regarding Senator Foley's program, if he will allow me to refer to it as such. This program would provide access to information on medical care, hospital clinics, doctors, healthcare facilities, and other professional services, and to assist with identifying drug and alcohol programs if these were needed. Would also teach life skills for parenting and nutritional needs, availability of other community social services, and other programs for the physical and emotional needs of women expressing stress during a crisis/difficult pregnancy. To me, this bill would be...this program would certainly lend itself to the needs of this...of the Native American population who's struggling with all these very basic life issues. And I thank Senator Schimek for putting an amendment in to broaden this, as Senator Foley has suggested that we do, to broaden this. And in this case it would include more women and would serve a greater need in focusing on this population and these infants that are born with the fetal alcohol syndrome. While I agree that it's a worthy cause to offer counseling to each and every individual, I go back to the

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basic core idea of where is the need, where is the greatest need, where is...where is the preventable problem, how can we get ahead of this? I've looked at it, I've looked at it, I've looked at it, and I've worked it. The Native American mother needs a support system. She needs to feel that she is recognized, she is worthy, her infant is worthy, and that we're there to provide what she needs at a crisis time in her life. I heard a quote today when I was at lunch, and the basic essence is, it's up to us to correct a wrong if we have the opportunity. And that's what we're given here--the opportunity to look at this, the opportunity to make a difference. Thank you.

SENATOR CUDABACK: Thank you, Senator Howard. Senator Chambers, on the Schimek amendment to the Howard amendment.

SENATOR CHAMBERS: Mr. President, members of the Legislature, I have given my views, but I'm going to reemphasize what Senator Thompson mentioned. With all due respect to Senator Schimek, and I think her intentions are honorable, I would like to see a vote on Senator Howard's amendment as she drafted it, because it is focusing on an area geographically where we know a problem exists, where we know there is an under-serving. So I'm going to oppose Senator Schimek's amendment and any other amendments so that we can get an up or down vote on Senator Howard's proposal. This is why I say that. I had said, when I was talking to Senator Foley, I wanted us to be very direct and forthright. I do not believe there is any form of Senator Howard's amendment that would win over those who are opposed to it. Those of us who favor her amendment are not interested in diluting it, because there's not going to be enough money made available to really do all that needs to be done everywhere but at the same time focus on the reservations. So I think the way Senator Howard's amendment is drafted is appropriate. The focus should be there. The limiting language ought to remain. So I'm going to support her amendment as drafted and not any other amendments. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. On with discussion. Senator Beutler, followed by Senator Foley.

SENATOR BEUTLER: Senator Howard, I appreciate your taking an

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interest in this and offering an alternative. Let me ask you just a couple of questions so that if we pass this amendment the agencies might better understand what you intended. The first line says the highest priority for use of the funds shall be made...shall be to make prenatal services available for women on Indian reservations within Nebraska. Let's say, for purposes of a hypothetical, that 3 percent of the women of Nebraska are on Indian reservations. Would a prioritization with respect to the use of the funds, would that be related to the number of women that were being served? I mean, when you were thinking of this, were you thinking that, with respect to these 3 percent of the women, that 10 or 20 or 30 or 60 percent of the funds would go there? What does high...highest priority mean, and what is your intent with regard to highest priority?

SENATOR CUDABACK: Senator Howard, would you yield?

SENATOR HOWARD: Yes, sir. Yes, sir. Actually, Senator Beutler, when I considered this I didn't think in terms of percentages. I considered it in terms of a concentration of effort, and that would be a focus on the numbers, on the numbers of babies with this need, the numbers of the unwed mothers. And I didn't consider it, I didn't think in those terms. I just am very aware of the need and that that's a concentration in that area.

SENATOR BEUTLER: Okay. If this money went to the agency and the agency made a grant to an organization that promised to spend 10 percent of the money directly on services to women on Indian reservations, would that be satisfying your amendment?

SENATOR HOWARD: That would be 10 percent more than they have now. I think that would be certainly a step in the direction to meet the need. It would be interesting to see if that was enough, in terms of dollars, to make the difference, to make the impact. But I would...I would certainly be grateful for even 10 percent, 15 percent, 20 percent, as could be allowed. Appreciate (inaudible).

SENATOR BEUTLER: So you would be leaving it, to a certain extent, to the agency's determination maybe with respect to how

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they did the RFP, and their judgment as to the need, and it might be anywhere from 10 percent to 80 percent of the money?

SENATOR HOWARD: Well, I would say that you're probably right on. And Senator Aguilar pointed out something very valid to me and something that, until he said that, I hadn't had my memory jarred, and that is many of the individuals that even live in another community, individuals from Macy or from the Omaha reservation that go to Omaha, still consider that reservation to be their home base, their home, their community, where they belong. And so when we think about services concentrated up on the reservation for this population, these individuals would go back up there to obtain these services. And so thinking of percentage or thinking of a concentration, I think the number would certainly lend itself to a higher percentage, a higher concentration in that area for the Native American population.

SENATOR BEUTLER: Okay. And then second question, a certain percentage of these funds will go to directly to the Native American reservations, and with respect to the funds that remain but don't do there, are you...does your amendment say that those funds also shall be used to reduce risk of fetal alcohol syndrome, or the other funds are not subject...

SENATOR CUDABACK: One minute.

SENATOR BEUTLER: ...to that requirement?

SENATOR HOWARD: In Senator Foley...

SENATOR BEUTLER: You say "such services." I guess the question is, do the services, the word "services," relate to that portion of the funds that are going to the reservations, or does that requirement pertain to all other funds in this...

SENATOR HOWARD: You're referring to line 4?

SENATOR BEUTLER: ...in the overall fund?

SENATOR HOWARD: I'm sorry, sir. You're referring to line 4?

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SENATOR BEUTLER: I think I've confused you, and I think I only have about ten seconds left, so I think I'll pick this up later.

SENATOR HOWARD: Thank you.

SENATOR BEUTLER: Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. Senator Foley.

SENATOR FOLEY: Thank you, Mr. President. Let me pick up on a couple of things that I've heard other senators say on the microphone. Let me start with a comment from Senator Beutler when he was asking Senator Howard a question. He said, for the sake of discussion, let's suppose that 3 percent of the women in Nebraska live on...are Native Americans, I think is the way he phrased it. I might not get it right...quite right, but he said 3 percent, and that's not the case. I'm looking at statistics that I mentioned earlier from the U.S. Census Bureau. I presume they're ballpark accurate, maybe not pinpoint there, but they've got to be pretty darn close. According to the U.S. Census Bureau, .9 percent of all Nebraskans are Native Americans. That's what they say. And if we can leap to the conclusion that about half of those are women, we're now down to .5 percent of the entire population of the state, .5 percent. And of those, I think it's fair to say that a majority probably are not pregnant, so we're down further. And of those who are pregnant, many of those do not have fetal alcohol...are not alcohol abusers. Gets me back to where we started before. We are radically, under the Howard amendment, we are radically narrowing the nature of this program, and that's why I'm so strongly opposed to it. I want this program to be available to every woman in Nebraska who has the needs that we're trying to address here, not just a small sliver of the population. Senator Jensen spoke earlier and was mentioned, I think in response to a question, he said there's \$500,000 now going to the reservations for healthcare needs, and we really don't know what they're doing with it. We have some general ideas of what they may be doing with it, but we don't know, to the level we should know, how that money is being spent. Maybe that's where we need to focus some time, is looking at that program, those dollars that are flowing there currently and trying to get those

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dollars focused properly if they're not. And I don't know that they're not. But it troubles me that we don't know how those dollars are being spent. And if we don't know, I think we ought to find out. I urge the defeat of Senator Howard's amendment, AM1504. Thank you.

SENATOR CUDABACK: Thank you, Senator Foley. Senator Stuhr, on the FA267.

SENATOR STUHR: I call the question.

SENATOR CUDABACK: Senator Stuhr, there are no further lights on so it won't be necessary.

SENATOR STUHR: Oh, okay. (Laugh)

SENATOR CUDABACK: Thank you. Senator Schimek, the Chair recognizes you to close on FA267.

SENATOR SCHIMEK: Thank you, Mr. President and members. It always happens that way. I am going to pull this amendment, but before I do, I want to say that I think it is a question that needs to be addressed if we do adopt the amendment, the underlying amendment. I do think that you are leaving out one of the federally recognized tribes. And so I just want, for the record, that I think that the Ponca Tribe needs to be served as well. But I also understand Senator Chambers' point about the concentration. I still maintain there are more people, more women, living off reservation than there are on, so your numbers, as Senator Foley mentions, are going to be smaller. But I don't want to belabor that point because I don't want to...I don't want to tear people up on this amendment. I will...I'll be supporting your amendment, Senator Howard, but at least I have indicated that I think there are people beyond the reservation that could be served. And with that, I would withdraw. Thank you.

SENATOR CUDABACK: The amendment is withdrawn. We're back to the Howard amendment, AM1504. I see no lights on, Senator Howard. We'll recognize you to close on AM1504.

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SENATOR HOWARD: Thank you, Mr. President and members of the body. I appreciate the discussion on this matter. I would like to say that by looking at this population, this does not exclude any other population. This simply focuses the...on the population with the greatest need. This looks...this looks at where we need to concentrate our efforts and our dollars, be they state dollars, be they federal dollars. And I will say sincerely, every baby that's born in this state, another state, deserves an equal shot at being born a healthy infant. We can make a difference here. We can use a portion of this money that's provided in this program, which really...this program provides for these needs that these...the Native American population could benefit from, and I ask you to seriously consider this. I ask you to vote yes on this amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Howard. You've heard the closing on AM1504, an amendment to LB 425. The question before the body is, shall that amendment be adopted? All in favor of the motion vote aye; those opposed, nay. The question before the body is the Howard amendment, AM1504. Senator Howard.

SENATOR HOWARD: (microphone malfunction)...request a call.

SENATOR CUDABACK: Senator Howard. Senator Howard, state your purpose.

SENATOR HOWARD: Sir, could I request a call of the house?

SENATOR CUDABACK: You may call the house. It's a request for a call of the house. All in favor vote aye; all opposed, nay. Record please, Mr. Clerk.

CLERK: 24 ayes, 1 nay to place the house under call, Mr. President.

SENATOR CUDABACK: The house is under call. All unauthorized personnel please leave the floor. Unexcused senators report to the Chamber. The house is under call. Senator Cunningham. Senators Janssen, Johnson, Brashear, Heidemann, Senator Landis, Burling, Loudon, Kremer, Senator Baker and Bourne, please check

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in, if you haven't already. The house is under call. All unexcused senators please report to the Chamber. Senator Bourne, Senator Baker, Senator Landis, Senator Heidemann, Senator Cunningham. Senator Heidemann and Senator Cunningham, please check in. Senator Heidemann, the house is under call. Please check in. Senator Howard, how did you wish to proceed?

SENATOR HOWARD: Roll call in regular order.

SENATOR CUDABACK: Senator Heidemann is on his way. So all members are present or accounted for. Mr. Clerk, please call the roll in regular order on the question.

CLERK: (Roll call vote taken, Legislative Journal page 1485.)  
17 ayes, 16 nays, Mr. President, on the amendment.

SENATOR CUDABACK: The amendment is not agreed to. I do raise the call. Mr. Clerk, when you get time, next motion.

CLERK: Mr. President, the next amendment I have is by Senator Pederson. Senator, I have a note that you want to withdraw AM1509 and offer, as a substitute, AM1567.

SENATOR CUDABACK: Without objection, so ordered.

CLERK: Senator Pederson would offer AM1567, Mr. President.  
(Legislative Journal page 1485.)

SENATOR CUDABACK: Senator Pederson, you're recognized to open on AM1567.

SENATOR D. PEDERSON: Sorry, Mr. President, I lost my attention. I was reading the Blue Book. (Laughter) This amendment that I have in the budget bill is an amendment to page 122 of the committee amendment, and it has to do with Department of Economic Development, and it's under industrial recruitment. And essentially what this does is changes line 18 under cash funds and increasing it by \$15 million. Now, a little background: There was a bill that was offered by Senator Engel, and I'll turn part of the discussion over to Senator Engel, and this was a job training bill. This is one of those elements

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that's inherent in the...in our economic incentive package. In order to have appropriate ways in which we can recruit businesses to the state, one of the things that we have to have available to us is job training. And initially what they were talking about, frankly, was way too much money, in my opinion. The proposal that had originally been suggested was \$20 million the first year of General Funds, \$15 million the second year of General Funds, and I thought that's totally not within keeping of our budget. Now, the system that is represented by this particular amendment is done in two parts, basically. We'll have to turn to LB 427 for the second part of it. But what we're doing by this amendment is transferring one time \$15 million from cash funds, not from the General Funds, and this money will sit there in the...in a cash fund under economic development. As I say, it will be implemented by LB 427 later. But the essence of this is that that money will be held there for two years, and if at the end of two years the money is not used then it will revert back to state General Funds. In order to have a viable economic program in this state--and, as I say, Senator Engel will discuss that with you--but we have to be able to have a program where we can train Nebraska people to work in the hopefully new Nebraska jobs that we have. If those jobs develop, as we hope they do, then there will be funds by which we can utilize the training of employees for these companies. Is it important to have this in your tool package? It's very important, and other states have recognized the importance of that. If you look at a chart, and I may circulate it if it becomes an issue, but if you look at a chart, compared to surrounding states, our fund available for job training is abysmal. We have almost nothing that we can offer in the form of job training. And the reason that the people who were working on the economic incentive package wanted to have a large sum of money was so that they could portray to a potential business that we do, in fact, have money available to train their employees when they come here and start a business. So it was my feeling that a better way to approach this than using General Funds and affecting our bottom line, perhaps not to be used or perhaps not to be needed in total, was to transfer this money from our Cash Reserve, which we have enough Cash Reserve to do this, put it into this program on a one-shot deal, having sit there for two years. And when that money is being needed,

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it's there. Now, if it's not needed, it's going to come back. We have not been utilizing the job training money as much as we should have been utilizing it, but probably that's as a result of not having that many new jobs. So the hope is that we will have a business or businesses that move to this state that desperately need to have their employees trained, because oftentimes you're talking about people starting to work in a company that have no experience or expertise in operating the machinery, the equipment, the other facets of the business itself. And so you take the virtually unskilled in the particular area and you train them so they can work in this business. This is something that all of the states utilize. We have not done it because we didn't set aside money to do it as we should, and it just simply has not been used. It's been spoon-fed into Economic Development. This will be administered by our Department of Economic Development, and I have seen the application of this in many cases in North Platte. I know that it's utilized. I know that it's an incentive for a business to come here and to start their business here. I know that even with a beer distributorship that was set up in North Platte, they needed to train their people how to use the various equipment that they needed to stock their areas to work in the various machinery and equipment that was needed for that kind of a business. So it is something that can be used. I'm very well acquainted with the Economic Development director for the state of Nebraska and I think he does an outstanding job, but I think he needs some help. He needs some help in the form of money in the way of job training, so that that can be offered. So it's another one of those tools that is needed. I would like to...now, I mentioned Senator Engel. He had a bill to do this. It's not necessary for us to have a bill, because we already have an economic development fund in the state of Nebraska in our regular budget operation, so we are simply utilizing the existing statutory mechanism that we already have. The funds were already set up and this will be sort of self-executing because we can simply make the transfer and it's really not necessary to have a separate bill to do this, because we can do it by this form of operation. This seems to be the simplest way to do it. And certainly we are just in the process now of evolving the economic development package. I think this is an essential tool of that package. So with that, I will return the

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balance of my time to Senator Engel. Thank you.

SENATOR SCHIMEK PRESIDING

SENATOR SCHIMEK: Thank you, Senator Pederson. Senator Engel, you're recognized. You have...

SENATOR ENGEL: Thank you, Senator Pederson and Madam President and members of the body. I rise to support, of course, AM1557...67, rather. This amendment funds provisions of LB 716, which I did introduce and it came out of committee. Everybody voted for it. Nebraska is not only competing for industry, but for jobs. Other states and nations are actively recruiting our people and our employers, and results are very alarming. Eighty of the state's ninety-three counties have lost population. Our best and brightest are moving out of state in record numbers. Fortunately, the solution can be found close to home by using the strong work ethic that Nebraskans are known for. We are known for this, but in this day and age we need a trained workforce with the same strong work ethic. They go hand in hand. I introduced LB 716 this session as a prong of the economic development package. During that hearing, I shared some statistics I would like to tell you about today. In 2003, the yearly regional state average for job training was \$13 million. By comparison, Nebraska spent just \$600,000, or 5 percent of the regional state average. On a per-job basis, the spending gap is even wider, which surely caught the attention of the companies that must rely on a highly trained workforce, and they look at that when they come into a state--do we have trained workers? While Nebraska has been spending just \$200 to \$600 per job on training, other states are spending \$2,000 to \$6,000 per job. These numbers are why I introduced legislation to help protect our workforce...

SENATOR SCHIMEK: One minute.

SENATOR ENGEL: ...by creating a \$15 million custom job training fund. And let me emphasize the importance of having a training system that is flexible and quickly responds to challenges of the new workplace. The new economy in which our business competes has several characteristics, including unprecedented

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high productivity increases, rapid technological changes, heavy investment in capital, global competition, and high business mobility. In many ways, these changes that are occurring are not just rapid; they are revolutionary. Supporting this worker training measure would bring tremendous benefits to our communities by allowing us to provide targeted help to rural areas, while expanding the state's revenue base by creating better paying jobs. The job training would utilize the programs offered by postsecondary technical schools, community college, and other educational institutions. This training would help reverse the troubling demographic trends we...

SENATOR SCHIMEK: Time. Thank you, Senator Engel. (Visitors introduced.) On to the next speaker. Senator Synowiecki.

SENATOR SYNOWIECKI: Thank you, Senator Schimek. Senator Engel, would you yield for a quick question?

SENATOR ENGEL: Yes, I would, Senator.

SENATOR SCHIMEK: Senator Engel.

SENATOR ENGEL: Yes.

SENATOR SYNOWIECKI: Senator Engel, as you're very well aware, and I'm sure it happens quite often in your district, in my district, I have labor unions that provide workshops and apprenticeship programs and job training programs, and without question some of these programs that are offered by the labor unions in our state are some of the best job preparation programs in the state, particularly as they relate to apprenticeship programs. Just wanted to ascertain for the record and make certain that these funds that are being made available under this amendment can be tapped by them labor unions to help fortify their job training programs.

SENATOR ENGEL: The answer to that is, yes, they will, and I believe the labor unions have endorsed this, the bill itself.

SENATOR SYNOWIECKI: Okay. Senator Engel, I appreciate that. I know you have some more information you want to give us. I

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will...Senator Schimek, I'd yield the rest of my time to Senator Engel. Thank you.

SENATOR ENGEL: Thank you very much, and I will...

SENATOR SCHIMEK: Thank you. Senator Engel.

SENATOR ENGEL: ...try to complete this. I was reading kind of fast here at the end so I could get done, but I didn't quite make it. But the job training would utilize the programs offered by postsecondary technical schools, community colleges, and other educational institutions, and the training would help reverse the troubling demographic trends we read about every day and have been discussed on this floor every year. As things stand now, it won't be long before the cost of Medicaid and education, the programs that support our older residents and our children, cost more than we can afford, so we have to create more jobs to grow our economy and our population. The state business community is joined by the Governor and the Nebraska Community College Association in supporting this measure, and also the state labor organizations. Investing in our workers is critical to Nebraska's future. We must provide opportunities for our children and our grandchildren. Again, we must protect Nebraska's positive reputation as having one of the best workforces in the nation. In closing, this is about the people of Nebraska. It's an investment in our future. Education and training is needed to help prepare the current and future workforce for the challenges of our rapidly changing, highly technical business environment. Since these dollars will help Nebraskans advance their careers, which in turn provides them with more economic opportunities for themselves and their families, the positive impact will be immeasurable. The rest of the economic package depends on this prong. New industry will not choose to locate here if the workers and training are not available. So this is very, very important. This is what companies are looking for. They're looking for people...states that have people who are willing to work, but they have to be trained workers because of the changing in our economies, in the type of industries that we try to bring in that have good paying jobs. So I urge your support for AM1567. Thank you, Madam President.

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SENATOR SCHIMEK: Thank you, Senator Engel. Senator Engel, your light is next.

SENATOR ENGEL: I...

SENATOR SCHIMEK: You waive that? Okay. Senator Beutler, you're recognized to speak.

SENATOR BEUTLER: Senator Schimek, members of the Legislature, Senator Engel, some questions, if I may. And let me preface my remarks by saying I'm somewhat concerned about the process here. This proposal is not a part of the appropriations package and I'm wondering why it's being placed into the appropriations package at this particular point in time. I think it's a subject that's worthy of at least a couple of rounds of debate, and I'm a little bit bothered by the fact that it's being put on, on Select File, and we're talking about \$15 million. Let me ask you this. It's \$15 million for job training that goes along with the rest of the business incentives, and it's important and critical to all of that, and yet it's being taken out of the Cash Reserve Fund and treated as a two-year program?

SENATOR SCHIMEK: Senator Engel, would you respond?

SENATOR ENGEL: The reason it's taken out of the Cash Reserve Fund is because the monies will be there. And I'll have Senator Pederson expand on this, but the money will be there. If the companies want to come into Nebraska and say we need...

SENATOR BEUTLER: Did your bill, Senator, take it out of the Cash Reserve Fund?

SENATOR ENGEL: No, it would have been a General Fund appropriation.

SENATOR BEUTLER: And it would have been an ongoing appropriation as part of...

SENATOR ENGEL: It'd have been ongoing, right.

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SENATOR BEUTLER: ...business incentive package.

SENATOR ENGEL: Right. But when we first...when we first introduced that bill we didn't realize that there's already a program in place, so we really didn't need new legislation, and so that's why we decided to go this route. In other words, also...

SENATOR BEUTLER: Well, it seems to me that you're taking it off budget, which doesn't correctly reflect what we're spending for business incentives, and we're shortening the debate on the matter, and it's being taken out of the Cash Reserve Fund, which is not ongoing. If this is an ongoing expense, it seems to me it should come out of General Funds and it should be properly reflected in our budget and not a situation where we are actually spending more money and starting a program, but getting away with not saying so by taking it out of the Cash Reserve Fund. At least that's what appears to me what we're doing.

SENATOR ENGEL: The program is already in place. What we're doing is funding the existing program, is what we're doing here, and this is the vehicle we're using to fund it.

SENATOR BEUTLER: What program are we putting it into, Senator?

SENATOR ENGEL: It's in economic...in the Economic Development Department. They have a Workforce Development...I can't recall the exact verbiage for it, but they do have a program. It's very similar...exactly similar to what we're proposing in LB 716, which is workforce training program.

SENATOR BEUTLER: So can these funds be used in any manner that the department sees fit with respect to workforce training?

SENATOR ENGEL: Well, they already have...I mean, that's already in place how they utilize these fund. It's work...and that's for training. If a company comes into Nebraska, they want to come into Nebraska, this is what we need. This is what we need for employees. This is what they have to know. That's what this would...

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SENATOR BEUTLER: Are the funds in that program ongoing now?

SENATOR ENGEL: And those are ongoing now, yes.

SENATOR BEUTLER: And we're putting in short-term funds just for a couple of years.

SENATOR ENGEL: Short...right.

SENATOR BEUTLER: And if this program is really needed at that level for ongoing business incentive, why do we end it at two years when all of our other incentive programs are ongoing and seem...and it seemed to be appropriate that they be general funded?

SENATOR ENGEL: Well, one thing about using the money out of the Cash Reserve, it does two things. One thing, it's not spent for something else. Secondly, for two years it's there and if it is utilized, it's utilized for the purpose we're taking it out of there for, then we've brought someone in. If it's not utilized, it goes back in the Cash Reserve Fund and we'll have to deal with it later as far as making it permanent.

SENATOR BEUTLER: Can the funds be used directly, to be given to businesses directly, to do their own training?

SENATOR ENGEL: That is...

SENATOR SCHIMEK: One minute.

SENATOR ENGEL: Pardon?

SENATOR SCHIMEK: One minute.

SENATOR ENGEL: Oh, one. Okay. That is part...that is part of the...part of the bill.

SENATOR BEUTLER: Okay. Or it can go to the community colleges for training?

SENATOR ENGEL: Yes.

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SENATOR BEUTLER: Or it can...can it go to private colleges for training?

SENATOR ENGEL: That I'm not sure. I'll check that out for you, Senator. I'm not sure.

SENATOR BEUTLER: Or private businesses, or...

SENATOR ENGEL: Private businesses.

SENATOR BEUTLER: ...private schools?

SENATOR ENGEL: I'll have to check that out for you, and I will do that as we go along.

SENATOR BEUTLER: Well, by the time you check it out for me it will be on Final Reading. That's part...

SENATOR ENGEL: I can check that out for you, Senator.

SENATOR BEUTLER: ...that's part of my problem with this.

SENATOR ENGEL: If you give me ten minutes, I can check that out for you.

SENATOR BEUTLER: Okay. Thank you. I'll be interested in further discussion on this.

SENATOR SCHIMEK: Senator Beutler, are you done? Thank you. Senator Bourne is next, followed by Senators Price and...Preister, Louden, Raikes, Brown, Pederson, and Redfield.

SENATOR BOURNE: Thank you, Madam President and members of the Legislature. Would Senator Engel yield to a question or two?

SENATOR SCHIMEK: Senator Engel, would you yield?

SENATOR ENGEL: Yes, Senator Bourne.

SENATOR BOURNE: I'm not going to say anything about the fact

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that the iron claw of the Appropriations Committee appears to be crushed, or that when it's money, \$16 million, that the Appropriations Committee, or a couple members of the Appropriations Committee want, that it gets amended here. I'm not going to even discuss that. But what I do want to talk about is how procedurally this is happening. And I'm following up on a little bit of what Senator Beutler mentioned. This money is being appropriated to effectuate the training bill that you had introduced?

SENATOR ENGEL: Would you repeat that? I'm sorry.

SENATOR BOURNE: This money, this \$16 million, is being appropriated to carry out or effectuate the training bill that you introduced this year that's in...that's in LB 312?

SENATOR ENGEL: Yes, sir. Yes.

SENATOR BOURNE: Okay. Why, Senator Engel, I guess...

SENATOR ENGEL: Well, it was...I'm sorry, that was a separate bill. LB 716 was my bill.

SENATOR BOURNE: And is LB 716 in the package, the LB 312 package?

SENATOR ENGEL: It's separate.

SENATOR BOURNE: And where is that in the process?

SENATOR ENGEL: Well, as I explained to you in my testimony here, it's a transfer of funds from the Cash Reserve Fund.

SENATOR BOURNE: No, no. No, no, Senator Engel, I guess...so here's what...we're transferring \$16 million to DED for them to use for training. And what I'm saying is, what are the parameters that they can use this money for?

SENATOR ENGEL: Well, see, the contract will be between DED and those facilities they use to do the training--community colleges, et cetera.

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SENATOR BOURNE: And who...who are those facilities?

SENATOR ENGEL: And they're the community colleges, they're the...it could be any other educational institutions. It could be, again, it could be even the labor forces and so forth, wherever. It's the type...it depends on what they need, the type of jobs coming into the state of Nebraska. It depends on the expertise they need where the DED will make the contract for the training.

SENATOR BOURNE: So how many people are at DED?

SENATOR ENGEL: I can check that out for you, too, sir. I do not know.

SENATOR BOURNE: Is there a board? I mean, so is one person who's administering DED has control of \$16 million on...

SENATOR ENGEL: I'll have the staff check that out for you here. I don't know exactly how many are over there, but there's several and they...and they have different types of expertise. I believe there's seven, seven of them.

SENATOR BOURNE: But who...so is...the head of DED can simply say, okay, we want ABC company in here. Here's \$2 million so that you can train your people to manufacture widgets?

SENATOR ENGEL: Well, it's like every other economic development situation we have. We're trying to bring in companies that have good jobs, and that's what they're going to depend on.

SENATOR BOURNE: And I...Senator, Senator Engel, I don't dispute the process at all. I think we do need to have training dollars. But it appears to me that we're simply transferring \$16 million to the Department of Economic Development for them to use in any manner that they see fit to perform training. And, you know, we had a bill earlier that Senator...that came out. It was a bill that Senator Redfield carried regarding affordable housing, and my community had applied for grants and has been turned down on every one of those, and so we're looking

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at amending it now so that there has to be parity, meaning that they can't just give all the money to the city of Lincoln or the city of Omaha or the city of Norfolk, that there has to be some sort of equality, and I support that. And so what I'm...what I'm asking you is, so how do we know that that's...when you talk about training dollars, that it's not going to all go just to, say, the friends of the person that's running DED? And I'm not criticizing that individual at all. I'm saying I want to know, before I'm going to support a \$16 million expenditure, I want to know what the parameters are...

SENATOR SCHIMEK: One minute.

SENATOR BOURNE: ...on where this money goes, to whom, how much each individual can get, what type of business are we attracting here. I mean, I think you're asking us to do...to, you know, jump a pretty high leap here on...of trust that this money will be appropriated or will be used appropriately.

SENATOR ENGEL: Let me give you a situation here. Business training plan must be submitted to the department and include the following: a description of the business, its products and/or services, and the other business information as required by the department.

SENATOR BOURNE: But, Senator, Senator Engel, where is that language from? Is that from a statute that is already in place?

SENATOR ENGEL: Yes, it is. It is in statute right now, 81-1201.21, Job Training Cash Fund they call it. Yes, it is a statute.

SENATOR BOURNE: It's 81-...

SENATOR ENGEL: It's 81-1201.21.

SENATOR BOURNE: Okay, so when I asked you earlier how this fit with the training bill...

SENATOR SCHIMEK: Time.

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SENATOR BOURNE: ...you introduced...

SENATOR SCHIMEK: Thank you, Senators Bourne and Engel. Senator Preister, your light is next.

SENATOR PREISTER: Thank you, honorable President, friends all. I appreciate Senator Beutler raising some of the procedural questions because this is something that I think needs a little more debate than simply a Select File discussion, although we're going to have that now. Senator Engel, I also would like to engage in some dialogue with you, if I may, please.

SENATOR SCHIMEK: Yes, Senator Engel, would you respond? I'm sorry.

SENATOR ENGEL: Yes, I will. Yes.

SENATOR PREISTER: Senator Engel, I, too, am interested in procedurally how this money would be disbursed. I'm interested in what kind of guidelines there are, and I'm assuming that you're getting some of that specific information. And let me tell you part of where my concern is coming from. When you said we have limited dollars for job training, it seems like we have a wonderful Information Technology Center at the University of Nebraska in Omaha now that has just been developed that provides wonderful job training. We have a high quality university system that provides good job training. We have community colleges, which have been mentioned. We have union apprentice programs which have been mentioned. We have other private technical colleges. So we have a lot of quality, I think, education and job training in the state, including our own public education system. I don't want to see duplication of the programs we've already got established. I don't want to see money put into what is starting to sound like a "trust me" program and duplicate things that we're already doing that we have good quality programs and technical people working on. And so where I'm coming from is some oversight on these funds and how they're going to be spent and whether or not the Legislature has any of that oversight. So I guess my question is, as you're getting these answers together, I would like to know what the parameters are for the distribution of these funds and what

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oversight the Legislature has on them, and how much more than just a "trust me" is this program going to be.

SENATOR ENGEL: I will respond to that. There are a group of six who review the requests and they recommend to the director of DED, who signs off on the request. Now, they can contract with all of the folks that you've been discussing here. They can contract with any of those organizations and people to provide the training, if necessary, but where the money is necessary is because we need more money into those training programs so that we can train more people. That's what it's all about.

SENATOR PREISTER: So they could contract, but there's no responsibility of obligation. They could set up their own program and create a whole new training program if they chose to, even though the same service may be available already at a lower cost or at no cost to establish it.

SENATOR ENGEL: Well, I'm sure they could, but why would they? Why would they do that?

SENATOR PREISTER: Well, and...

SENATOR ENGEL: I mean that is...the point here is to bring jobs into the state of Nebraska. It's not to decide whether we can set up new programs. If you've set up the...if there's existing program they can use, that's where they'll put their money if that will satisfy this particular industry. If they have to develop a new program, that's where you'll go to your community colleges or others to develop a program. These, we need people trained in making, like Senator Bourne says, special widgets, then let's train them.

SENATOR PREISTER: But, Senator, you're a fiscal conservative, I know, and you don't like raising taxes, and yet you're willing to give over \$16 million without any assurances or any parameters built in that these programs would not be duplicated?

SENATOR SCHIMEK: One minute.

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SENATOR ENGEL: This is always...this is already going into the department of DED. We've already set up in statute what they do, so it's not like we're not putting it into somebody we trust, because we've already given them that trust. Now we're just giving them the money to go along with it.

SENATOR PREISTER: But this is a whole lot more money and it sounds like we're giving them more money for more latitude. And maybe we don't have enough requirements in place currently. You're raising the issue, which I think is a good thing, and that's why I think this discussion is helpful. So I hope that we have enough safeguards built in that this money is going in the most cost-effective, the best possible way of providing the job training, which I would agree with you we do need to provide, but I want to make sure we're doing it in the most cost-effective way and not replicating services and utilizing those existing facilities, services, schools,...

SENATOR SCHIMEK: Time.

SENATOR PREISTER: ...that we have currently available. Thank you.

SENATOR SCHIMEK: Thank you, Senators Preister and Engel. Senator Louden, your light is next.

SENATOR LOUDEN: Thank you, Madam President and members of the body. LB 716, when it was in committee, I was somewhat dubious about it, and my mind hasn't changed yet. When it was done as a bill, it looked like to me that part of it should have been deleted out of it, because in Section 3 of that LB 716 bill, why, we have the Advantage Nebraska Workforce Training Institute, and that's mentioned in there. But then, when you get into Section 5, it gives them the authority to work with the, not only technical schools and community colleges and all, but then you get to use Nebraska employers. And sometimes when you're putting money out like this to have Nebraska employers train their own people, I'm kind of wondering if this is what we should be doing. A lot of times these areas like that, they train their own people and then the state picks up part of the cost of their labor bill and, consequently, actually what the

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employers are doing are getting people for half price or even less than that, because the state is paying part of their hourly wage. And I've had a problem with this all along. So I was wondering if Senator Engel would yield to a question, please.

SENATOR SCHIMEK: Senator Engel, would you yield?

SENATOR ENGEL: Yes, I will.

SENATOR LOUDEN: As you put it, when you put it in the appropriations bill, does that still include Nebraska employers? Then you mentioned to Senator Synowiecki that the labor unions could tap into this money, too, to train people. Is that in the appropriations bill, or is that in that 81-1201.21, or is that...how does that come about? Who all gets...who all gets to use this money to train people?

SENATOR ENGEL: That's already in existing statute, Senator Louden. We're not changing the statute. We're just adding money.

SENATOR LOUDEN: Now, how much money has been in there already?

SENATOR ENGEL: I believe it's about \$2 million.

SENATOR LOUDEN: Then we're increasing this sum significantly.

SENATOR ENGEL: That's...

SENATOR LOUDEN: I mean that this is enough to make the big boys look around and see if they can't get a piece of that, right?

SENATOR ENGEL: Well, we're looking for more industry to come in. And this also applies to rural areas, not just to Omaha and Lincoln. This also can be utilized in our rural areas for training for small industries. If you have a small group out there that needs training, trained people, they can...they can apply for this also.

SENATOR LOUDEN: Well, that's...I agree, because that's how I'm familiar with it, because I've been next to some small

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manufacturing establishments and that's what they were doing. They were getting state money to train their people and they were actually...weren't paying them much more than the money they were get to train them. And I didn't really think that was a nice way to do business with those folks. I think we need to train people and I don't mind having our community colleges and our technical schools and places like that do that. For \$16 million, we can fund our community colleges quite a ways down the road, which would help alleviate some of the property tax deal. I couldn't support this thing when it was in committee, and at the present time, as long as there's in there where most anybody can tap into it, I still can't support it. I think it's a whole lot of money that...that sounds like an awful lot of training, \$16 million. I thought we could run some of these smaller colleges for not much more than that. So thank you, Madam President. I'll turn my time back to the Chair.

SENATOR SCHIMEK: Thank you, Senators Louden and Engel. (Visitors introduced.) The next speaker is Senator Raikes.

SENATOR RAIKES: Thank you, Madam President, members of the Legislature. Senator Engel, I have a couple of questions I would like to ask you.

SENATOR SCHIMEK: Senator Engel, would you respond?

SENATOR ENGEL: Yes, I will.

SENATOR RAIKES: Senator, this is off a little bit in a different direction, but in the realm of business tax incentives, does the phrase "walking around money" mean anything to you?

SENATOR ENGEL: Not necessarily.

SENATOR RAIKES: Well, what I'm trying to get at is suppose a company comes to the Department of Economic Development of Nebraska and says, look, the state of Iowa has got tax incentives and all that, but they've got \$1 million they can hand us up-front. So, unless you can give us \$1 million up-front, you're out of the running.

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SENATOR ENGEL: May I respond to that?

SENATOR RAIKES: Please.

SENATOR ENGEL: The situation is, is if you don't...if you don't have any job training money available when people...when somebody says, I want to come in there but this is what I need, can you train workers for me, well, how can you do that if you don't have money there? That's what this is all about. That's why we...this...that's why we took it out of Cash Reserve and that's why we have the two-year window on it. If it's utilized, it's used, but it is there in case they want to come. If it's not utilized, it goes back into the Cash Reserve.

SENATOR RAIKES: So, if I understand you, the response to this company that's shopping between Nebraska and Iowa might be, no, we don't have \$1 million up-front, but if you have training needs for your workers that amount to \$1 million, we'll pay for that.

SENATOR ENGEL: That's what this is about. Yes, it is.

SENATOR RAIKES: Okay. So, in effect, you...it is possible then you could convert a request for training into more or less cash money.

SENATOR ENGEL: Yes. Yes.

SENATOR RAIKES: And let me ask you this now. Would...suppose the company said, well, look, we've got our own in-house training program and so if you'll hire us to train our own workers, that would...we'll go along with that.

SENATOR ENGEL: Well, I think that would revert back to that group of six who reviews these requests and recommends what we do. I don't think any company would come in and say, we'll train our workers. I think they'd want to...I'm sure they would, this group of six would check all that out to make sure that's the training they need and that they will carry it out and it is worthwhile, and it's going to bring in more jobs.

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Otherwise, they're just not going to hand them money.

SENATOR RAIKES: Okay. I think I understand that. So there is possibly a line you can't cross there. You have to convince this group of six, the people in charge of this, that, no...or they may well say, no, you can't use your own in-house training; that we'll pay for the training if it's at a community college in Nebraska, for example, or something like that. Have I gotten that correctly?

SENATOR ENGEL: That is correct. Yes, it is.

SENATOR RAIKES: Okay. Well, there are some things that I need to have clarified. I think we have stayed out of, in the realm of business tax incentives as a state, the sort of the cash payments up-front. The argument has always been that these are performance based; that you're not going to get anything from the state of Nebraska until you, as a business, have performed, that the jobs are created and all that sort of thing. I'm concerned that this is a violation of that.

SENATOR SCHIMEK: One minute.

SENATOR RAIKES: On the other hand, there's some things I like about this.

SENATOR ENGEL: Oh, good.

SENATOR RAIKES: One of them is that this is money that goes into a fund, Cash Reserve Fund. It is one that we are not hung with. When we get down the road and run out of money, we can cut this program. We can end it. We can say we can't afford to do this anymore, whereas the business tax incentive programs we passed a day or two ago...or, no, we didn't pass them, we advanced them, I'm being optimistic...go on. I mean, there is no way out of those. We're stuck with that. And if it is the case that this is money to be used in, say, a community college or other public university, at least the money from the state of Nebraska is going to the institutions that the state supports. So if that's the case, those are a couple of things I like about this. I am concerned about the walking around...

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SENATOR SCHIMEK: Time.

SENATOR RAIKES: ...money. Thank you.

SENATOR SCHIMEK: Thank you, Senator Raikes and Engel. Senator Brown, your light is next.

SENATOR BROWN: Thank you, Madam President and members. We have had this program for...since 1994, I believe. And the department uses the fund to provide reimbursements for job training activities, including employee assessment, preemployment training, on-the-job training, training equipment costs, and other reasonable costs related to helping industry and businesses locate and expand in Nebraska, or to provide upgrading in skills training of existing labor force necessary to adapt to new technology, or the introduction of new product lines. And what Senator Preister said was absolutely correct. And one of the reasons that I was somewhat skeptical about this in the beginning was because, as compared to a number of states that have this sort of fund, they have it mostly for entry-level, because they do not have as strong of a K-12 educational system. So they are doing training for workers just to be able to do very basic kinds of skills. But the more that you find out about what we need to do to do specialized kinds of training for specialized kinds of jobs in the new technology, it is because we have a good university system and a good community college system. It is because we have the resources that if the...if we can provide a little bit of help for these companies, it's going to be quite attractive to them, because they know that they can get the kind of training that they need, or through the labor unions. It...we have the resources there. But the companies sometimes just need a little bit of help to make sure that the workers can do the kinds of jobs, and especially technological jobs. If we are trying to transition our economy, and take people who may not have had the background that we would like them to have in highly technical kinds of endeavors, this can help the business. The contract is between the department and the business. But the contracts are going to be rated on whether they're utilizing most appropriately the resources that are available in the state of Nebraska. So I

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have been convinced that this is a good idea. And I sort of see this as, we're in a position right now where we have the...some money available, we can add a little bit to something that we've been doing, but obviously not sufficiently, because there's been more demand than there's been available money, we can add to it, and see if it is effective in getting businesses to take a second look at Nebraska, or to expand. I think it's going to be pretty easily...it's going to be easy for us to look at the results and see whether it's been used, who it's been used by, whether it's the kind of jobs that we think that we want. And so we're going to be able to analyze it at the end of two years, and see if it justifies continuing to put the extra money that we're doing on a one-time basis right now. Thank you.

SENATOR SCHIMEK: Thank you, Senator Brown. Senator Don Pederson, you're recognized to speak.

SENATOR D. PEDERSON: Madam President, members of the Legislature, the fact that we're using or purporting to use Cash Funds in this is probably my fault, if it's a fault. I don't think it was a fault. I think the original proposal that Senator Engel had was to use General Funds, and to tie them up at this time. My concern was that if we...it's going to take a period of time. If we're going to get into LB 312 and it's going to be very successful, you're not going to have immediately a bunch of companies that are going to come to Nebraska and say, now we want to employ a bunch of people here; we need training immediately. It's going to be over a period of time. This gives us an opportunity to see how successful this effort is. And if we find that it is as successful as we hope, then number one, we didn't need to tie the money up from our General Funds for a period of time that it's not being utilized. Secondly, we did not need a legislative bill to do this. We already had a proposal, we already have a statute, that provides for this identical thing. So why are we going to have a new law to invest in something we've already got a law to do? And this law is called the job training law in Nebraska. Begins--you probably have there in front of you now, Senator Beutler--81-1202 to 81-1210. It's a rather extensive law. We've had this on the books. We just haven't been utilizing it very well, because we haven't put any money into it. In 2003,

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the printout shows that Colorado spent--this is on their budget for this type of program--\$4,200,000; Iowa, \$27 million; Kansas, \$35 million; Missouri, \$24 million, almost \$25 million; Nebraska, \$600,000. Now,...and Oklahoma was about \$4 million. So, that was budgeted in that year for those businesses...or, for those states, rather, for this same purpose. We want to get into this business in the state of Nebraska. In order to do that, we have to have the ability to call upon funds for this job training. So if Senator Landis' proposal works as successfully as we think it will, then perhaps not this year, first year of the biennium, but perhaps beginning in the following year, they can start to utilize some of that money. If we see it's being successful, then we can add to it. But we can add to it as it appears needed. Now, this customized job training program is not just, what do you think; or, as Senator Raikes has alluded, walking around money. This is a very specific, customized job training program. And it sets up a set of criteria by which any money is utilized out of this job training program. And eligible training projects will include new investments in Nebraska that creates jobs, or do new processes, or purchases new technology or equipment, requiring retraining of existing positions in order to retain those positions in Nebraska. The average wage level of all jobs created or retained must equal or exceed the average wage for job openings in that job service area, as reported by the Nebraska Department of Labor Nebraska survey of hourly wage rates. All jobs must be created within a year, and must be retained for at least two years after completion of the training project. And a business training plan must be submitted to the department, including the following: a description of the business, its product services, and so forth; a description of the project for which the training fund is being requested; the job title and description of the full-time, permanent positions to be created or retained; the number of full-time, permanent trainees for each position;...

SENATOR SCHIMEK: One minute.

SENATOR D. PEDERSON: ...the hourly wage for each full-time, permanent position to be created or retained; and the complete description of the benefit package to be offered. After all of

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those things are submitted, then it is submitted, by this committee of six that Senator Engel has referred to, to the director of the Department of Economic Development, and he operating, as we know, under the Governor, because this is a code agency, it then utilizes the information that's obtained from the various applications. They sort through that and determine whether or not they can do it. We can use existing facilities, and we do. In the community colleges, they train...they help train people now. But this gives funds for the ability to make that training available. This isn't an effort to try and help fund community colleges. That's not the purpose. The idea is to use existing facilities that we have, and allow them to have sufficient funds with which to train the people for the new jobs that we hope to have, and we have to have for our state to be the success we want it to be.

SENATOR SCHIMEK: Time.

SENATOR D. PEDERSON: I...thank you.

SENATOR SCHIMEK: Thank you, Senator Pederson. The next speaker is Senator Redfield.

SENATOR REDFIELD: Thank you, Madam President, members of the body. Senator Engel, can they spend it all in one place?

SENATOR ENGEL: I don't...

SENATOR SCHIMEK: Are you asking a question, Senator...?

SENATOR ENGEL: You're asking a...?

SENATOR REDFIELD: I am asking a question.

SENATOR SCHIMEK: Senator Engel.

SENATOR ENGEL: Can they spend it all in one place?

SENATOR REDFIELD: Fifteen million dollars. Can they spend it all in one place?

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SENATOR ENGEL: I'll have to look at the statute. And I will do that, have someone look for it right now. But I do not believe they can. I don't know why they'd even do that. This is a...this is to entice more businesses in the state of Nebraska, not a business. Because this is across the whole state. This is for rural and urban. It's not just for Omaha or Lincoln or in between these two communities, so.

SENATOR REDFIELD: Well, I understand. But I also know that there have been some very enticing industries that we've wanted to bring into the state. And if that was a big enough company, I just want to know what the parameters of the program is. And I think that's where our discomfort is, that we don't have the rules and regs here in front of us. When you introduced your bill, we knew what was going to be in statute. We're not establishing any statute here, so we don't know what parameters there will be. And in fact, I know that the Workforce Investment Act, which flows through the Department of Labor, also has training dollars. I don't even know how much comes back through the federal government this year. Maybe Senator Pederson will have those figures. And I'll give him some time when I finish. But I know that we have training dollars that flow through that program. And some of them are federal, some of them are ours. And that's a sizeable chunk of change to train people. We do have a program here which I wasn't aware of, and so I don't know the parameters. So if Senator Pederson has the answers, I'd be happy to allow him to respond.

SENATOR SCHIMEK: Senator Pederson, would you respond?

SENATOR D. PEDERSON: Yes, I'd be glad to. If you're talking about the overall concept of what this job training is to do, it is in the statute, in 81-1203. And it says they have to go through the criteria, which is, a business applying for the job must submit a business plan. And the plan must include the number of jobs to be created, the nature of the business, and what I referred to a little earlier. All those details, when I said what is to be in a custom business plan, it's those items. And that's in our statute already. So the direction is not, what do you think; it's statutory.

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SENATOR REDFIELD: Is there a limit to how much any one project can glean from this?

SENATOR D. PEDERSON: I'm sorry, I didn't under...?

SENATOR REDFIELD: Is there a limit to the number of dollars that any one company is to be able to access for training?

SENATOR D. PEDERSON: I think that would be up to the director of the Department of Economic Development. I think that probably the number would depend. And if it appeared that we had so many jobs going to be offered that we needed to give more training, I think that probably we could handle that, as far as our appropriation is concerned. But I don't think there's any definition saying, in this particular job, you have X number of dollars in that particular job. I think that's an evaluation that would have to be made on the basis of the plan that was submitted.

SENATOR REDFIELD: And would they also be eligible for LB 312, if it passes, and these dollars?

SENATOR D. PEDERSON: Now, that, I don't know whether that's...that is not a part of the custom training program. That would be a separate icem. Whether that benefit is derived from LB 775, or a successor, I don't know.

SENATOR REDFIELD: So they could do both? I mean,...

SENATOR D. PEDERSON: Well,...

SENATOR REDFIELD: ...they'd be separate programs, so they could do both?

SENATOR D. PEDERSON: I don't know that this is exclusive. This is just a specific program for the training. And it doesn't bump into any other economic incentive program. It's a separate entity, the job training aspect.

SENATOR REDFIELD: All right. Thank you, both Senator Engel and Senator Pederson. Senator Brown indicated that she has some

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answers, if I could give her the remainder of my time.

SENATOR SCHIMEK: Thank you. Senator Brown, you are recognized. One minute.

SENATOR BROWN: 81-1204 is the job training grant approval and limitations. The Department of Economic Development shall not approve a job training grant which exceeds an average expenditure of \$5,000 per job created if the proposed wage levels do not exceed \$30,000 per year, or which exceeds an average expenditure of \$10,000 per job if the proposed wage levels exceed \$30,000 per year. So that is a cap on the amount of money they get per...for training, per job that is created under the proposal. Thank you.

SENATOR SCHIMEK: Thank you, Senators Engel, Pederson, Brown, and Redfield. Senator Engel, you're recognized to speak.

SENATOR ENGEL: Madam President, I'd like to continue on. First, I think someone asked me a question, whether the company can contract with a private entity. And the company can contract with anyone to train, private or public. But it still has to be approved by the Department of Economic Development. And they're...and they have to have a program that's approved. So it's not going to go willy-nilly to anybody, as far...and there aren't going to be any favors. Senator Raikes mentioned that...and I think Senator Pederson alluded to it, as far as this two-year window on this. And I think that's important. You know, a lot of the bills we pass in the Legislature, we have a sunset on them. Well, this isn't particularly...well, it is a sunset on these dollars. But if the demand is there and it is working, then I think the Legislature, whoever is here now, would want to continue it. But that's a choice they'll make at that time. They'll be able to tell whether it's working, not just have the money sitting out there forever and not being utilized at all. So it will be utilized or it will go back. And if it's utilized, which we want it to be--that's what this is all about, to bring good paying jobs into the state of Nebraska--if it is utilized, well then, I do not know why we would not continue it. If it's not utilized, it's...we haven't lost anything. So with that,...and then, I think also the

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business training plan must be submitted to the department and include the following. I started reading that before. A description of the business' products and/or services and other business information as required by the department; a description of the project which the training funds are being requested; the job title and description of full-time permanent position to be created or retained; the number of full-time permanent trainees in each position; the hourly wage of each full-time permanent position to be created or retained; and a program schedule for the job training project and a description of the training that will occur; and a complete description of the benefit package offered by the business. And these are all the things that they take into consideration. Another thing in Nebraska, through our community colleges, that's one advantage of our community colleges, is that someone comes in...wants to come into the state of Nebraska, and this is what we need. And like Senator Bourne says about these widgets, these are special widgets, not ordinary widgets, and this is the training our employees need. Well, community colleges can set up a curriculum almost overnight to do that training. So we do have...but it takes dollars to do that. They can't...out of their own budgets, they just can't provide all that. So that...we have the different facilities here to do this, but it takes money to do it. And this is to entice good paying jobs in the state of Nebraska. Like I say, we're stagnant. We're a stagnant economy here; 1.7 million people, and not growing. Hasn't grown for years. Now, how are we going to grow this economy? We have to bring in more people with good...more industry, to provide good paying jobs, to retain all the young talent we're losing from the state, and also to draw more people into the state. And the only way we can do that is through plans like this. And from what I understand, across the state...across the country, training is one of the big enticements for companies to come to a state. Because like I say, the job market is changing. It's not...it's changing from labor-intensive to other, more specialized jobs. And we've got different positions. And I know, like, in South Sioux City, where I live, where they're looking for engineers. Well, and they're looking for welders. They're looking at...it goes across the whole spectrum of employment, from the professionals on down to the skilled labor. You know, we do have, as far as

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unskilled labor, we have lots of that in Nebraska. And they're moving in here every day. Now, what we want to do with those unskilled people is give them skills so they can get better paying jobs. And that's what...

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: One minute.

SENATOR ENGEL: ...this job training is all about. So with that, I'll wait for further debate. Thank you.

SENATOR CUDABACK: Thank you, Senator Engel. Senator Bourne, followed by Senator Beutler and others.

SENATOR BOURNE: Thank you, Mr. President, members. All right. I jumped the gun a little bit here. When Senator Engel indicated that the extent of the job training was 81-1201.21, I was concerned, because that language is so broad that it would basically allow DED to give money for any job training activities, including employee assessment, reemployment training, on-the-job training, training equipment cost, things of that nature. And so I was...when I first read this, I was very concerned that we're going from a \$1 million...roughly a \$1 million appropriation to a \$15 million or \$16 million appropriation, without a lot of oversight. That is not accurate. If you go on and read the rest of the section, 81-1202 talks about what grants are. They're very narrowly defined. It talks about, in 81-1203--and I'd urge each of you to read through this. It's 81-1202 through 81-...it looks like 1211. And it's very narrowly defined as to what this money can be used for. Again, they define what grants are. They require that a business applying for the training grant have a specified business plan, which talks about the number of jobs created, things of that nature. Talks about how the DED can approve these grants, and what limits are placed on them. It requires--and this is something that's appealing to me--it requires reports. The business must tell how the grants were used, and the results thereof. It puts on the Department of Economic Development a duty to monitor and audit the project and audit the grants and the progress and the...what came out of

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these grants. It talks about, in 81-1207, how if a business receives a job training grant, it actually creates fewer jobs than stated, the business has to repay the job training grant. I think that's an appropriate thing to do. Then it just goes on and on. There are...again, I was under the impression, given Senator Engel's opening, that the only restrictions on this money were in 81-1201.21, and that's not the case. There's a whole section of statutes that indicates what the money can be spent on, how these grants are approved. And it has...in the statute, it has specific requirements that there's auditing done by DED, and things of that nature. So I am comfortable with this now. Maybe in the future, Senator Engel, when you do an opening, you could kind of explain or flesh out a little bit more what the program is, before people get alarmed and start to question it. But with that, I intend to support the amendment. But I do think, officially, the iron claw of the Appropriations Committee is no longer with us.

SENATOR CUDABACK: Thank you, Senator Bourne. Senator Beutler, on AM1567.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, it's not what we're looking towards and what we're planning to do here, but it's concern about how we're doing it, and making this large amount of money all of a sudden available for this purpose. We're going from a program that...it looks like it's spent between \$1 million and \$2 million a year. And I don't know...I'm not clear as to the \$15 million and how that's going to work. But beyond that, if in fact we're going to start spending larger amounts of money, then I think we should take a close look at 81-1202 and that whole section of statutes. Because it seems to me that they're extremely antiquated. And compared to what the Revenue Committee has done with the LB 312 incentives, I mean, this grant program is very wide-open, depending on how the department wants to interpret things. And possibly--as Senator Redfield has pointed out, there's no limitation on any single grant--a large amount of money could be given to one corporation, and for what purpose, under what criteria. Let me read some of these things to you. Project criteria. A business applying for a job training grant. Well, right there, first of all, it's a business that applies, it's a

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business that gets the money. I don't know to what extent they have to promise to use a community college in some instance, or some other training institute in some instance, whether they write criteria into the plan that forces them to use, for example, a community college if the community college already has a program or can easily set up a program. So first of all, the money is going directly to a business. And they have to submit a business plan, the number of jobs to be created, or the number of existing positions that will be retrained. They have to say that. But there's no criteria over how many. In LB 312, we have some kind of tiered structure with regard to jobs and what we're talking about. They have to give the nature of the business and the type of jobs to be created. All right. But it doesn't say anything more about them. The estimated wage levels. But it doesn't say how high those wage levels have to be, if...at any height. It says a program schedule for the training project. And then they say the program grant must demonstrate that...will be conducted meeting the following criteria. And it sets out some other criteria that then are somewhat vague in...compared to what we've seen with other incentive programs. The wage level of the jobs created will meet the local prevailing average. Local prevailing average of what? And what's local? The jobs created will diversify the local economy. The goods or services produced by the company will be export-oriented. Well, that's an odd one. You mean if...I can't imagine quite how that's applied. If a job...if a big company is coming into the state and they're from Tennessee and they don't do any export business, it's all domestic business, we're not going to give them any job training money because they're not export-oriented?

SENATOR CUDABACK: One minute.

SENATOR BEUTLER: I mean, that's...to me, this is an example of how antiquated some of this language is. Seventy-five percent of the jobs created will be full-time jobs. So 25 percent of them can be part-time jobs. Well, I've got questions about that, too. But in short, I don't know what regulations are in place, whether the Department of Economic Development has regulations in place that further define this, or if the Legislature wants it all to be in the hands of the Department of

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Economic Development, without any further definition and guidelines. But certainly, if this is the statute that we're talking about--and I've pretty much taken you through all the substantive sections that relate to criteria--you've heard it all. And this is a fund that's now...

SENATOR CUDABACK: Time, Senator Beutler.

SENATOR BEUTLER: ...in the amount of \$16 million. Thank you.

SENATOR CUDABACK: Thank you. Senator Brown, followed by Senator Kremer.

SENATOR BROWN: Mr. President, I would yield some time to Senator Pederson.

SENATOR CUDABACK: Senator Pederson, almost five minutes.

SENATOR D. PEDERSON: Thank you, Mr. President, members of the Legislature. I have tried to submit to some of those who had specific questions. And if any of you do have specific questions, I have some material here that I could furnish to you. But essentially, we're not reinventing anything. We are simply utilizing the custom training program that we already have in the state. But this is a one-time \$15 million. It's not \$15 million each year. One-time \$15 million, to be sitting there in a cash reserve. If it's used, wonderful. If it isn't used, then it's going to have to come back at the end of two years. If we see that this plan is really working, then we haven't hurt ourselves by giving it a test run. And that's what I'm proposing that we do by this. If we had taken General Funds, which we certainly could have done, that would be in the program, and just held there, and perhaps not utilized. I hope it would be utilized. But this is an opportunity that we have to set that money aside. And perhaps we need to revise this particular job training statute that we have. But we do have a very specific statute. We have a competent Department of Economic Development. And I think that if we need to work with them on more details, perhaps, in further implementation of LB 312...and I want you to remember, this isn't just for big cities. There are units of LB 312 that apply to the entire

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state one way or another. And this would give an opportunity for training. And probably in some of the more...or, less populated areas, they probably will need more job training. Because if it's a specific plant, they won't have any particular expertise in that area. So this will give them the opportunity to be trained to become productive employees in that business. So this is just one of the facets of the program. I think we have a good program. I think that we have not been moving forward in job acquisitions for the state. Basically, we need these businesses worse than they need us. So that's why we're out soliciting, asking them to come to the state of Nebraska, that we have, as Senator Engel has said, a high level of integrity of workers, and they start to look at that. So we want to provide good jobs for our people. And the way that we do this is to have the program of LB 312. And this is an ancillary part of LB 312. Because it doesn't do any good for us to attempt to bring a business to the state and not give the funding mechanism necessary to train the employees that can make that business a success. This is not a walking-around, not a, just, here's some money to come to the state of Nebraska. This is a specific job training, custom job training. And there has to be the full implementation of the statute, which does require detailed information from the potential employer. And I think that we're probably making this more complicated than it needs to be. I think you just need to look at the facts and see that we want business in the state of Nebraska, we want to have that business have the opportunity to have a trained workforce, and we want to have our Nebraska citizens trained...

SENATOR CUDABACK: One minute.

SENATOR D. PEDERSON: ...to do those jobs, so that they can be successful in their future. Thank you very much.

SENATOR CUDABACK: Thank you, Senator Pederson. On with discussion. Senator Kremer, followed by Senator Thompson.

SENATOR KREMER: Thank you, Mr. President, members of the body. I would like to just make a few comments on how important I think it is to have this job training. First of all, I think this has been part of the package, and is an area that we

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thought was probably lacking in Nebraska, and something that needed to be done. As the example...and I spoke the other day a little bit about the Iams dog food company that's in Aurora, a real example of community support by this dog food company. They are...they run 7 days a week, 24 hours a day, hire over 200 employees. They've expanded a couple different times. New expansion now, \$12 million and 30 new employees. In order to get them to do that expansion in Aurora, DED had to give them some money for job training. They also expanded...they have some plants in North Carolina and Ohio. I think the one in Aurora is the largest one they have in the world, but it's getting to be a pretty big company. Procter & Gamble owns it. They did expand some production, and they went to Ohio for that because they did have a better job training package than what we do in Nebraska. I think it fits in great with our community colleges. Our community colleges do this right now for a lot of companies. And I think another issue that probably comes to light is that we have a pretty low unemployment rate, and we do not have a big job pool...or, a workforce to...pool to draw from. I think the last I saw in Hamilton County was about 2.5 percent unemployment. We have to have people that they can draw from. And if they don't, then it's very important that we provide some training so they can have the type of employees that will fit the requirements that they have in their need. I think this is a great bill that has a lot of flexibility to it. As Senator Pederson mentioned, this is money that's one-time. It's waiting there to be used. If it's not used, it will go back into the reserve. So it's not something that's going to be out there that people are just going to try to spend. But it's a resource that they have available to attract industry into Nebraska. And I think this is very important. Just wanted to mention something that happened real close to home, and how important the job training was there. We did get some expansion, because DED put some money in for that. But we also lost some expansion, and probably another 30 employees and about a like amount of expansion of \$10 million or \$20 million, to the state of Ohio. Senator Pederson, do you need any more time? I guess he's busy, so. Senator Pederson, do you need any more time to...okay. With that, I'll give the balance of my time back to the Chair. Thank you.

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SENATOR CUDABACK: Thank you, Senator Kremer. Senator Thompson, on AM1567.

SENATOR THOMPSON: Thank you, Mr. Speaker, members of the body. Being distributed to you is some information that several of us have been looking at, and I wanted to make sure the rest of the body had it, about the current Job Training Cash Fund. This...you know, no...nothing...there aren't new ideas around here sometimes. Sometimes we take our previous ideas and build on them, and this is probably an example. But in 1994-95, there was something similar done; \$6 million put in the Cash Reserve Fund, when we first started for this job training purpose. When we first started talking about this tonight, I remembered back to the years that I've had on Appropriations, where we look at this fund every year with the Department. And during the budget crisis, we said, use...we took the General Funds back that we had for this purpose, and told them to use their Cash Reserve Funds. I'm just kind of confused as to why we're plucking \$15 million to put into this fund. Some people here think it's hiding the ball, since the department has never used...fully used the money that they've had already, and we keep returning it as it's being hidden, so that a few years from now they can say, hey, we got \$15 million we can use for some other purpose. Now, that's the...that's kind of a sinister mind that thinks of those kinds of things. And you know, I don't know that it's meant to be sinister. But it's a way to hide the ball, hide some money that you can snatch a few years out. I served on both local- and state-level job training programs that monitored these funds. Been a lot of philosophical differences over the years. This is different because it is going directly to businesses, as Senator Redfield and Senator Beutler have been saying, instead of going for other purposes. We've had job training funds that go for the purpose of helping people find jobs. When businesses collapse, we try to help those workers find other jobs. We have job training in...have had job training throughout a variety of state agencies. This is the economic development portion of that amount. I'm not seeing exactly why we don't go through the process of looking at a statute, looking at the bill that's been introduced in this manner, getting more specific, nailing it down, than to just put some money in a fund that we're going to take back if they don't

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obligate it, and then if they don't spend it, when they haven't been able to obligate or spend the amount that they already have. So this is kind of like the arts endowment in some respects. We'll park this money in there, and it will last forever. I guess I wonder if this is just putting some money off budget so we can say we've done a great thing. And we're...all love job training. Nobody in here doesn't think it's important. But I'm concerned that this isn't going to accomplish what you want, that this is just a way to hide some money to use for a couple of years from now. It's kind of a false presentation, by taking it off budget. I'm just confused as to why we would comport to this kind of public policy. Thank you.

SENATOR CUDABACK: Thank you, Senator Thompson. Mr. Clerk.

CLERK: Mr. President, may I read some items before...?

SENATOR CUDABACK: You may.

CLERK: Thank you. Your Committee on Enrollment and Review reports LB 421, LB 422, LB 423, LB 424, LB 737 as correctly engrossed. Study resolutions: LR 115...I'm sorry, LR 115 and LR 116 are normal resolutions, will be laid over, Mr. President. I have an amendment to LB 13 by Senator Chambers; Senator Wehrbein, to LB 90A; Senator Smith, to LB 70A; and Senator Loudon, to LB 673. New A bill: LB 146A, by Senator Price. (Read LB 146A by title for the first time.) (Legislative Journal pages 1486-1489.)

Mr. President, I have an amendment to this amendment. Senator Beutler would move to amend with AM1590. (Legislative Journal page 1489.)

SENATOR CUDABACK: Senator Beutler, you're recognized to open on AM1590 to AM1567 to LB 425. Senator Beutler.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, before I start on this amendment, let me simply ask Senator Engel, Senator Engel, your bill was up on the agenda not too long ago; it's part of the economic development package. If

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there are members of the Legislature that are interested in examining the criteria related to the job training program before we put a lot more money into it, is there any reason why we shouldn't be able to have that discussion?

SENATOR ENGEL: I think we're having that right now, aren't we?

SENATOR BEUTLER: Well, Senator, we're having a discussion, and when the discussion is over, it will be on Final Reading, if it advances,...

SENATOR ENGEL: That's right.

SENATOR BEUTLER: ...which is what you intend, right?

SENATOR ENGEL: Hopefully, yes.

SENATOR BEUTLER: Okay. Thank you. This amendment would basically, first of all, take the...would basically take the money out of the General Fund instead of out of the Cash Reserve Fund. It says that the General Fund money that's appropriated here shall be used for customized job training grants. Any unexpended or unobligated balance in the General Funds designated for job training grants existing on July 1, 2007 shall be lapsed in to the General Fund. So the money will go back into the General Fund. If that's what we want to do, it can operate the same as the Cash Reserve Fund. And any obligated General Fund balance that was not lapsed and that remains unexpended shall be lapsed into the General Fund on July 1, 2008. The history of this program is that we have sometimes...on two separate occasions in the past 14 years, we have put...we have transferred money into the Job Training Cash Fund. In one case, that was from the Cash Reserve Fund, back in '94-95. But generally speaking, the majority of the money, two-thirds of the money or better, has come from the General Fund. And my argument would simply be this, that if this is an ongoing program, it is simply not appropriate to fund it from the Cash Reserve Fund. The Cash Reserve Fund is a fund from which you should make one-time expenditures. You should not be funding ongoing programs from the Cash Reserve Fund, because that leads you to structural imbalances, and when your revenues

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go down you can't fix them. So if it is the intent to now spend a large additional amount of money on this program, then it should come out of the General Fund, so we know where we are in terms of sustaining an ongoing program. If it's not intended to spend the money, and we're just socking the money away and holding it for some future purpose, then I'm not sure that that's a wise thing to do, because I think money should be...the money that's on the table should be there to compete with other interests. There may be other things that are more important to you than another \$1 million or \$2 million of training money. When I get another opportunity, I would like to ask Senator Engel and others how we'd arrived upon \$15 million. We have, in the past, historically, spent between \$1 million and \$2 million a year. And all of a sudden, it's going to \$7.5 million a year. And so I think we should have some explanation of why that amount of money is all of a sudden necessary. What are we going to do differently that suddenly requires a lot more money? And how will that relate to our ongoing business incentive programs? Again, I think it would be useful to at least have an opportunity to look at the criteria of the existing program, or Senator Engel's bill. I don't know what was in his bill. But if we're going to put a large amount of additional expenditure through this program, then let's take a look at how this program is governed, and how the money can and would be used. Those would be the things that would indicate to me that doing this out of the Cash Reserve Fund is a very abnormal process, and an inappropriate process. And it distorts...as far as the public is concerned, it distorts the amount of money we're spending on business incentives, because it's not going to show up as a General Fund expenditure. It will simply be a transfer under the Cash Fund. So I would like to ask you to consider, in the first instance, at least, here, taking the money out of the General Fund. It's...you're in a very handicapped position, in terms of looking at this with a broad perspective, because this is an appropriations bill, and I don't think that there's any way that we can look at the criteria for the program and make any changes to it. So it's like saying, we're going to put all this additional money into the program, but we're going to do it in such a way that nobody has an opportunity to look at the terms and conditions under which the money is going to be expended and see if this body wants to make any changes to that.

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I think it's an appropriate time to look at changes when you're significantly increasing the amount of money running through a program. So I hope that that will generate some additional discussion. And I hope you will follow our more traditional forms of handling these matters, rather than using this particular process, which was never, at least as far as I know, discussed in the Appropriations Committee as we were going through the budget process. Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. Senator Baker.

SENATOR BAKER: Thank you, Senator Cudaback and members. I know there's questions being raised about the amount of money here. But it provides a great deal of flexibility to the state of Nebraska when they're recruiting businesses. And I like to go back to specific examples of how this affects my district, a very rural district, southwest Nebraska. Several of us met with the company out at North Carolina. It seems like...ironic that Senator Kremer is talking about North Carolina and Ohio. But this particular company is headquartered in North Carolina, but also has a production facility, employs, I think, between 90 and 100 people, in Ohio. This was a trailer manufacturing company that came to us, and actually is going to locate, I believe, in Furnas County. That would be, Beaver City is the county seat of Furnas County. About 15 employees to begin with. And you say, 15? But Beaver City is a small town, and 15 employees...and they're skilled jobs, with benefits. They need certified welders. And they're...the president of the company and the CFO were concerned about obtaining certified welders in a very rural area. I'm a farmer, and about any farmer can weld, but I'm certainly not certified. So Mid-Plains Community College has a mobile welding lab that they move around the area. And this would be very fitting for what they need to do in Beaver City, to train these welders to be certified. And that was one of the issues that we brought forward, which was a big plus. But now, if we can help them out by...and we contacted the Mid-Plains Community College, I did, their administrative people there in McCook, and said, you need to contact this company, and so on. And I think...I assume they have. And they will probably be setting up a welding class, I would assume, sometime this summer down there. It's a mobile classroom in a

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van, a semi van trailer with all the welders in it. And they pull it up next to a school or something like that, wherever they can have some classroom accessibility. But they carry the lab with them, the...in this truck...this van, semi van. But they're going to train 15 people down there. And that's fairly expensive, to send these people through a welding course to be certified. And that's one example in rural Nebraska. The second one I'm more familiar with, and that one would be the ethanol plant that located east of Trenton; 35 employees. You don't hire 35 employees, say, there's the plant, get going, let's produce ethanol. I watched those people. A lot of of them were local people they hired. And they sent those employees to various locations for a month, four weeks. They worked...they went to class for a week, they'd work in an existing plant for a week, they were back in the classroom the third week, and then back in an existing plant the fourth week, before they were ready to go to work. That was a month of training. Some of them...most...it was all away from home, and nearly all of it was away from home. So they sent 35 employees, trained them for a month before they were ready to operate that plant. That cost them a lot of money. And that was an issue with the ethanol plant owners that located there in Hitchcock County. My point is, there's going to be other ethanol plants the same way. We have one being built there in Lexington, which we had some funding approved for yesterday in LB 90. This could help them out tremendously. And if we're going to continue to promote industry...and I'm putting it back in my district, with ethanol plants. They have two others out...or, three others, actually, thinking about building plants. They can use this. You have to train these personnel. And it's a big-ticket item when you're talking about 35 employees for a month training. So we need that flexibility built in. And I think someone else in prior conversation said, we might just use this. That LB 312 package could very well be successful beyond our wildest dreams, which I hope it is. And then we're going to need that training. So that's a couple examples I can point out in my very rural District 44. And I think it's very important in job recruitment. With that, if I...I don't know how much time I have left, but I would yield what time I have left to Senator Don Pederson, if he would like to use it. I believe he's in a conversation. But I think I have a couple minutes left. Would

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that be correct?

SENATOR CUDABACK: One minute, Senator Pederson.

SENATOR BAKER: One minute.

SENATOR D. PEDERSON: Thank you, Senator Baker. I'll try and squeeze what I was going to say into one minute. I think that there is a misperception being proposed, and that is that budgeting and spending are the same thing. They're not the same thing. What we wanted to do by this amendment, what I wanted to do by this amendment, was to say, okay, there's money available for this purpose. That doesn't mean that it's going to be spent at that time. I don't think it will be. I don't see how it could be, right away. It will have to evolve as new businesses start to come in. And as to the distinction between General Funds and Cash Funds, that is virtually immaterial. Because how would we do this proposal of Senator Beutler? We would transfer from the Cash Funds to the General Fund, and then do it this way. So it's...we're just bouncing it back and forth. The point is that we are trying by this measure to...

SENATOR CUDABACK: Time, Senator Pederson.

SENATOR D. PEDERSON: Okay. Thank you.

SENATOR CUDABACK: Thank you, Senator Baker and Senator Pederson. Senator Janssen, followed by Senator Stuhr.

SENATOR JANSSEN: Thank you, Senator Cudaback, members of the Legislature. I pulled the bill up that this idea came from. And in it, it says, institute may enter into agreement with a postsecondary technical school, community college, or other educational institutions and a Nebraska employer to provide for custom training needs for projects submitted by that Nebraska employer. Well, I'm...you know, this is going to be an advantage for that company, or that...and for the employee. But the employer is going to ask a community college or university or technical school for assistance in educating that worker for a particular job. Now, that is going to be advantageous to that employer. And I visited with Senator Pederson just a little bit

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ago, and I asked him, you know, would there be any reimbursement then from that company, who is needing that technical assistance and needing those workers? Now, you know, it could be anything from a...all right, a dog food factory where they blend and mix grains and animal by-products and so on. Would they need a chemist or something like that? Yeah, I was wondering if there would be any way that the employer could pick up part of that expense. I mean, it would be beneficiary...it would be beneficial to them having that person being trained and so on and so forth. Well, Senator Pederson said that there was...you know, I don't think any other state does that. But you know, that's food for thought also, that business could kick in something, because they are the ones that are going to be beneficial from the employee being trained for that particular job. That does concern me a little bit. Maybe that could be worked in. But I...basically, the idea of this...you know, I think it's a good idea. You know, here we are, kind of on the 11th hour, starting to look at this. But the bill did come through the Banking Committee. And I visited with Senator Mines a little bit about that. And it came out with one abstaining and one no vote. But I noticed the people who were there were Behlen Manufacturing, Nebraska Chamber of Commerce, Lincoln Chamber, Nebraska Bankers Association, Economic Development Association, Metropolitan Community Colleges, and so on, so forth. I...you know, here we are on...at practically, as I said, the 11th hour, discussing this. I wish it would have been a little bit earlier and we would have had time to look at it and get...orient ourselves a little bit better than that we are right now. So with that, I would give the rest of my time back to either Senator Engel or Senator Pederson, to allude on the fact that maybe we can have some reimbursement back from those employers who are going to be benefiting from this. So either one of you would like some of my time, I'd certainly give it to you.

SENATOR CUDABACK: Which...Senator Pederson, you may.

SENATOR D. PEDERSON: Thank you, Senator Janssen and Senator Cudaback. I think...we talk about 11th hour. I don't know. We only had the budget, what, last Thursday. Okay. And what was that, the 10th hour? Then this is the 11th hour. When did we

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have the economic incentive program? It was...

SENATOR CUDABACK: One minute.

SENATOR D. PEDERSON: ...day ago, or so. So anyway, I think that we started looking at this tax advantage, Nebraska Workforce Training Institute that's called for in Senator Engel's bill, we already have the same stuff in our statute. So the question was, why are we going to have a new statute setting up a program that we already have? And so we felt that was kind of futile to do. And once again, I would say that what we're doing is setting up money, and there's absolutely no difference in this case between Cash Funds and General Funds. What we are trying to show to any potential employer is that there is money available for job training in Nebraska. And it's a budgeted item; it's not a spent item. And it's an item that is there so that our economic developers can say, if you bring your business to Nebraska, there is a fund by which we can assist in training your employees. And I think we can look into the idea of whether we can obtain some kind of a cooperative effort by the employer to help...

SENATOR CUDABACK: Time, Senator Pederson.

SENATOR D. PEDERSON: ...contribute to that. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson and Senator Janssen. Senator Stuhr, followed by Senator Beutler.

SENATOR STUHR: Thank you, Mr. President and members of the body. I feel that I need to make a few comments on this subject that we're talking about. I do support the concept of workforce training. I think that has been the general consensus this afternoon. And I do agree that we need the high-paying jobs if we're going to retain our young people. But I do have some concern about the large amount of money that we are setting aside for this program. I also have some concern about how we are hurrying to get this accomplished. I feel that we need more time to look at the criteria of the program. I wanted to ask a couple questions of Senator Engel, if I might.

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SENATOR ENGEL: Yes, you may.

SENATOR CUDABACK: Senator...senator.

SENATOR STUHR: Senator Engel, when...it's my understanding that what we are discussing now is that we are not discussing LB 716, that that bill is more or less dead, and that we are looking at the statutes that are presently in...or the provisions that are presently in statute.

SENATOR ENGEL: That's true.

SENATOR STUHR: Is that correct?

SENATOR ENGEL: That's correct.

SENATOR STUHR: When was that statute written?

SENATOR ENGEL: Here, I've got it in front of me, if I can find out when it was...1998, I believe.

SENATOR STUHR: 1998? There's been some concern about, maybe those are not...some of the provisions in that statute are not really what we want to accomplish. And I guess that's what I have concern about, is that...what would be so wrong about taking six more months to really look at this, and come back with something that we are...that has been more carefully thought out? That is one of the things that is bothering me at this point. Also, which, accountability comes in. Where is the accountability? We don't know exactly how the program is going to be administered. I just...I feel that this is something that we need to do. I would feel much more comfortable with a smaller amount of money, since actually it's been shown that we haven't used the amount of money previously that was set aside. But I think that we can certainly show our intentions that we're working on this. We just passed a major business incentive bill--I mean, we didn't pass it; we passed the first round--a couple days ago. I just don't see, you know, why we can't take a little bit more time. I...the one thing I do really support is using the community colleges, the technical colleges, the postsecondary colleges for that additional training. But

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Senator Engel, I'm also wondering, I understand the community colleges have had large enrollments, they've had to do expansion. Are they going to be able to just immediately handle some of these training programs?

SENATOR ENGEL: Senator Stuhr, that's the advantage of our community colleges. They can respond more quickly than any other education institutions. That's what they're all about. So yes, they are totally in favor of something like this.

SENATOR STUHR: Where would they find the space?

SENATOR ENGEL: The space?

SENATOR STUHR: Yes.

SENATOR ENGEL: Well,...

SENATOR STUHR: I mean, I understand...I know when we visited out in Scottsbluff, they had a program that they were...a training program that took quite a large amount of space, you know, to do...

SENATOR ENGEL: Yeah. Right.

SENATOR STUHR: ...the training of the employees. And what the...which I think is wonderful that they've had the increase in students. But I'm wondering if they're going to be able to come up to speed as quickly...

SENATOR CUDABACK: One minute.

SENATOR STUHR: ...as they need to.

SENATOR ENGEL: What they've done in the past, like, up in our area, they've utilized existing space within the communities. They found space here, found space there. So if this occurs, they will find the space, I'm sure.

SENATOR STUHR: All right. That is a good point. Thank you. Also, I can't help but mention that for a number of years I have

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brought before the body and discussed the importance of K-12 career education. And we never can find even \$.5 million to support that program. I guess maybe I was ahead of my time, because all of the schools are really looking at this, businesses are looking at career education, beginning in, actually, kindergarten, and going through and preparing students for the many careers that are before them today. And I would hope that...and I could see this piece as being a very important part of what we are talking about today in the workforce training. With that, thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Stuhr. Senator Beutler, on AM1590 to AM1567.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, I think there is a very important difference between General Funds and taking something on a one...on an extensively one-time basis from the Cash Reserve Fund. I asked the director of Economic Development whether they could use these monies, and he said, certainly, we're going to use all the money. Well, if you have a \$7.5 million ongoing expenditure...because if you start offering these incentives, job training incentives, at the level of \$7.5 million a year for two years, you're not going to suddenly stop and not offer any job training anymore. You're going to be in the habit. The expectation is going to be there. It's going to be an ongoing \$7.5 million expense. And that may well be okay. But we shouldn't pretend that it's a one-time expense, and take it out of the Cash Reserve Fund and kid ourselves about the ongoing structure of our expenditures. We need to do what we do with all expenditures that we consider truly to be ongoing. That's to build it into the base and expend the General Funds. Because the Cash Fund won't be there forever, and we shouldn't be stealing from the Cash Fund to start a program that we really need to fund on an ongoing basis. So if you're going to do what we traditionally do, for the reasons that we traditionally do it, then this amendment makes total sense. It should come out of the General Fund. Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. Senator Brown. Is Senator Brown on the...yes, she is.

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SENATOR BROWN: Mr. President, members, in response to Senator Beutler's comments, this is a program that has had more money in it and less money in it, depending on the availability of funds. And if you are doing job training, if you are...if it's an ongoing thing, I can agree with what Senator Beutler is talking about. But what I...but in most cases, this is not an ongoing program. We are talking about specific kinds of grants for specific kinds of training for specific individuals within a company. It is not an ongoing thing that says, we are going to do all the training needs for a company ad infinitum. One of the reasons that I think that this is an important thing for us to look at is, in all the other economic development activity, the benefits accrue to the company. In this, the benefits accrue to the employees. They learn something, a skill, a new technology, that they didn't know before, that they can...they retain that, and can use that to help them get higher salary within that company, or leave that company and utilize the training that they've received. And so it's really about the individuals much more than it is about the company. It's attractive to companies, especially companies that have highly specialized needs. What I've heard from our community colleges is that it's very expensive to design specialized kinds of training for companies. And yet, that might be what they need. What the individual receives is a specialized kind of training that is...that helps them in their ability to do the job that they're currently in, and might help them in doing jobs in the future. And I think that that's a good thing. And I would yield the rest of my time to Senator Pederson, if he would like it.

SENATOR D. PEDERSON: Thank you, Senator Brown, Mr. President, members of the Legislature. The other part of the proposal that I submitted here is taken up in LB 427. And I'll read to you a bit from that. And it says, money may be transferred to the fund pursuant to subdivision so-and-so, and from the Cash Reserve Fund at the direction of the Legislature. The department shall establish a subaccount for all money transferred from the Cash Fund to the Job Training Fund or...on or after July 1, 2005. Any unexpended, unobligated balances remaining within the subaccount on July 1, 2007 shall be

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transferred by the State Treasurer to the Cash Reserve Fund no later than July 16, 2007. Any unobligated amounts not transferred from the subaccount that remains unobligated on July 1, 2006 shall be transferred to the State Treasurer to the...from the Treasurer to the Cash Reserve Fund no later than July 10, 2006. So what we've tried to do is establish, okay, let's transfer this fund. And I think it's virtually immaterial. Maybe there's some cosmetic aspect of this that I don't understand. But whether it's Cash Funds, whether it's General Funds, what we're portraying to any potential business...and believe me,...

SENATOR CUDABACK: One minute.

SENATOR D. PEDERSON: ...in concern to what Senator Stuhr was saying, there are companies that are looking at Nebraska. We are in competition in this level. And to wait six months to say, well, we'll think this over and see if we should set up a fund, I think defeats the purpose of attempting to have economic development in the state. I think we...and we can rely on the fact that with the Governor, who is actively interested in all of this, and the Department of Economic Development, we can make rules and regulations that will carry out what we want to have happen with this. I think we're making this more complicated than it need be. And I think the simple matter is that we need to have a demonstration that we have money set aside for the purpose of job training in Nebraska. That money can be utilized by economic developers to attract new businesses to the state of Nebraska. I don't think we can afford to wait on that. Thank you.

SENATOR CUDABACK: Senator Pederson, we're now on your time, if you care to use it. He waives his time. Senator Mines. Is Senator Mines on the floor? I do not see Senator Mines. Senator Kremer. Senator Kremer.

SENATOR KREMER: Senator Pederson, would you like my time?

SENATOR D. PEDERSON: No thank you.

SENATOR KREMER: Okay. I'll waive.

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SENATOR CUDABACK: Senator Kremer waives also. Senator Thompson.

SENATOR THOMPSON: Thank you, Mr. President, members of the body. And I've been off mike, trying to figure out why we're doing it this way. And I guess I do have some concerns about putting it into the Cash Reserve, for the reasons Senator Beutler said. I do think that if we...I went to presentations before the session where this job training money was discussed, and how important it was to offer it to companies that were coming in. And I have the statute for...that was written...this is back in the mid-nineties. And whenever you do these things, you kind of get them dated in time. And I'm concerned, from a lot of what I've sat in on--and I...if Senator Brown is on the floor, I may ask her about these. But in the metro area, we have great opportunities because we have the STRATCOM mission, we have opportunities because we have research institutes of biomedicine. But this particular statute we're going to do it through states that it has to be used...or, the companies must be for goods or services produced by the company that will be export-oriented. And I didn't ask her ahead of time, but since she's standing there and I know she spends a lot of time on economic development issues and the kinds of jobs that we're looking for in the state, this kind of directs it back toward manufacturing and ethanol and some of that kind of stuff. I'm just worried that this is a little narrow. And I'd ask Senator Brown to address some of those...the jobs of the future, and the things that we're trying to attract, at least in the metro area,...

SENATOR CUDABACK: Senator Brown.

SENATOR THOMPSON: ...how they'd fit under this.

SENATOR BROWN: And I would agree with you that that language might be a little bit out of date, and we might want to look at it, except for the inclusion of the word "services." And so much...otherwise, it really..."goods" really would be more of a manufacturing thing. But much of what we are involved in in this sort of new economy, the jobs, especially, around Offutt,

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those kinds of jobs, are services. And they are export-related, because a lot of time they're for the...through the federal government. And so it's not necessarily a Nebraska-based company buying those services; it's the federal government buying those services. So I think the idea of services being included, and the idea of it being an export, I think...I don't think it is...the language says that it absolutely must be. But I think that we should be...

SENATOR THOMPSON: It does. It does. That's okay.

SENATOR BROWN: That we should be looking for bringing money in from outside the state.

SENATOR THOMPSON: Right. I'm just concerned that this is the vehicle, and not Senator Mines' and Senator Engel's priority bill, that was...that went through a legislative process this year, that might be a better way to approach this than to put it...and I appreciate it. Thank you, Senator Brown.

SENATOR BROWN: Okay.

SENATOR THOMPSON: That this is kind of clumsy. And I'm worried that it limits us significantly on the kinds of things that we have the opportunity. Maybe you can crowbar it in here, or, you know, dance with the words. But clearly, back in the mid-nineties...I'm trying to remember. I was on the Governor's staff then, and we, you know, were talking about ethanol and were talking about exporting beef, a lot of those kinds of things. And my guess is...and I was asking some members of the body when this passed, what...

SENATOR CUDABACK: One minute.

SENATOR THOMPSON: ...was this about? And you know, it's kind of hard to remember back 12 years on it. But I think it would be cleaner and more effective if we went through the regular bill, legislative process, than to set aside Cash Reserve Funds for something that, if we beef it up to this level and if in fact DED is even able to use it at this level, there will be an expectation in two years for those economic developers using

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this tool. And I think we should be using the right tool, having the right public policy. And I think it should be General Fund. Thank you.

SENATOR CUDABACK: Thank you, Senator Thompson. Senator Kruse.

SENATOR KRUSE: Thank you, Mr. President and members. I stand to oppose the Beutler amendment and the draw from the General Fund on this, and to support the idea of the Cash Fund. And I do that for one clear reason. That is, I'm not confident that this is a program that we really operate. Now, DED is quite willing to look over their regs and review that and make it...and adjust to whatever we do here. But the success of this program depends upon others coming in. And we don't know what that's going to be. I would certainly hate to commit General Funds to something that we leave out there on the table. General Funds should be spent. It seems to me this is an appropriate use for Cash Funds. What...how much it would take to begin with is certainly up to talk. But it needs to be from a Cash Fund so that we can accommodate the unevenness as we get going in a serious way on this program--we really have not been serious about it--see how it goes, and then in the next biennium, clearly make it a part of the General Fund when we have a reading of what should happen to it. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Kruse. Senator Baker.

SENATOR BAKER: I call the question, please.

SENATOR CUDABACK: The question has been called. Do I see five hands? I do see five hands. The question before the body is, shall debate cease on AM1590 to AM1567? All in favor vote aye; opposed, nay. We're voting on ceasing debate. We're voting on ceasing debate.

SENATOR BEUTLER: Senator Cudaback?

SENATOR CUDABACK: Senator...

SENATOR BEUTLER: I would ask that we not...that you rule that

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debate would not be ceased, on the basis there hasn't been a full and fair debate.

SENATOR CUDABACK: Senator Beutler, there has been about 10 people speak on this, plus about 19 on the other topic. And I will rule that there has been a full and fair debate, being as they are similar subjects. Thank you.

SENATOR BEUTLER: Okay.

SENATOR CUDABACK: Senator Baker, what purpose do you rise?

SENATOR BAKER: I would ask for a call of the house, please.

SENATOR CUDABACK: There's been a request for a call of the house. All in favor of the house going under call vote aye; those opposed vote nay. Record please, Mr. Clerk.

CLERK: 13 ayes, 1 nay to place the house under call.

SENATOR CUDABACK: The house is under call. All unauthorized personnel please leave the floor. Unexcused senators, report to the Chamber. The house is under call. Senators, please check in. Senator Beutler, would you please check in. Thank you. Senator Synowiecki, Senator Stuthman, Senator Chambers, Senator Redfield. Senators Wehrbein, Loudon, Kopplin, and Landis. Senator Schrock, Senator Raikes. Senators Byars, Cunningham, and Jensen. The house is under call. Senator Landis, Senator Cunningham, Senator Schrock. Senator Landis. Senator Baker, are you accepting call-in votes on the motion to cease debate?

SENATOR BAKER: Yes, I would.

SENATOR CUDABACK: Mr. Clerk, he accepted call-in votes. The motion is to cease debate on AM1590, which is an amendment to AM1567 to LB 425.

CLERK: Senator Brashear voting yes. Senator Smith voting yes. Senator Foley voting yes. Senator Erdman voting yes. Senator Beutler voting no. Senator Redfield voting yes. Senator Wehrbein voting yes. Senator Aguilar voting yes. Senator

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Louden voting yes. Senator Howard voting yes. Senator Cornett voting yes. Senator Pahls voting yes. Senator Cunningham voting yes. Senator Flood voting yes. Senator Heidemann voting yes. Senator Fischer voting yes.

SENATOR CUDABACK: Record please, Mr. Clerk.

CLERK: 26 ayes, 3 nays to cease debate, Mr. President.

SENATOR CUDABACK: The motion was successful. Debate does cease. Senator...and I do raise the call. Senator Beutler, you're recognized to close on AM1590.

SENATOR BEUTLER: Members of the Legislature, this amendment does simply one thing. Instead of taking the money out of the Cash Reserve Fund, it takes the money out of General Funds. And some people who I really can't understand why they would be arguing this are arguing that this is no big deal. But this is a big deal, in terms of precedent set and what we're doing. If you have an expenditure that is an ongoing expenditure, intended to be an ongoing expenditure, you take it out of General Funds and you build it into your base, so that you know where you are each year, in terms of your ongoing expenditures. You do not fund ongoing expenses out of funds that are essentially one-time funds, Cash Reserve Fund. It should be built into the General Fund base. There is no question but that they intend to use all this money. I asked the director of Economic Development, are you going to use this money? And the answer was, yes, we're going to use this money. The assumption here is that we will be spending \$7.5 million or more. There's actually money already money in that particular budget. We're going to be spending maybe \$8.5 million a year on job training now, instead of \$1 million to \$2 million a year. That may be okay. I would contend that we should have a discussion on that. And we're not going to have that discussion here, because we can't look at the statutes. But that's a separate question. The big important question here is whether you're going to allow us to depart from the practices that we traditionally have practiced, in the Appropriations Committee, on this floor, of not hiding our expenditures, but showing them on the budget, if they are ongoing expenses. And this is an ongoing expense. You're not

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going to create this huge economic incentive package, a part of which is job training, and suddenly end it in two years. You and I both know that's not going to happen. In fact, in Senator Engel's bill, he was anticipating it going to \$25 million in a few years. So at least we should start reflecting in our budget and building into the base of our budget the amount that we're appropriating right now. In almost any other thing, members of the committee would cry out in uniformity if we attempted to fund something that was ongoing and in a large amount from the Cash Reserve Fund or any other short-term fund. We've got to be able to sustain this with revenues in the future. And the way that we anticipate those revenues and work them in with expenditures is to be sure that we have built into the budget all of our permanent, ongoing expenses, so we know what they are, and so we've anticipated them. And that's all that's being asked in this case, is that you uphold the normal Appropriations Committee process of funding ongoing appropriations with General Funds. There is absolutely no reason that has been stated on this floor as to why it should be otherwise. And it is a big deal. Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. You've heard the closing on AM1590. The question before the body is, shall AM1590 be adopted? All in favor vote aye; opposed, nay. We're voting on adoption of the Beutler amendment, AM1590, to AM1567 to LB 425. Have you all voted on the question who care to? Senator Beutler, what purpose...?

SENATOR BEUTLER: I'd ask for a roll call vote.

SENATOR CUDABACK: Been a request for a roll call vote, Mr. Clerk. It is not, Senator Beutler. I did release it.

SENATOR BEUTLER: Then I would call for a call of the house and a roll call vote.

SENATOR CUDABACK: Been a request for a call of the house. All in favor vote aye; opposed, nay. Record please, Mr. Clerk.

CLERK: 36 ayes, 0 nays, Mr. President, to place the house under call.

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SENATOR CUDABACK: The house is under call. All members please check in. Senator Chambers, the house is under call. All unexcused senators please check in. I'm sorry. Did not see you over there, Senator Chambers. All members are present or accounted for. Mr. Clerk, please call the roll on the question of AM1590 to AM1567 to LB 425.

CLERK: (Roll call vote taken, Legislative Journal page 1490.)  
19 ayes, 23 nays, Mr. President, on the amendment.

SENATOR CUDABACK: The motion was not successful. The Beutler amendment has not been adopted. And I do raise the call. Mr. Clerk.

CLERK: I have nothing further pending to the Pederson amendment, AM1567, Mr. President.

SENATOR CUDABACK: Back to discussion of the Pederson amendment, AM1567. There are several lights on. Members, if you do not wish to speak to the Pederson amendment, you may pass over. Senator Byars.

SENATOR BYARS: Thank you, Senator Cudaback. I'm not sure whether I should ask Senator Pederson or Senator Engel a question. And maybe they could find out from DED as far as intentions are concerned. But would training funds and would training be available to individuals who provided direct care for persons with developmental disabilities or with other disabilities? As you know, this has been a concern of a number of us, as we are trying to move forward and appropriately fund direct care staff. And one of the major problems we've had in that industry, if you will, is appropriate training and getting people to stay long enough at the horrendous beginning wages. Would...Senator Engel, could you answer me whether these dollars would be available to those direct care staff?

SENATOR ENGEL: No, they would not, because this is for businesses, not for existing programs like that.

SENATOR BYARS: Okay. Thank you, Senator Engel. I think it

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once again makes a tremendous point for an amendment that I'm going to be offering later on LB 425, and one that we discussed earlier on General File, why this body can't turn its back on direct care staff of providers and services for persons with developmental disabilities. And I've been listening to the arguments on these last three or four bills, I want to thank all of you for making a tremendous point. And I'll be expecting all of your votes, obviously, on the amendment that I'll be offering. Thank you.

SENATOR JANSSEN PRESIDING

SENATOR JANSSEN: Thank you, Senator Byars. Senator Beutler. And this will be your third time.

SENATOR BEUTLER: Senator Janssen, thank you. I want to just give you a picture, a little more information that will perhaps shape your view of what's happening here, to some extent. But all of this suggestion first came from the bill LB 716, which I think at one point was scheduled for General File debate. Here's what LB 716 did. This is the job training bill that now supposedly is put into the existing program. And you had described before, for you earlier, what the existing program does, but here's what Senator Engel's bill provided in the first instance. First of all, it anticipated that \$25 million a year in custom job training assistance would be the goal in what is needed, but the way it went about this, it created what's called Advantage Nebraska Workforce Training Institute. It actually envisioned a training institute within the Department of Economic Development for the purpose of operating a custom job training and education program to provide quick and effective job training to workers. And then it went on to say this institute may utilize the programs offered by postsecondary technical schools, community colleges, and other educational institutions, giving the idea that the institute would work through the community colleges. It provides that the institute shall have adequate staff and resources to administer the program. Then it goes on to say that the institute may enter into agreements with postsecondary technical schools, community colleges, other institutional...education institutions, and Nebraska employers to provide custom training needed for

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projects submitted by Nebraska employers. Finally, it says the institute shall reimburse the postsecondary technical school, community colleges, educational institution, and Nebraska employers for all or part of the cost of the program. It seems to me, from this language, that something very different is envisioned by the original LB 716, and I think it would at least be interesting to hear an explanation of why the concept has changed and we don't need a new concept and we're switching over suddenly and putting the money into an existing program. Another difficult part of this for me is the fact that we seem to acknowledge that, with regard to the new economic incentive programs, that it will take awhile to gear up and to get going. Yet, with this respect to this program, we need all of this money in there right away to satisfy the need. It would be interesting to hear a further explanation of that matter also. But in any event, I wanted to acquaint you with what was in the original...

SENATOR JANSSEN: One minute.

SENATOR BEUTLER: ...LB 716 and the very different emphasis in that bill on working through the community colleges and private colleges and existing...and existing technical schools. So perhaps we should hear more about the parameters, if any, on some of the job training, the customized job training that's anticipated in this instance. What is there in the law that's going to keep it from being the kind of thing that Senator Raikes suggested? I think these are all legitimate questions. Thank you.

SENATOR JANSSEN: Thank you, Senator Beutler. Senator Thompson.

SENATOR THOMPSON: Thank you, Mr. President, members of the body. Just have a question for Senator Engel.

SENATOR ENGEL: Yes, Senator Thompson.

SENATOR THOMPSON: This was your bill, it was made a priority bill, and you withdrew it? Or what did you...how come...how come we're not hearing this as a priority...

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SENATOR ENGEL: Well, I'll tell you,...no.

SENATOR THOMPSON: ...as a bill with priority status?

SENATOR ENGEL: I have not withdrawn the bill, but when we got to studying the bill, what's already in existence, we felt it was just...this is redundant. We already had something there to take care of the situation, so was no sense having...

SENATOR THOMPSON: So...okay. So I'm just kind of keying off. So, instead of what you decided, you introduced the bill to create the institute that offers the programs by...to create this training institute with \$25 million for custom job training assistance through these various means. So you don't believe in the institute concept anymore or...

SENATOR ENGEL: Well, there's nothing wrong with the institute concept, but they've already got it set up in statute to where they can actually do these through existing institutions and so forth actually. So this looks like it's just more duplication than anything else. That...

SENATOR THOMPSON: But did someone testify to that at the hearing?

SENATOR ENGEL: Nobody testified to that. That came about as we were preparing for General File, that that come up and people did some research and come up with what we already had on the books. And that should have been done, I'll have to admit, that should have been done prior to this bill ever being introduced, but it was not, so.

SENATOR THOMPSON: And, you know, I'm just having questions as to why we're doing it. And things are kind of flying here kind of quickly for me, and I know that maybe to some it's the eleventh hour and some that it isn't. But since I had so much, I've been working on other things, I just kind of came to my focus today that we're using this old statute from the nineties, you know, that was written in 1994, which is a ways back, for a different era, a different time. Do you have any concerns? I went to a...before the session, the Omaha Chamber of Commerce

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had a very well-presented set of data and research about what was needed. And obviously we're looking at the economy of the area that I'm not...I don't live in but I live nearby, and I think that's why I was invited to the meeting, and it seems to me a totally different dynamic than what this previous statute says. Do you have any concern about it saying it's only for goods or services produced by the company that will be exported, or any...this seems narrow and not as visionary, I guess.

SENATOR ENGEL: Well, the thing is, they're all involved in this decision we made, the people you're talking about. They have all been involved in this decision of going this route rather than going through the...presenting my bill, because, again, they felt they could do everything that they want to do under existing statute.

SENATOR THOMPSON: Do you have...Senator Engel, another question. Do you have any concerns, as a member of the Appropriations Committee? When this was introduced and this concept was out there, I didn't get the impression that this was just going to be for a couple years. I got the impression from the people I talked to, whether they're backpedaling on that or not, this is just legislator to legislator, do you have concerns using the Cash Reserve Fund for this purpose, knowing...

SENATOR ENGEL: Well,...

SENATOR THOMPSON: ...that in two years...I don't think that they see this as going away, I mean,...

SENATOR ENGEL: The way I...

SENATOR THOMPSON: ...regardless of what they're saying.

SENATOR ENGEL: The way I feel about it, by using Cash Reserve Funds, the money is there if a company is enticed...

SENATOR JANSSEN: One minute.

SENATOR ENGEL: ...to come in here and we do have the job training funds. And if it's not used, we can put it right back.

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But the only thing is, if it is utilized then I think we can see the value of it and then we proceed and to make it permanent. But let's try it out first. Let's see if it works before we make something permanent. That's the way I look at it.

SENATOR THOMPSON: Thank you, Senator Engel. Well, I guess it is already a statutory. We had a new idea out there. I thought, and I've been supporting the job training ideas that came forward. Actually, I went into the meeting with the Omaha Chamber of Commerce not knowing how I was going to feel, and I felt the data that they presented did raise a lot of concern about what direction we were going to go as a state, to be able to deal with these job related needs that we have for our people, to grow our economy, to be strong and vital. And I'm disappointed that they've taken this route.

SENATOR JANSSEN: Time.

SENATOR THOMPSON: I think it's poor public policy. Thank you.

SENATOR JANSSEN: Thank you, Senator Thompson. Senator Friend, your light is on next.

SENATOR FRIEND: Thank you, Mr. President and members of the Legislature. Senator Beutler and Senator Thompson have brought up what I...and I've been listen...it's odd. Actually, I don't think it's too odd. I came in here out from the lobby I don't know how long ago, an hour and a half, and trying to get my bearings on exactly what we were trying to accomplish here, took me 25 minutes flipping through this thing. I think, with everybody's help, I'm a little bit up to speed. And what Senator Thompson and Senator Beutler have pointed out I think are some functional...what they perceive and what I think I, to a degree, agree with them are functional, possibly functional and procedural, what I would call, concerns, and that's problematic. But what's even more problematic to me, I think, is that once again we see a worthy cause pop up, and I think we could probably all agree with that right now, that it is, but each one of us, all 49 of us, have philosophies and attitudes and ideas that differ, and this could take us all night. That's where we're at. Quick example: I had a tax cut that came

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through, or a tax...a potential tax cut that came through the Revenue Committee; wouldn't cost as much as this, according to the Fiscal Office. Now, the funny thing about that is I'm fine with where we're at with that, which is nowhere, but in fiscal years '05-06, '06-07, go grill the economists. Go find your dime store economist or a real economist and grill them on what they think...what kind of effect they think that would have had on job training or economic development. A lot of them will say that, with a lack of governmental funding, that the private sector would have taken care of that with a better tax climate and tax economy. Private sector takes care of a lot of that now, and individuals, through our community colleges, our state colleges, and our universities. I'm not saying I don't agree, I guess, with this philosophy. I'm just saying my philosophies and my priorities when I lay...when I try to actually get some of those whacked-out philosophies down on paper, these aren't it. I don't see that. I think we could have accomplished a lot more with a \$16 million tax cut. I...it's just the way I feel about it. I don't know that anybody else out here agrees with me. But I would say this. Four years from now, five years and now...from now, we would have seen a legitimate effect on that. What the proponents of this measure will say is, four years or five years from now we will see legitimate impact on what we do here with this \$16 million. What I would say is I could go out and find documentation from states, federal government statistics that show that tax cuts across the board have given us those positive results. The private sector, the corporate environment individuals will say that they've gotten positive results from what they've tried to accomplish...

SENATOR JANSSEN: One minute.

SENATOR FRIEND: ...with the drive and implementation, their own drive and implementation of job training. I'd like to see the statistics in regard to when the government takes hold of a situation like that and drives and implements it. I don't think they are as effective. That's my philosophy. I think Senator Beutler, Senator Thompson make some interesting points. Senator Pederson...and again, I don't know that I can disagree. I think all I'm saying is that when I throw that philosophy down on paper, I just don't know that I'm on board yet. And I think...I

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don't know if anybody else feels that way. I don't think we need...we've touched on these a little earlier. I don't think we need to go down this road again, so I digress. With that, I would say, Mr. President, that's all I have. Thank you.

SENATOR JANSSEN: Thank you, Senator Friend. Senator Redfield, your light is on next.

SENATOR REDFIELD: Thank you, Senator Cudaback (sic), members of the body. I agree with you, Senator Friend. We know exactly how to grow an economy. You lower the personal property...or personal income taxes, you lower the corporate income taxes, you lower the tax burden on the entire economy so that you don't have to give big incentive packages in order to get anyone to come in your state or stay there. That's how you grow your economy. I agree with Senator Friend. We know that. I have people who see me in the hall and they say, you're right. We know that's right. But here we are. We've been putting together a package, and I was a supporter of LB 312. I would have rather done it a different way, but here we are. Senator Brown stood and said, this is just a little bit, but it's not sufficient, a little bit; please, could I have a little bit more? Fifteen million dollars is not a little bit. There are people that live in this state that will pay taxes their entire life and will never pay \$15 million. One point seven million people in this state might not ever in their lifetime pay \$15 million. We spend a lot of money on education in this state and I'm a supporter of education. We put dollars into early childhood education because we feel like there's a return. We put dollars into K through 12 education because we know there's a return, and there's certainly value to the person who benefits from that education. Their life is enriched. We put money into community colleges, state colleges, and universities, and we say there's value, and there is. And at what point are we going to say that we have spent enough money to train people so that they can go to work, or that businesses can provide with their dollars the money to train the people to do the job that's going to turn around into a profit? At what point are we going to say we have spent enough to train people to go to work? I am finding this difficult. I'm finding it especially difficult on the budget bill. Could we just please have a little bit more?

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Thank you.

SENATOR JANSSEN: Thank you, Senator Redfield. Senator Mines.

SENATOR MINES: Mr. President, call the house...or, excuse me, call the question. (Laughter)

SENATOR JANSSEN: The question has been called.

SENATOR MINES: Call the (microphone malfunction)...President.

SENATOR JANSSEN: The question has been called. Senator Beutler.

SENATOR BEUTLER: An amendment was filed before the motion was made.

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Senator Beutler, would you come forward, please? The question stands. Shall debate cease on the Pederson amendment? All in favor vote aye; opposed, nay. Voting on ceasing debate on the Pederson amendment, A-1567, which is an amendment to LB 425. Have you all voted who care to on ceasing debate? Senator Mines, for what purpose do you rise?

SENATOR MINES: Call the house, Mr. President.

SENATOR CUDABACK: There has been a request for a call of the house. All in favor of the house going under call vote aye; those opposed, nay. Record please, Mr. Clerk.

CLERK: 22 ayes, 0 nays, Mr. President, to place the house under call.

SENATOR CUDABACK: The motion was successful. The house is under call. All unexcused senators please report to the Chamber. All unauthorized personnel please leave the floor. The house is under call. Senator Pahls, Senator Cornett, Senator Landis, Senator Schimek, Senator Price, Senator Friend, please check in. Thank you. Senator Synowiecki and

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Senator...Senator Synowiecki and Senator Landis. Senator Connealy. He is checked out. Thank you. Senator Synowiecki, the house is under call. All members are present or accounted for. Senator Mines, how did you wish...you have two options. How did you wish to proceed? We already have a board vote, Senator. Call-in votes? Mr. Clerk, Senator Mines requests call-in votes, please.

CLERK: Senator Engel voting yes. Senator Landis voting yes. Senator Louden voting yes. Senator Baker, you had voted yes, Senator Baker. Senator Stuhr voting yes. Senator Hudkins. Senator Hudkins, you had voted yes. Senator Jensen voting yes. Senator Cornett voting yes. Senator Pahls voting yes.

SENATOR CUDABACK: Record please, Mr. Clerk.

CLERK: 25 ayes, 5 nays to cease debate, Mr. President.

SENATOR CUDABACK: The motion was successful. Debate does cease. Senator Pederson, you're recognized to close on AM1567.

SENATOR D. PEDERSON: Thank you, Mr. President. I don't know how long we've been talking about this issue, but certainly a long time. Let's boil this down to what it's really about. It's about the fact that we just advanced LB 312, which will provide for economic incentives for the state. We are expecting to get new businesses coming into the state. In order to have those new businesses, we need to have the availability of training funds. I've indicated earlier we are just not even in the ballpark with other states, but I was concerned. I know there's been a lot of talk about why use...why use cash funds instead of General Funds. I'm concerned and I was concerned when it was presented to me when they wanted a substantial amount of money for General Funds. In the last 15 years we have spent less than a total of \$15 million. We have spent over \$4.5 million from Job Training Cash Funds and \$10 million, approximately, from General Funds, for a total of \$14,794,000. So it struck me that what we need to do is to make the funds available. I know they intend to use those funds, but they're not going to use them immediately. And so I thought, why are we...why are we putting in \$15 million, \$20 million into a fund

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just to portray the fact that we can do it? So I thought, let's use the cash funds. Why use this kind of a procedure in the first place? Senator Engel did have a bill that was proposed, but it virtually does the same thing. There are nuances of the bill that are not here, but most of those can be implemented by regulation by the Department of Economic Development, and they have assured me they intend to do that. This is supported by the business interests of the state that were the same people that were wanting to implement LB 312, so I think it boils down to a simple matter. We want and need job training. This provides for the fact that job training money is available. And if it appears that money is really starting to be used in the fashion that they hoped for, then we can approach this as a General Fund item. But when I look at a sheet that says for the last 15 years we haven't spent \$15 million, it was very difficult for me to say let's set aside \$15 million or \$20 million General Funds that they're going to spend right away. I would like to have it available so that the economic incentive plan that we have advanced shows that the funds are available and that businesses can be assured. We do have businesses that are interested in coming to the state of Nebraska, and Senator Kremer testified about the fact in Aurora they have new businesses coming there and job training is an important feature of that. So I think that now we are entering into a new era of economic development in the state of Nebraska. We are attempting to get into the ball game that other states have been in for a long time. You know, we look back at our state, we've maintained a population of about 1.7 million. We haven't been going ahead very fast, frankly. We need to have jobs for our young people as they graduate. You know, it's one thing to have jobs, but I'd like to see those jobs here in the state of Nebraska and not elsewhere. So I think that we need to develop this. And I think that in response to what Senator Redfield is saying, there's a big difference between a budget item and an expenditure item, and I don't...you know, we could put \$3 million in...

SENATOR CUDABACK: One minute.

SENATOR D. PEDERSON: ...or we could put \$15 million in, but that's a budgeted item. So let's see how it's working. Let's

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see how we're moving forward with this and then we can further implement this plan and work with the Department of Economic Development. If there are enhancements that need to be made to their regulations, they are certainly in a position to do it. We're all in this ball game together. I think we need to move forward and exert ourselves in the effort of job training, and I would appreciate your vote on this amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson. You've heard the closing on AM1567, which is an amendment to LB 425. All in favor of the amendment being adopted vote aye; those opposed, nay. Question before the body is the Pederson amendment, AM1567. Voting on adoption of Pederson amendment, AM1567. Have you all voted on the question who care to? Have you all voted? Record please, Mr. Clerk.

CLERK: 29 ayes, 8 nays, Mr. President, on the adoption of Senator Pederson's amendment.

SENATOR CUDABACK: The amendment is adopted. Mr. Clerk. I do raise the call. Next amendment please.

CLERK: Mr. President, the next amendment, Senator Raikes, Senator, I have AM1524. I have a note you'd like to substitute AM1568 for AM1524.

SENATOR CUDABACK: Any objection? Seeing no objection, so ordered.

CLERK: Senator Raikes, AM1568. (Legislative Journal page 1491.)

SENATOR CUDABACK: Senator Raikes, to open on AM1568 to LB 425.

SENATOR RAIKES: Thank you, Mr. President, members of the Legislature. I am handing around a sheet which I hope will outline this proposed amendment to you. I apologize for not getting it a little sooner, but hopefully you'll have it shortly. Recall the General Fund discussion on this bill that we had regarding special education, funding for special education at the state level. The reason I think it is

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important for us to do that is certainly, number one, this is an obligation that schools face that they must pay. There is not really any other...any way to avoid it. Secondly, failing to reimburse schools causes equity issues between schools. We brought up the discussion about magnet schools for certain special education programs and so on. Third, there was the argument made about our budget situation and the need for us to move stuff or to move expenditures out of the out biennium and into the current biennium. The pay now or pay later argument--and that's what we face with special ed because, to the extent we don't fund it at the state level currently, it shows up in a higher state aid bill two years down the road--if we have the money to do that then we ought to do it now. It makes good fiscal sense as well as good school policy sense from the standpoint of covering this needed expenditure. The Appropriations Committee recommendation was for a 3 percent increase in the funding base. The funding base this year is \$161 million and some. The Appropriations Committee recommended a 3 percent increase in that funding base for each of the next...or each of the two years in the biennium that we're now budgeting. Our history, in fact even through the toughest times that we've gone through fiscally, our history has been to fund special ed at the rate of 5 percent, a 5 percent increase in the base. And you'll remember the discussion that even at a 5 percent increase in the base, the percentage of special ed expenditures that schools have...are reimbursed for has consistently gone down. So what we were proposing on the General...in the General File discussion on that amendment was to increase the funding from 3 percent, as recommended by the Appropriations Committee, to 5 percent. The amount required to do that for the biennium is \$10 million. I am coming to you now with a request for that \$10 million of funding, except that we have made a change, which I will describe. Again, the focus remains special education, but there are two parts to it. One is a reimbursement for the immediate expenses that schools face in their special ed program. The second part is an address of the longer-term issue with special education, as well as other educational issues, and that is increased support for the early childhood education program. Now, I'm going to go through the specifics, but I will tell you at this point, everything I am suggesting to you here is, number one, consistent with the

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\$10 million request that we talked about on General File. The second thing is, everything is consistent with or builds upon programs that are now in place. We are not...we are not creating any new program. We are funding special ed, which of course is an existing program. We are using part of the money, the \$10 million, for the longer-term objective of increasing the state's effort in the area of early childhood education, specifically the early childhood grant program, which is a collaborative program; been in existence for, I believe, about ten years, maybe a little bit longer. There are about 27 or so grants, but we'll talk a little bit more about that in a second. Specifics: What I'm proposing here is that, in a nutshell, we increase special education funding 5 percent in the first year of this biennium, we increase it 6...or 3 percent in the second year. A 5 percent increase in the first year costs about \$3.2 million, in addition to what the Appropriations Committee has recommended. That leaves about \$1.8 million, just a little bit short--and these numbers are spelled out in some detail on this handout--available to fund an expansion of the early childhood education grant program. The total for that first year of that biennium then of those two is \$5 million. In the second year we have a 3 percent increase in the special education base and also about a \$1.7 million or \$1.8 million amount of money to provide funding for continuation of those early childhood grants that were begun in the first year of the biennium. The sum total then is \$5 million in each year, for a total of \$10 million for the biennium. So again, I remind you that the budgeted number, the targeted number, if you will, of \$10 million is being honored. We are focusing certainly on special education, but we are focusing both on the immediate up-front needs for reimbursement by schools, and we are also focusing on the longer-term issue of funding early childhood programs which, among other things, lead to a reduced identification of students for special ed services. A little bit more detail: I mentioned the early childhood grant program that has been in place for a number of years. There are 27 of those, I believe, currently in the state. They are scattered all across the state. They are in some urban communities, some rural communities. There are some at the far west end of the state, and there's some at the east end of the state. So it has been a fairly good representation of the entire state. The

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amount of money we're proposing would be enough to...\$1.77 million would, I think, amount to about a 90 percent increase in the funding for those programs; 89 percent I guess is what is on your sheet. This would be enough to significantly increase the amount...the number of those programs that are being offered. I will remind you, these are collaborative programs. There is state funding involved, but there's also Head Start funding and private pay. It's a requirement for these programs that not only there is a collaboration of funding sources and participation in the community, but there is a strict requirement for quality in these programs, which is administered through the Department of Education. And you'll notice on this sheet that part of the money, the \$1.77 million increase, is for the administration of these programs. Finally, I'll mention the early childhood bill that was introduced this year, LB 577, which is the priority bill of Senator Schimek, deals specifically with these grant programs and also an extension of the grant programs, not in the upcoming biennium but beyond that, to include four-year-old children that have completed or been a part of...

SENATOR CUDABACK: One minute.

SENATOR RAIKES: ...these early childhood programs to be included in the equalization formula or the state aid formula. That bill I hope we will have a chance to present to you a little bit later in the session. One of the things it will do for this part or this particular proposal is stipulate the prioritization of the additional money for the early childhood grants, and the notion there is that these grant programs would be created in communities where there are significant numbers of at-risk children. So what we're trying to do here is approach the general issue of special education and early childhood education. We're sticking within the budgeting...budgeted number. We're using existing programs. And in the two years of the biennium we're talking about, the specific aim and objective is to increase the...

SENATOR CUDABACK: Time, Senator Raikes.

SENATOR RAIKES: Thank you.

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SENATOR CUDABACK: Thank you, Senator Raikes. You've heard the opening on the Raikes amendment, AM1568, which is an amendment to LB 425. Open for discussion. Senator Erdman.

SENATOR ERDMAN: Thank you, Mr. President and members of the Legislature. I was wondering if Senator Raikes would yield to a couple questions.

SENATOR CUDABACK: Senator Raikes, would you yield to a question?

SENATOR RAIKES: Yes.

SENATOR ERDMAN: Senator Raikes, there...the two provisions are the special ed funding, which is approximately \$6.5 million, and then the remainder is the early childhood funding. Is that about right?

SENATOR RAIKES: Right.

SENATOR ERDMAN: Okay. The bill that you referenced in regards to this, the early childhood education, is LB 577,...

SENATOR RAIKES: Right.

SENATOR ERDMAN: ...which is Senator Schimek's priority bill. I notice that on the fiscal note of her bill the fiscal impact would be \$9.4 million this year, and \$18.5 million the next year to fulfill the purposes of LB 577, and yet in your amendment before us it's about \$1.7 million annually. Could you explain?

SENATOR RAIKES: I will, and thank you for the question because I should have mentioned that. LB 577, in fact, the way it will be introduced, will have no fiscal impact at all in the upcoming biennium, and that's...or the biennium we're budgeting for. And that's of course because of a committee amendment which sharply cuts it back. The two provisions in LB 577 are expansion of the early childhood grant program, which we're talking about here, and in effect that grant program is used in LB 577 as a gatekeeper, if you will. If a grant program is established and

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is successful in a community for three years, I believe I have this right, then in the fourth year of its existence the four-year-olds, those eligible to go to kindergarten next year, would become eligible for inclusion in the aid formula. So LB 577 approaches early childhood in those two ways. We're going to have more of these collaborative early childhood grant programs throughout the state, and then once these grant programs mature, so to speak, the four-year-old children in those programs would become eligible for the aid formula. But the second part of that does not occur in the biennium that we're budgeting for, so therefore the lack of a need for an A bill with LB 577.

SENATOR ERDMAN: Okay. So the bill was...the bill was advanced out and, with the committee amendment, LB 577 is...doesn't have the A bill and, yet, we don't have an updated fiscal note on the bill, so that's the difference.

SENATOR RAIKES: Right.

SENATOR ERDMAN: Okay. Thank you, Senator Raikes. Members of the Legislature, I think it's...I think it's absolutely appropriate that the provision on the special ed is before us, and I don't disagree one bit with Senator Raikes' comments about it's a pay you now or pay you later scenario. I need to get some more information, I guess, on the early childhood part of this and as far as the grants and what the demand is for those and whether or not...I guess what the immediate need is versus what we need to be funding, and determine how that plays into this. And so I plan to follow that up with Senator Raikes, but I do appreciate him pointing out the information and clarifying the difference between what's in the amendment before us and what's in LB 577. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Erdman. Further discussion on the Raikes amendment? Senator Schimek, followed by Senator Brown and Jensen. Senator Schimek. Is she on the...Senator Schimek.

SENATOR SCHIMEK: Yes, thank you, Mr. President and members. I rise in support of the Raikes amendment. And I do need to

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clarify that it is my priority bill, but it is Senator Raikes' bill to begin with. I have been somewhat familiar with the grant program that we have in Nebraska, and I believe, from talking with some of the people involved, that it's been a very successful program. It is for children who are at risk. And I just distributed on the floor a few minutes ago what the research shows about early childhood education and I just want to highlight about three or four of those points. Number one on the sheet talks about the fact that early childhood education helps children have greater school readiness, and numerous studies have shown this. A study by the University of North Carolina shows that children who enter kindergarten from quality prekindergarten exposure have better reading, language, and social skills than those who lack this preparation. Secondly, early childhood education improves scores on primary grade testing. At least five studies have shown statistically significant positive effects of that early childhood education on achievement tests. Third, the early childhood education reduces grade retention and the need for special education, and I think that's a very important point to make because we know how expensive special education has become over the years and how much the number of students entered into that special education program has grown. So hopefully some of this would reverse that trend, which I think is why it's important to speak of the special education funds and the early childhood education funds together. And the fourth thing I just want to mention to you on this sheet is that long-term studies in five school systems--Louisville; Rome, Georgia; Chicago; Ypsilanti; and Baltimore--show a large positive effect on the high school graduation rates. That's maybe a little bit more long term. But as you read down the sheet, you'll see that's even true for college, it's true for work. But the immediate, immediate effects are that you have kids that are more ready to go to school, you have kids that do better once they get to school, and you do reduce the number of children having to repeat grades or having to be in special education programs. So I think this...the money that's been used so far has been used wisely, but there is a greater need for it, and I don't want to go into too much detail because some of that will be talked about when the bill actually comes on the floor. I'd encourage the adoption of the Raikes amendment. Thank you.

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SENATOR CUDABACK: Thank you, Senator Schimek. Further discussion on the Raikes amendment? Senator Brown.

SENATOR BROWN: Mr. President, members, actually the early childhood pilot projects have been in existence since about 1988 or '89, and the first four of the projects were...one was a joint project between Omaha Public Schools and Head Start in Omaha, one was a preschool program in Falls City, one was a parent education program in Bellevue, and the fourth, and the one that I'm going to speak the most about...and this was in my before I was a state senator life that I was a part of establishing these programs. And I'm very supportive of adding money back because we sort of, during the bad years, had been very tight on funding for these programs, and so now if we can go back to providing a little bit of funding. The programs have to be collaborative within the community and there are all kinds of things that they have to accomplish, but they can look very different from one community to the next. The project that I'm going to talk about was in Gering-Scottsbluff, and it was a project for...to provide high quality, early care for the children of young mothers, young teenage mothers, so that they could stay in high school. Because young women who get...and this is one of the more significant programs that I can point to in terms of really supporting young women who have children. The statistics are quite positive for young women if they...who...even young women who get pregnant, if they stay in traditional high school and get a traditional high school degree, and if they have some supportive services for their children. And so Scottsbluff has the highest teen pregnancy rate in the state, higher than even pockets within Omaha and Lincoln, and the program was extremely successful. In the first four years during which longitudinal studies were conducted of the participants, there was not one of the participants in the program, one of the mother participants in the program, that had a subsequent unplanned pregnancy. Several of the girls ended up getting married to the fathers of their children, but all of them felt that the experiences that they had as a result of the program, which kept them in traditional high school but it had part of their curriculum be an interactive piece with their little children so that they could learn good parenting skills

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and things, but they really felt positive about it. But as the kids began to go into...the children of the young women began to go into kindergarten, it was quite evident that they were, compared to any control group of similar situated socioeconomic families, much better prepared, much less likely to be in special ed. They absolutely...

SENATOR CUDABACK: One minute.

SENATOR BROWN: ...met all of the things that Senator Schimek talked about in terms of what early childhood education can do for children. So it's been a program that has been enormously successful. All the communities that participate in it I think would say, even those communities that are no longer receiving funding, would advocate strongly for other communities to be able to have this available. And so I think that we...that this is another one of those things where we, during the years when we didn't have as much money, we weren't as able to expand the program. Now we can go back and look at it and say, has this done what we wanted it to do? I can say unequivocally, yes, it has. So I think it deserves us going back and putting some more money in.

SENATOR CUDABACK: Time, Senator Brown.

SENATOR BROWN: Thank you.

SENATOR CUDABACK: Thank you, Senator Brown. Senator Jensen, followed by Senator Fischer.

SENATOR JENSEN: Thank you, Senator Cudaback. Members of the Legislature, I'd like to ask Senator Raikes a question, if I may, please.

SENATOR CUDABACK: Senator Raikes, are you available?

SENATOR JENSEN: And Senator Raikes and I were having a little bit of a conversation off the floor. But my question was, who qualifies as an at-risk child? And is this on...in certain areas or are we talking about each school district determining what is an at-risk child? And if you could give me some

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clarification as to just what that qualification is, and then also I'd follow up with how is it funded. Do we go to a certain limit and then they go on a waiting list, or just how is that worked out?

SENATOR RAIKES: Okay. Senator, first off, on the question of at-risk children...and certainly it is the case that the hope here is to provide for the creation of new programs, grant programs, in communities that have at-risk children. The statutory language in LB 577 does not define at-risk children. That is left for department regulation. Probably that could be argued, but I think the belief at this point is the flexibility that's needed in order to identify those communities that are most likely the ones that we would want, we're better off to have the flexibility of having that language defined in regulation.

SENATOR JENSEN: But if we haven't defined them, how can we determine what the dollar amount is to bring these kids into a period where they are ready to go to school, ready to learn?

SENATOR RAIKES: Yes, and I'm not sure this will address your question but I will add that the mechanism for these grant programs is to provide for a state contribution of \$75,000 in the first year, and then a maximum of \$50,000 each year thereafter. And at least half of the total cost of the program has to be provided by other funding sources, either Head Start funds, other federal funds, or private pay. So it is a truly collaborative effort in the community and the school is a participant, certainly, the local school district, and I think we have regulation in...or language in LB 577 that requires the school district to actually be the fiscal controller of the program. So I've forgotten. Ask me another.

SENATOR JENSEN: Well, (laugh) then what happens when you reach the maximum? Are kids placed on a waiting list? Is that correct, or...?

SENATOR RAIKES: Well, it depends. You might look at the maximum in two different ways. There are communities that have...that would like to establish grant programs and you

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simply don't have more state money to support those programs. That would be one kind of a waiting list and that would be a prioritization at the department level based on, well, in the LB 577 case, the number of at-risk children served, for example, as well as certainly some other criteria. But you might also look, and maybe this is what you're talking about, in a given community we have a certain number of children with a need for or desire for this...need or desire or both,...

SENATOR CUDABACK: One minute.

SENATOR RAIKES: ...for this particular kind of a program, and we only have...we don't have as many spaces as we have children who want in. There has to be a prioritization there. I can't give you anecdotes about that, but I'm sure that's the way it has to be done.

SENATOR JENSEN: Is there a way or a method of determining then our...is this...are the dollars working out? Do we have a baseline? Are we able to determine that, yes, this program is effective? Yes, I've read some of the studies that would point that it is, but do we...will there be set up a method of actually seeing how the program works?

SENATOR RAIKES: There is an evaluation process that takes place in the department. There are specific criteria. I don't have those in front of me right now, but I will get them for you.

SENATOR JENSEN: Thank you, Senator Raikes. That's all.

SENATOR CUDABACK: Thank you, Senator Jensen. Senator Fischer.

SENATOR FISCHER: Thank you, Mr. President and members. I think it's important that the state does step up to its obligation in funding special ed. This is a tremendous cost to districts and it's growing every year with the needs of these students. I do have some questions on the child...early childhood part of this amendment, if Senator Raikes would yield to questions, please.

SENATOR CUDABACK: Senator Raikes, would you yield to a question from Senator Fischer?

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SENATOR RAIKES: Yes.

SENATOR FISCHER: On these grant programs, Senator Raikes, to follow up a little here with what Senator Jensen was asking you, how do you determine which school districts are going to qualify for these grants?

SENATOR RAIKES: Senator Fischer, the first step in that would be an application.

SENATOR FISCHER: To the department?

SENATOR RAIKES: Yes. The application goes to the department, and the application would involve the school district and the other collaborators, because the way it's set up it can't be just a school district. It has to be...the school district I think has to be a participant, although they're varied. Maybe there's some that aren't. But the general notion is the school district is a participant, but only half the funds are provided by the state. You've got to have other participants and other funding.

SENATOR FISCHER: Correct. You said \$75,000 the first year from the state and \$50,000 for the years after that.

SENATOR RAIKES: Right.

SENATOR FISCHER: How many years after will that continue?

SENATOR RAIKES: Well, there is no limit to that. So as long as there are children to serve. And I can't give you the date, but I will pass around a sheet that shows the programs that are now in existence. Some of these have been in existence as long as ten years, I believe.

SENATOR FISCHER: Okay. Thank you, Senator. My concern with this, in the past there's always grant money out there. I've been on a school board for 21 years. There's always grant money out there to start new programs. The problem is when the grant money evaporates or the time limit on that grant expires. Then

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you have local programs, usually with staff involved, in a district, and then it takes funds from that district to continue with the program. And with funds tight in many school districts across the state, I would say the majority of them, if not all, there's a shortage of funds, and when you start new programs, no matter how laudable these programs are and how needed they are, there's a limited amount of resources. I have another question, if Senator Raikes would yield, please.

SENATOR RAIKES: Yes.

SENATOR FISCHER: The last line on the handout says to move four-year-olds to state aid after three years of grants, beginning in 2007-2008.

SENATOR RAIKES: Right.

SENATOR FISCHER: Does that mean after three years of grants the grants are up for that district? You can't...you no longer can receive the state money?

SENATOR RAIKES: No.

SENATOR FISCHER: I thought you just told me before it goes on. What does that mean?

SENATOR RAIKES: No. Of course, we've not had a provision up to now that would allow four-year-olds to become included in the state aid formula. Our proposal in LB 577 is as follows: If you have a grant program, an ongoing grant program, for which you were receiving \$50,000 per year of state funding through the grant program, and let's say your four-year-olds became eligible for the aid formula and \$20,000 was used or came from the aid formula, then you would still be eligible for \$30,000 through the grant program, so that the total state contribution to that program would be held harmless, so to speak.

SENATOR FISCHER: Thank you, Senator. My concern on that...

SENATOR CUDABACK: One minute.

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SENATOR FISCHER: Thank you. Possibly I can visit with Senator Raikes off the mike. I would like to point something out, and if I'm incorrect, I'm sure he will correct me. My concern with moving four-year-olds to the state aid formula, we aren't funding that formula now. Hopefully, we will be this year, but that formula is not being fully funded. There are districts in this state and in school districts, and I have some in my legislative districts, where 89 percent of their general fund money is coming from property taxes. The state is not helping those districts. And if you add more students in the student count, when you put four-year-olds in that state aid formula, you've added more students to the student count. So I guess I would question is, what is the estimated dollar growth of that state aid formula if you're going to be adding more students, if you're truly going to fully fund it? Perhaps we can have that conversation...

SENATOR CUDABACK: Time, Senator Fischer.

SENATOR FISCHER: ...later. Thank you.

SENATOR CUDABACK: Thank you, Senator Fischer. Senator Howard, followed by Senators Flood, Brown, and Stuthman. Senator Howard.

SENATOR HOWARD: Thank you, Mr. President and members of the body. I thank Senator Raikes for bringing in this bill. I think this is certainly commendable, and just wanted to share some information. Students who participate in early childhood programs have higher incomes and pay more taxes when they become adults. Students that get quality early childhood education have less grade retention, less need for special education, lower dropout rates, higher graduation rates, and attain higher levels of schooling. And an interesting quote is, investment in early childhood education's programs yields an extraordinary return, far exceeding the return on most investments, private or public. Good childhood programs, we're talking early childhood programs, will produce \$3 more in benefits for every \$1 invested. An investment in early childhood education will allow us to produce the high...highly qualified workforce that will be needed to attract new jobs to our state. Again, I want to thank

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Senator Raikes for his forward thinking and his leadership on this very important issue. And I will return the balance of my time to the Chair. Thank you.

SENATOR CUDABACK: Thank you, Senator Howard. Senator Flood.

SENATOR FLOOD: Thank you, Mr. President, members. I also want to thank Senator Raikes for his interest in increasing the special education funding to school districts across the state, and that's what initially brought me to the amendment that was discussed on General File before it was pulled. There is a great need across the state to provide additional funding to school districts to supplement the efforts of special education programs, especially in school districts that become magnets for special education students. Grand Island is a magnet. North Platte is a magnet. Valentine, to a degree, is a magnet. And Norfolk has become a magnet for special education. People now are moving to the district to receive these services. And increasing the funding for special education in the end helps school districts avoid raising property taxes or using property tax dollars to pick up the bill. In Norfolk, that's well over \$1.5 million. What I'm learning more about is this early childhood development, and it sounds like there's a lot of value to the program. Mr. President, I'd like to ask Senator Raikes a question.

SENATOR CUDABACK: Senator Raikes, would you yield? Senator Raikes, a question from Senator Flood, please.

SENATOR RAIKES: Yes.

SENATOR FLOOD: Senator Raikes, the special education funding would be considered in our budget, would reduce the amount of our projected deficit in two years. Is that the way I read that?

SENATOR RAIKES: Yes. Yes.

SENATOR FLOOD: Now this early childhood development funding, that would not reduce the deficit in two years.

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SENATOR RAIKES: No, you're right, it would not. It would not have...that's why I tried to describe it as a longer-term impact. But the way we do have this set up by funding the 5 percent increase in special ed in the first year of the biennium, I think has two advantages to doing it that way, say, versus 4 percent in each year, which you might could argue would...could be done here. If you do 5 percent in the first year, you maximize the pay me now or pay me later effect, plus you also...you're down to 3 percent in the second year of the biennium as far as special ed funding. That is an issue that can be revisited before we actually get there. We will have a legislative session that if there's a way that that can be addressed or needs to be addressed, we can do that.

SENATOR FLOOD: And I appreciate; that explanation helps me. Now, the special education funding 2006-2007, is that 3 percent...that 3 percent increase, is that what the Appropriations Committee opted to do?

SENATOR RAIKES: The Appropriations Committee recommended 3 percent,...

SENATOR FLOOD: Okay.

SENATOR RAIKES: ...and this bill would take that 3 percent up to 5 percent.

SENATOR FLOOD: In the first year, but in the second year...

SENATOR RAIKES: In the first year.

SENATOR FLOOD: Okay.

SENATOR RAIKES: Yes. And in the second year, this proposal takes the first year base, or the base at the end of the first year biennium, and adds 3 percent to that.

SENATOR FLOOD: Oh. Thank you. That helps me out. Appreciate that. I can live with that. I can live with that because my biggest concern is that we have an opportunity, as Senator Raikes has shared with us, to seize the opportunity and pay and

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reduce the deficit in two years by applying the money now to special education rather than this two years in arrears program potentially "unfunding" something that the schools are eventually going to raise property taxes. Property taxes are what I hear the most about in my district. I know that a number, especially the rural senators, hear about property taxes quite a bit. Whatever we can do to assist school districts, especially those districts that...

SENATOR CUDABACK: One minute.

SENATOR FLOOD: ...become magnets for special education students with special education funding, is an absolute must. I commend Senator Raikes for putting it in there and I find value in what he's doing with early childhood education. I plan to support the amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Flood. Senator Brown.

SENATOR BROWN: Mr. President, I would yield my time to Senator Raikes.

SENATOR CUDABACK: Senator Raikes.

SENATOR RAIKES: Mr. President and members, thank you, Senator Brown. I'll respond to a couple of the points raised by Senator Fischer. Number one, in the fiscal note, as it appears for LB 577, there will not be, I think, a fiscal obligation in the biennium that we're now budgeting for. The plan put forth in that bill will call for the inclusion of four-year-olds, the first group of four-year-olds into the state aid formula, in the first year of the following biennium. The estimated cost of that in terms of additional state aid is \$2.1 million, as I understand it. So if you add that \$2.1 million to the \$1.8 million or so cost of the additional grant programs, you're up to \$3.9 million or roughly \$4 million. So as we get into the out biennium, we are talking about an increase in the base. Now, that's not a part of this proposal. This proposal simply says we're going to fund special ed at a 5 percent increase in the first year of the biennium, a 3 percent increase in the second year of the biennium, and what's left of \$5 million of

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expenditures in each of those years will go to expand and sustain the early childhood grant program, and that would be enough funding to support about an 80-85 percent or so expansion of that early childhood grant program. So I just wanted to make that clear. And, again, if there are...I think Senator Fischer, as I'm saying this, also had a question about the aid formula, actually a technical, more technical detail of the aid formula. If you include additional kids in the formula and you don't do anything else with the way the cost group costs are calculated, it has the effect of simply lowering the cost group cost. And for those of you who are interested, we have, I think, addressed that in the way we've structured LB 577. Any other questions, I'd be happy to try to respond. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes, Senator Brown. Senator Raikes, it's now your time, if you wish to use it.

SENATOR RAIKES: I will waive. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. Senator Stuthman.

SENATOR STUTHMAN: I'll call the question.

SENATOR CUDABACK: The question has been called. Do I see five hands? I do see five hands. The question before the body is, shall debate cease on the Raikes amendment, AM1568, to LB 425? All in favor vote aye; opposed, nay. Voting on ceasing debate. Have you all voted on the question of ceasing debate who care to? Record please, Mr. Clerk.

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

SENATOR CUDABACK: Debate does cease. Senator Raikes, you're recognized to close on AM1568.

SENATOR RAIKES: Thank you, Mr. President, members. I won't take long. This is a proposal to add or bring the special ed reimbursement in the first year of the biennium up to the 5 percent that we have done in the last several years, including the tough years that we've been through. It would provide for 3 percent special ed funding from that base in the second year

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of the biennium. It would also provide some money to expand a critically important and very effective early childhood grant program, in fact enough to not quite double that program but significantly increase it. So I urge your support. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. You've heard the closing on AM1568, offered by Senator Raikes to LB 425. All in favor of the amendment being adopted vote aye; those opposed vote nay. Voting on adoption of the Raikes amendment. Have you all voted on the question who care to? Record please, Mr. Clerk.

CLERK: 34 ayes, 0 nays, Mr. President, on the adoption of Senator Raikes' amendment.

SENATOR CUDABACK: The Raikes amendment has been adopted.

CLERK: Next amendment, Mr. President, Senator Don Pederson, AM1482. (Legislative Journal page 1467.)

SENATOR CUDABACK: Senator Pederson, you're recognized to open on AM1482 to LB 425.

SENATOR D. PEDERSON: Thank you, Mr. President. I was starting to get withdrawals from the microphone. (Laughter) AM1482 is a series of ten technical amendments to LB 425, and I will give them to you in broad detail. Number one corrects a federal fund error, and I think if you have as many pages as we have in this particular amendment, you see that there are a number of occasions where there can be a typo or something of that nature. This corrects an incorrect federal fund estimate that was included in the budget program of HHS in the original committee amendments. Number two corrects the personal service limitation for new Medicaid-eligible voters...or workers, rather; no change in the appropriation. Number three corrects a General Fund error of \$10 to one budget program. Four, add reappropriation of authorization left out of the Appropriations Committee recommendation. The committee earlier agreed to this appropriation for the child welfare data initiative in HHS. Five, to allow the expenditure of cash funds for HIPAA activity which will not be completed in fiscal year '04-05. Six, reflect

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the transfer of the County Juvenile Service Aid Program from the Department of Health and Human Services, Finance and Support, to the Nebraska Commission on Law Enforcement and Criminal Justice in LB 193. Seven, earmark the total General Fund appropriation to the Nebraska Forest Service. Currently, only the increase in appropriation is earmarked. Eight, correct a reference to June 20 by changing it to June 30, to correspond with the end of the fiscal year. Nine, change intent language wording for an authorized study for "conduct" to "to contract," so instead of...from "conduct" it would be "to contract." And so specify a due date for report in HHS for the provider cost study. And ten, adjust the PSL, personal service limit, for the Commission on the Status of Women. Allow for three positions at level comparable to other commissions, approximately \$103,000, and that's to separate. As you recall, we had \$200,000 each year we were putting in there, but it's required that we have a personal service limitation, which is a limitation on the employees and the salaries that they can spend. So approximately \$103,000 of the \$200,000 would be for salaries. I believe that's it.

SENATOR CUDABACK: Thank you, Senator Pederson. You've heard the opening on AM1482. Senator Erdman, your light was on from the last...he waives his right to speak. Senator, there are no further lights on, unless they come on. I didn't see none come on. You're recognized to close on AM1482, if you care to.

SENATOR D. PEDERSON: Unless you want me to repeat those again, I'll waive my closing. Thank you.

SENATOR CUDABACK: I didn't see any takers on that. So the question is AM1482 be adopted to LB 425. All in favor vote aye; opposed, nay. Voting on the Pederson amendment, AM1482. Record please, Mr. Clerk.

CLERK: 36 ayes, 0 nays, Mr. President, on the adoption of Senator Pederson's amendment.

SENATOR CUDABACK: AM1482 has been adopted.

CLERK: Mr. President, Senator Pederson would move to amend with

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AM1483. (Legislative Journal page 1468.)

SENATOR CUDABACK: Senator Pederson, you're recognized to open on AM1483 to LB 425.

SENATOR D. PEDERSON: Mr. President, members of the Legislature, there are some substantive items in AM1483. I'll just give you the general idea of those. Number one, we are proposing to add an additional auditor to the Office of the Auditor of Public Accounts. LB 426, a fund transfer bill, included language requiring the State Auditor to annually audit the state colleges. Currently, the auditor has the state colleges on the list of agencies on a rotating three-year basis. In order to meet the resource demands with an annual audit for the state colleges, the Auditor requested one additional FTE at a general...total General Fund of \$44,500 each year, PSL of \$32,000. This was an item that was mentioned by the Auditor at the time and when we went ahead and determined that we should add this annual audit to these reports. And by the way, the annual audit is required by the bonding house for the bonds of the state colleges, so it's not optional as far as the state colleges was concerned. But the Auditor thought we could do it on a three-year basis, but that did not meet the requirements of the state colleges. So number two is a decrease in General Funds by \$701,101 for state aid, TEEOSA, in FY '05-06 to reflect the actual insurance premium tax receipt. It's estimated, and it was overestimated in this case, so the insurance premium is part of the school aid funding flow, and higher premium tax allows for a lower General Fund obligation. Number three, reappropriate the unexpended balance in Programs 310 and 331 in Agency 29, Department of Natural Resources. This unexpended balance in Program 310 would be used to provide state matching funds for the federal Conservation Reserve Enhancement Program, CREP funds. The unexpended balance in Program 331 will be used to conduct joint studies with the state of Wyoming to monitor compliance with the Nebraska-Wyoming settlement. And I think you all know that the Wyoming-Nebraska settlement had to do with litigation that was pending. We had agreed to monitor and make appropriate compliance with that agreement, and this would allow the reappropriation of funds to accomplish that. And four, increase cash fund appropriation to allow use of the fund

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balance of the Commission for the Deaf and Hard of Hearing for computer equipment replacement. The Auditor in this case had determined that they had too much money in their fund and determined that they should reduce that fund. They had old computers and it was determined that the best way in which to utilize that fund was to go ahead and allow them to replace the equipment, which is in excess of five years old. So with that, I would submit the items and, of course, if you have any question, please ask. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson. You've heard the opening on AM1483, Senator Pederson, to LB 425. Open for discussion. Senator Pederson, there are no lights on. You're recognized to close, if you care to.

SENATOR D. PEDERSON: Thank you. I will waive my closing.

SENATOR CUDABACK: Senator Pederson waives his closing. The question before the body is, shall AM1483 be adopted to LB 425? All in favor vote aye; those opposed vote nay. The question before the body is the Pederson amendment, AM1483. Have you all voted on the amendment who care to? Record please, Mr. Clerk.

CLERK: 32 ayes, 0 nays, Mr. President, on the adoption of Senator Pederson's amendment.

SENATOR CUDABACK: The motion was successful. The amendment has been adopted.

CLERK: Senator McDonald would move to amend with AM1565. (Legislative Journal page 1492.)

SENATOR CUDABACK: Senator McDonald, you're recognized to open on AM1565 to LB 425.

SENATOR McDONALD: Mr. President, members of the body, my amendment, LB...or, excuse me, AM1565 provides an additional \$500,000 in additional funding to problem gambling in Nebraska. The need for problem gambling services in our state continues to grow. Over 41,000 American...Nebraskans experience problem gambling behaviors each year, and it's an estimated cost to each

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problem gambler of over \$5,000. That amounts to over \$212 million in social costs if left untreated. Adolescents are gambling more all the time. Student and teens took a survey and found out that many of them had begun gambling at early ages and had spent more money than they thought they would, and it's becoming a growing concern. This is my priority bill. And the problem that we have seen in this issue is that it's been very difficult to find the funding to pay for the additional need with problem gambling. I did send a brochure out, and that brochure says that there was over 500 hours of unmet services last year, and we need to continue to see that these...this unmet need is taken care of. So we tried to take it out of several other sources and were not able to, so the last resort is to take it out of General Funds. I hated to do that, but it's something that we in the state of Nebraska support gambling (sic), because it's part of our health and human services, and we need to see that those that are addicted to it continue to get the services that are needed. So my amendment merely gives them an additional \$500,000 to treat compulsive gambling. Thank you.

SENATOR CUDABACK: Thank you, Senator McDonald. You've heard the opening on McDonald amendment, AMI565, which is an amendment to LB 425. Open for discussion. Senator Redfield. Senator Pederson, I'm sorry, your light was on. Did you wish to speak?

SENATOR D. PEDERSON: Yes, please. This was originally proposed in Senator McDonald's bill, which essentially was going to take funds from the lottery proceeds and in the form that it would reduce the amount of advertising for...am I correct, Senator McDonald? Okay, she's nodding yes. So anyway,...

SENATOR CUDABACK: Senator.

SENATOR D. PEDERSON: ...that wasn't going to work, I guess, because there were some constitutional prohibitions against that kind of an encroachment on that fund, as I understand it, and so now Senator McDonald is coming in and asking for General Funds. It was certainly more palatable when it was going to be funds from lottery and, frankly, I wouldn't have minded if we reduced the amount of advertising because I think it's

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"semi-unconscionable" that we advertise for the lottery funds and...but be that as it may, I just think that this is not one of those things that we can afford to do by transferring General Funds into this program. And had it been some other method, I would have been more amenable to it, but I just...I just don't think we can start expanding programs like this, and for that reason I would resist this particular amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson. Senator Redfield, followed by Senator Janssen.

SENATOR REDFIELD: Thank you, Senator Cudaback, members of the body. I served for a number of years on the Urban Affairs Committee, I've served on the Revenue Committee, and in both of those committees I have seen before us proposals to increase gambling in the state of Nebraska. And generally in the hearing we could count on the people who provide counseling to those who have become addicted to gambling, we could count on them showing up and testifying and telling us the horrible stories, the families whose lives have been destroyed, the children that have been hurt, the bankruptcies, and all the other ill effects of an increase in gambling. At the same time, I will tell you that they have never, in a hearing I've been present at, testified against an increase in gambling. They have testified neutral and said it's okay if we expand gambling as long as we increase the money that we give to them. I find that less than honest. If they in fact really believe that it does destroy lives, I find it interesting that they think it's okay to increase an activity that destroys lives as long as we give them more money. And therefore, I will not support this amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Redfield. On with discussion, McDonald amendment, Senator Janssen.

SENATOR JANSSEN: Thank you, Senator Cudaback, members of the Legislature. Senator McDonald, I am going to support your amendment because I know what you've been through in trying to find funding. It was unfortunate that you couldn't take it at the place you wanted to. There was a question of constitutionality there. I believe that this is a problem that not only is generated by our meager gaming that we have in this

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state, but we all know the legal gambling we do have does cause some problems, but I think it's the illegal gambling that causes most the problem. Sports betting is a huge problem in this state, unregulated, and I know personally of a lot of young people who have been victimized by gambling of that nature. And, of course, I don't want to get back on my soap box that I've been on the last five years, but, you know, we have...we have gambling at our fingertips--the casino-type gambling on all of our borders. And with a major portion of our population within reach of Iowa, it is a problem. They bring the problems back here, but none of the funding to help the addiction in this state. And about the only place that Senator McDonald can go for funding is from General Fund. She doesn't have anywhere else to go with the help that she needs. So, Senator McDonald, I am going to support your amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Janssen. Senator McDonald, on your amendment.

SENATOR McDONALD: Yes, Mr. President and members of the body, that's the dilemma that we have. We don't...we didn't have expanded gambling and the people that service the compulsive gamblers did not take a stand for or against it. If they took a stand for it, there would be more people gambling and they can't take care of the ones that they have now. If they voted against it, they're morally thinking that they're against gambling and when you have...when you do treatment, you can't do any moral issues on taking care of your clients. Our problem that we're dealing with is we do have a problem. The state of Nebraska advertises at...we actually are number one in advertising for our lottery, number one in spending money to continue to promote gambling in this state in percentage to the revenue that's created, yet we don't take care of those that are addicted to the gambling. I had first wanted to take it out of our advertising budget, because with their marketing and contractual services they spend more than \$13 million. I felt that we should have \$500,000 to take care of our compulsive gamblers, and that was my bill, but I found out later on that it's unconstitutional to take that money from their operating services. We cannot take it from the trust fund. We have no other place to take it, yet the state of Nebraska is number one

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in spending dollars for gambling advertising. There is no place to take the other money out. What are we going to do with those that we encourage to gamble? I get tickets in the mail encouraging me to gamble. I know that they're encouraging others. And the most vulnerable ones are the poor, because they feel that some chance that they would win the jackpot and that would take them out of poverty, so they are the ones that are gambling. And when they gamble they're at risk for abusing their children, abusing their spouse, tearing up their family, committing suicide, various other things that are social costs to this state. But yet, we can stand by and say, hey, listen, it's okay to gamble; you can't win if you don't gamble. But we're not going to take care of those that are compulsive gamblers, and we know that there will be a certain percentage of them. We can't just stand by and let it happen and not at least give them enough to take care of the services that they're providing. Thank you.

SENATOR CUDABACK: Thank you, Senator McDonald. On with discussion. Senator Erdman, followed by Senator Synowiecki.

SENATOR ERDMAN: Thank you, Mr. President. Members of the Legislature, I would assume that if Senator McDonald was going to ask for the money out of the Cash Reserve Fund that we could do that tonight, but evidently we can't. And I guess if Senator McDonald probably would have asked for it as an amendment to another bill that...or an amendment that would have offered \$11 million, she probably could have got that as well, but we didn't hear about whether or not there was going to be a support or opposition to that amendment. But ironically, she offers an amendment for \$500,000 and immediately we have people opposing this. Why? Why? What is the compelling reason? She pointed out we have a problem. Everybody else that's been on the floor tonight that's pointed out we had a problem got their money and more. They flat out did. And here we are. So, Senator McDonald, I commend you for trying. Evidently, you've tried the wrong tactic. Maybe if you'd a tried the Cash Reserve Fund, there was about \$15 million there that you probably might have been able to get some money from. It amazes me. To the bill that she introduced, LB 332, we heard it in the Health Committee. Senator Cunningham and I are on the Health

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Committee. We also happened to serve on the General Affairs Committee at the time and we had the discussion in the committee that she pointed out about the limitations on the funding based on the policy that was made in this Legislature in regards to lowering the rates to encourage people to lose their income to the lottery, but at the same time holding harmless those entities that were receiving money. So that was the deal that was made. That's in statute. That's why she's here before us tonight. It's because this is her only option. I guess maybe the only thing that Senator McDonald tried to do that was wrong was that she tried to be up-front and honest and ask for it out of the General Fund, because she believed it's going to be an ongoing expense to the state of Nebraska. I am amazed, to say the least, about what it is that we're doing, or what it is that we're not doing, and I'm grasping for the rationale on what it is, the reason that we cannot do this and we can do all the other things that people are asking to do. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Erdman. Speaker Brashear, you're recognized to speak. Speaker Brashear, you're recognized. Mr. Speaker.

SPEAKER BRASHEAR: Mr. Speaker...Mr. President, would you pass over me for one more speaker, please?

SENATOR CUDABACK: Yes, I will. Next speaker is Senator Synowiecki.

SENATOR SYNOWIECKI: Senator McDonald, would you yield?

SENATOR CUDABACK: Senator McDonald, would you yield?

SENATOR McDONALD: Yes, I would.

SENATOR SYNOWIECKI: Thank you, Senator McDonald. In this handout that you provided, you indicate services that were delivered in 2004 and projections for 2005 and they strike me as some pretty...trending upwards pretty significantly. What do you attribute to that for the most part?

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SENATOR McDONALD: Well, I think one of the things that we're dealing with here, a lot of this is...comes from more than just the lottery. Unfortunately, that's the only funds that we can try to get money from gambling, and we can't so we have to go to General Funds, but I would guess Internet gambling is part of the problem. I would guess that our Nebraskans going over to Iowa is part of the problem. I would guess that a lot of our young people, Texas hold 'em, we're advertising a lot of card playing and gambling on TV. So I think it's one of those things that it just continues to expand.

SENATOR SYNOWIECKI: I...you know, you have a little bit of an historical "perspect" here...respect relative to individual therapy, family therapy, group counseling and assessments. I would be interested to see them numbers as they correlate with the accessibility of gaming in our neighboring states. I suspect that the accessibility to gaming, particularly the more addictive styles of gaming, our border states may play a role in this. You had spoken earlier about some of the other states and particularly those that have the expanded gaming, the slot machines and casino style gaming. Are Nebraska residents eligible, Senator McDonald, to participate in those sorts of programs if it could be demonstrated that the problem gambling arose as a direct result of the casino-style type gaming that is not in fact allowed here in this state?

SENATOR McDONALD: Well, are you saying that if someone sees the billboard in Omaha that says 100...1-800-Bets-Off, if they're able to call that number and get help?

SENATOR SYNOWIECKI: Your handout seems to indicate that...you use the state of Iowa as an example and indicate that they allocate over \$1 million for this...for these sorts of activities. My question would be, if a Nebraska resident could demonstrate that the onslaught of addiction occurred as a direct result of that style of gaming that's offered, for example, in Council Bluffs, can they use them services that are for...that are paid for out of the Iowa gaming monies?

SENATOR McDONALD: Absolutely not. If you're from Nebraska you cannot access gambling addiction dollars from Iowa.

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SENATOR SYNOWIECKI: So if I am a resident of Omaha, Nebraska, I can't go to the Council Bluffs Lutheran Family Services program, for example, and access them services under the auspices of the Iowa monies for...that are set aside for these types of activities for problem gamblers?

SENATOR McDONALD: No.

SENATOR SYNOWIECKI: Senator McDonald, thank you for bringing this. I don't know...now, this \$500,000...I'm sorry, I have one more question, Senator,...\$500,000, that would put us at a total of what...of what amount of money for these activities?

SENATOR McDONALD: Well, they get...they get...the first \$500,000, then they get...

SENATOR CUDABACK: One minute.

SENATOR McDONALD: ...1 percent, and this would put them at about \$1 million. The problem that we're facing is we have no preventive dollars also, and so this would help in the preventive. We have no advertising saying there is programs out there, and the reason they don't have any advertising, say they have programs, because they can't meet the need that we already have. So prevention is part of that.

SENATOR SYNOWIECKI: Uh-huh. Okay, thank you, Senator McDonald. Thank you, Senator Cudaback.

SENATOR CUDABACK: Thank you, Senator Synowiecki. Senator Smith, followed by Senator Combs, on the McDonald amendment.

SENATOR SMITH: Thank you, Mr. President and members. And I appreciate Senator McDonald's efforts on this issue. I have done some work in the past in a very similar fashion, back before it was unconstitutional to touch the lottery, and where the dollars go, and I don't want to argue that issue at this point. But I think it's time that we evaluate where we are with the lottery and where we're headed. We know that we have gambling addictions, even if they come from Council Bluffs.

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Now, I think, at least the patterns that I've been seeing with the advertising of our lottery and our affiliation with the multistate Powerball, I think we have some problems brewing. For quite some time I believe that the advertising patterns of the lottery have been preying on those of lower incomes. I speak to that. I see the coupons that have been inserted in newspapers for a free lottery ticket. Now, the lottery claims that their players have an average income of \$45,000, but I would like to know if the coupon clippers truly make that much money. I have a big problem when I hear that the multistate Powerball affiliation, or that group, has decided to worsen the odds of winning because they know that when people don't win the jackpot goes up and more people buy tickets. If similar practices as those were applied in the private sector for personal profits, I think there would be some litigation. And I don't think that it's necessarily going to be the case that the state is going to get sued because of this, but I think we need to look, what are the practices of the lottery, and especially now that we can't touch it because it's in the state constitution. It was interesting to see the related issues of this very similar issue, I believe, in the 2000 Session of who was fighting to keep the money in the lottery, beneficiaries. Who was fighting to do that? When we created the lottery we've created constituencies, and those constituencies are more than the environmental beneficiaries and the education beneficiaries, the Excellence in Education Council. I can't fault them for wanting to keep some of their dollars. I do get a little suspect when those who hope to get dollars from the Excellence in Education Fund decide they want to shape state policy so that a particular school district can get more money. But we have the constituency now of the vendors of the lottery--don't touch this, don't touch that. We have to advertise to maintain viability. In fact, we even have to twist our message. I'm glad they did pull some ads when they decided that it was a little too over the edge in terms of exploiting those with addictions. I ask the question, why did it take the cost of production of an ad to already take place? That...those are spent and all of a sudden...

SENATOR CUDABACK: One minute.

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SENATOR SMITH: ...the ad is out there. Well, we decided, yeah, that is a little unethical to suggest that getting out of bed to go buy a lottery ticket is a good thing. Where are we going with the lottery? Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Smith. Senator Combs.

SENATOR COMBS: Thank you, Mr. President and members of the Legislature. I rise in...with some real concern about what Senator McDonald has brought to us this evening. We've had a lot of discussion, as mentioned earlier, about duntrodde people, people with problems, and we've got a lot of care and concern for them, and I'm really concerned for these people with gambling addictions and what are we going to do. If not here, if we cannot get money here, then where? All they need...they need \$156,155, according to this handout. The projected shortfall in funds is present, despite the fact that there are no awareness funds used to promote the gambling assistance program services. Providers are not reimbursed for their awareness presentations they provide to promote treatment in their community. Clients of the GAP services are finding the treatment services without the help of any organized funded message informing them on access points for the GAP providers. Compare this with the state of Iowa, which allocates over \$1 million on awareness for services, like 1-800-Bets-Off. I hear that advertisement on KFAB all the time--call 1-800-Bets-Off--but no one over the border in Nebraska gets to benefit from that. They will not serve the people of Nebraska. And we heard a lot of testimony, debate right here on this floor and in the General Affairs hearing room about all the Nebraska license plates that line the casinos over the border in Iowa. These are people with problems. They're people with families. They're people with situations much similar to what we allocated money for from somewhere else, you know, earlier today, earlier this week, and I commend Senator McDonald for first being told it's unconstitutional. She was told no in two or three different ways, at least, and she has had to reinvent this that she brought to us tonight umpteen times, and I commend her for her determination to help these folks. And I'm just going to pile on and say they need help. And I'm not a rocket scientist, I'm not an economist. I don't know how to get this money.

# CORRECTION

THE DOCUMENT(S) IMMEDIATELY PRECEDING  
THIS CORRECTION TARGET HAS BEEN  
REPHOTOGRAPHED TO ASSURE LEGIBILITY. THE  
REPHOTOGRAPHED DOCUMENT(S) APPEARS  
IMMEDIATELY FOLLOWING THIS TARGET.

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These people need it. There is no program evaluation for the gambling programs which are designed to improve the quality of service delivery and reduce the costs of services to the state and the client. That's what we talked about earlier with the alternative pregnancy...the pregnancy alternatives programs that we funded earlier. No prevention dollars or program evaluation dollars are included in the budget. All we're getting from the lottery folks is, you can't win if you don't play. That's their mantra. And I wonder if Senator McDonald would yield to a question.

SENATOR CUDABACK: Senator McDonald,...

SENATOR McDONALD: Yes, I will.

SENATOR CUDABACK: ...would you yield?

SENATOR COMBS: Can you tell me how the state of Iowa compares in its advertising dollars spent by the lottery commission compared to other states, just a rough idea?

SENATOR McDONALD: Yes, I can. Just a second here. Iowa, Iowa's percentage of revenue, their advertising dollars, are 2.9 percent.

SENATOR COMBS: And what is Nebraska's?

SENATOR McDONALD: Nebraska's is 3.6 percent. We're number one in total of advertising dollars in the percentage of revenue that's created.

SENATOR COMBS: And that percentage of revenue is how much in terms of American dollars?

SENATOR McDONALD: In Nebraska it's \$92,600,000.

SENATOR COMBS: Ninety-two million, six hundred thousand dollars, going once, going twice, and we can't cough up a measly...

SENATOR CUDABACK: One minute.

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SENATOR COMBS: ...hundred and fifty-six thousand to treat these people that generated all that revenue. Ain't that a shame? I don't know, it's just a problem. I thought I'd voice my opinion on it. And like I said, I...doling out the dollars here, I've got a vote like everyone else has, but my expertise is in healthcare. It certainly is not in creating money and how to fund things and that kind of thing. I mean, there's other people in here with that expertise, but I'm saying, wake up, people. You know, all...these people that have generated all these millions, tens of millions of bucks, nearly \$100 million, and all she's asking for in this, you know, is...we've got an overrun of \$156,000 here and I know she needs more in the bill, but, you know, you got a mushrooming problem here. And I guess I'm just talking. I used to say a lot before and I've not said it yet this year but here goes--it's not who's right; it's what's right. Try to do the right thing for these folks that's got problems. You know, they're messed up and...

SENATOR CUDABACK: Time, Senator.

SENATOR COMBS: ...nobody is willing to pay the bill. Thank you.

SENATOR CUDABACK: Thank you, Senator Combs. Senator Jensen, followed by Senator Mines and others.

SENATOR JENSEN: Thank you, Mr. President and members of the Legislature. I'll be very short. I support Senator McDonald in her quest. We've got a problem. We created the problem. It's time for us to pay for the problem. Thank you.

SENATOR CUDABACK: Thank you, Senator Jensen. Senator Mines.

SENATOR MINES: Question.

SENATOR CUDABACK: The question has been called. Do I see five hands? One, two, three, four, five. I do. The question before the body is, shall debate cease on AM1565? All in favor vote aye; opposed, nay. We're voting on ceasing debate. Have you all voted on the question who care to? Record please,

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Mr. Clerk.

ASSISTANT CLERK: 25 ayes, 0 nays to cease debate,  
Mr. President.

SENATOR CUDABACK: Debate does cease. The motion was  
successful. Senator McDonald, you're recognized to close on  
AM1565 to LB 425.

SENATOR McDONALD: Yes, I'd like a call of the house and a roll  
call vote. I guess my last comments are, you don't play...

SENATOR CUDABACK: Senator Schimek (sic), did you request a call  
of the house?

SENATOR McDONALD: Yes.

SENATOR CUDABACK: Okay. I'll ask the question then. Shall the  
house go under call? All in favor vote aye; opposed, nay.  
Record please, Mr. Clerk.

ASSISTANT CLERK: 33 ayes, 0 nays to go under call,  
Mr. President.

SENATOR CUDABACK: The house is under call. All unauthorized  
personnel please leave the floor. Unexcused senators report to  
the Chamber. The house is under call. Senator Cornett, Senator  
Flood, Senator Hudkins, Senator Johnson, Senator Engel, Senator  
Raikes, Senator Thompson, Senator Erdman, and Senator Cudaback.  
Sorry. Senator McDonald, now you may close.

SENATOR McDONALD: Mr. President and members of the body, and  
I'll just reiterate what Senator Jensen says, that we have a  
problem. We created the problem and the problem is we're saying  
to our people, if you don't play you can't win. And if you do  
play and you do win, at some point in time you could become  
addicted, and we have various number of people that are addicted  
and we need to make sure that they are taken care of and we do  
send a message that we do take care of the problems that we  
create here in Nebraska. Thank you.

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SENATOR CUDABACK: Thank you, Senator McDonald. You have heard the closing. The house is under call. Senator Hudkins is out of the building. Are you authorizing us to go ahead, Senator McDonald?

SENATOR McDONALD: Excuse me, I didn't hear the question.

SENATOR CUDABACK: Senator McDonald, are you authorizing us to go ahead? Senator Hudkins is out of the building.

SENATOR McDONALD: Yes, that's fine.

SENATOR CUDABACK: Okay. Thank you.

SENATOR McDONALD: Thank you.

SENATOR CUDABACK: All in favor of voting yes on the McDonald amendment, AM1565, vote yes; all opposed, nay. Mr. Clerk, call the roll on the question.

ASSISTANT CLERK: (Roll call vote taken, Legislative Journal pages 1492-1493.) Vote is 21 ayes, 6 nays on the adoption of Senator McDonald's amendment, Mr. President.

SENATOR CUDABACK: The amendment is not agreed to. I do raise the call. Mr. Clerk, next amendment, please.

CLERK: Mr. President, the next amendment I have to the bill, Senator Beutler, Senator, I have AM1508 in front of me. (Legislative Journal page 1493.)

SENATOR CUDABACK: Senator Beutler, you're...

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, this is a MIFR amendment. Are you ready to go through it one more time? But it doesn't add any money anywhere, and it doesn't take away any money. The situation is this. The cities are being cut and that's not being changed by this amendment, but the cities would prefer that, of their two aid funds, that the MIFR fund be cut and that...and that the state aid fund not be cut, because they have a slight advantage in terms of

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flexibility of spending if they have more money in the state aid fund as opposed to the MIRF fund. So all this amendment does is switch funds. It doesn't increase or decrease the total fund, and it doesn't increase or decrease the allocation that would go to any city in the formula. It's a two-part amendment. Part of it has to be done here, and part of it has to be done on LB 426, but it should be easy for you so long as you don't mind giving the cities a little more flexibility. Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. You've heard the opening on AM1508, offered by Senator Beutler to LB 425. Open for discussion on that motion. Senator Landis. Is Senator Landis on the floor? I do not see him. We'll go to the next speaker. Senator Synowiecki. Senator Synowiecki waives his time. Senator Don Pederson.

SENATOR D. PEDERSON: Mr. President, members of the Legislature, this ought to come as a pleasant surprise. I have no objection to this. I know that all this does, there's a restriction on the use of MIRF funds and this would simply give the cities more versatility in the use of the money. If that's what they'd like to do, that's fine with me. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson. Any further discussion? Seeing no lights on, Senator Beutler, you're recognized to close. He does not wish to close. The question before the body is adoption of the Beutler amendment, AM1508, to LB 425. All in favor of the motion vote aye; opposed, nay. The question before the body is the Beutler amendment, AM1508. Record please, Mr. Clerk.

CLERK: 32 ayes, 0 nays, Mr. President, on the adoption of Senator Beutler's amendment.

SENATOR CUDABACK: AM1508 has been adopted. Mr. Clerk, next amendment.

CLERK: Senator Beutler would move to amend with AM1577.

SENATOR CUDABACK: Senator Beutler, to open on AM1577 to LB 425.

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SENATOR BEUTLER: Senator Cudaback, I'd withdraw that amendment.

SENATOR CUDABACK: His amendment has been withdrawn. Mr. Clerk, next amendment, when you get time.

CLERK: Mr. President, the next amendment I have, Senator Thompson, AM1503. I have a note that she'd like to withdraw AM1503 and offer, as a substitute, AM1600. (Legislative Journal pages 1493-1494.)

SENATOR CUDABACK: Any objection? Seeing no objection, so ordered. Senator Thompson, to open.

SENATOR THOMPSON: Thank you. This is the money last week, the TANF, Temporary...federal Temporary Assistance for the Needy...Needy Families, amendment that Senator Foley put up with some modifications. Since during the day we have been negotiating this, I think he's a little bit stronger arm negotiator than I am, but we both signed this amendment. And I believe it's not all of what I want. It's a little bit of what he wants, but not all of what he wants. But I think it tightens this up a little bit and makes it clear that we want Nebraska nonprofits to have preference in the awarding of these funds. It also makes clear that it can be not only one entity that would administer this program but also would allow a coalition of nonprofit entities in this that could group up and put together a proposal in this area. And it also contains language that states that the pilot program may expand existing programs, it doesn't have to be something totally new, and that it will...that the program will have outcome measures and provide the information to the Legislature. After the passage of the amendment, I asked my staff to contact a number of people or organizations in the state that provide these services. We also talked to people who head up two coalitions of Nebraska agencies that provide these services. These incorporate their recommendations. Probably the only difference between Senator Foley and me, and I've agreed to his wish on this, was that I thought we could break it up and do multiple grants. What this will do instead is provide that it can be a single grant or a group of Nebraska entities coming together for a grant. And that is provided, that this is permissible under federal law.

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This kind of came together about 5:00 and we didn't have the ability to talk to the department, but it is written so that preference would be given to Nebraska-based nonprofits, and if it has to be broader than that because of any federal stipulations, that would be taken care of. I do want to say for the record quickly, and since we have this worked out I don't want to belabor this, but I did want to convey information that I heard that I thought was pertinent, particularly in the discussion earlier this morning on another kind of program. But what I...what we heard from providers of these services is, the biggest need is for women who don't speak English, that that's a gap area; that otherwise they're able to provide these services. This will enable them to expand existing services, but I hope, for the record, that they...any provider who might consider this would go to the gap area, which they are all very aware of, and that is the fact that it's difficult population to serve and the people who need this kind of service the most are non-English-speaking women in Nebraska. And with that, I will encourage your support. Thank you.

SENATOR CUDABACK: Thank you, Senator Thompson. You've heard the opening on AM1600 by Senator Thompson. Before we go to discussion, Mr. Clerk, do you have any items, please?

CLERK: Mr. President, Senator Beutler, an amendment to LB 426; Senator Chambers, LB 426; Senator Byars, LB 426; Senator Howard, LB 713. That's all that I had, Mr. President. Thank you. (Legislative Journal pages 1494-1499.)

SENATOR CUDABACK: Thank you, Mr. Clerk. We now go to discussion of the Thompson amendment. Senator Foley.

SENATOR FOLEY: Thank you, Mr. President and members. Let me just thank Senator Thompson for her willingness to work through these issues. I think we've had some very constructive discussions and this amendment is the result of our work. Senator Thompson, you have been an absolute pleasure to work with, as you always have been in your years here when we served together, so thank you for all of that, and thank you to your staff who also worked very hard on this. I urge a yes vote on AM1600. Thank you.

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SENATOR CUDABACK: Thank you, Senator Foley. Further discussion on AM1600. Senator Thompson, seeing no lights on, you're recognized to close. She waives closing. The question before the body is, shall AM1600 be adopted to LB 425? All in favor vote aye; opposed, nay. The question before the body is the Thompson amendment, AM1600. Have you all voted who care to? Please record, Mr. Clerk.

CLERK: 32 ayes, 0 nays, Mr. President, on the adoption of Senator Thompson's amendment.

SENATOR CUDABACK: AM1600 has been adopted.

CLERK: Senator Byars would move to amend with AM1555. (Legislative Journal page 1500.)

SENATOR CUDABACK: Senator Byars, to open on AM1555.

SENATOR BYARS: Thank you, Mr. President. Appreciate that and the indulgence of the body. As you know, I offered on General File an amendment to take from General Funds, to increase the General Fund budget, to fund the rate equity program that was started almost 15 years ago by this Legislature and has been moving toward 90 percent of what we assumed, what we were told, was the entry level wage at Beatrice State Developmental Center. As I explained on General File, one of the biggest problems that providers of services to persons with developmental disabilities in this state and across the country are entry level wages. What the Chairman of the Appropriations Committee challenged me to do on General File was, Senator, see if you can find another place if there's somewhere, because we have lapsed funds that we didn't know about before but we found out about as we were visiting about the issue; we have lapsed funds over in Health and Human Services and maybe we can find something that will work other than increasing the General Fund budget. So I called the director of Health and Human Services, Nancy Montanez, and the director of Developmental Disabilities, Rene Ferdinand, and Dennis Loose, deputy director, to my office to sit down to try to figure out how we might fund rate equity, as we have promised to do for a number of years. As we looked at the budget that we

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are completing now, the 2004-2005 budget, it was...it was discovered that out of the \$5 million that were used out of the Tobacco Settlement Fund to fund the waiting list for persons with developmental disabilities, there would be a carryover of approximately \$2 million that wasn't utilized in the last biennium. Now, I'll tell you first, because the first question is, how come we need money if we didn't spend what we had? It's a different issue, number one, but number two, we had three different directors of the department of Developmental Disabilities, we had, unfortunately, a considerable amount of confusion with the director of Health and Human Services at that point, and dollars that should have been expended weren't. Those dollars that are appropriated in the budget, and we're moving forward in this year's budget, will be utilized, but they were not appropriately utilized in the last biennium. Because of that, we have \$2 million, and I'll tell you very honestly they're one-time funds, that we could use to fund rate equity over the next two years. Now, the argument becomes, and one I've had with myself and I'm sure Senator Pederson will raise it also, is the fact that once we do this then we set ourselves on a track of, in the next biennium, of that becoming a part of the base budget. Well, I don't have a problem with that because that's what we promised a long time ago and if, as we've been discussing over the past six or eight hours fulfilling our promises and what's in statute, that's what we have done, that's what we have promised, and I want to fulfill that promise. Now, in talking to the providers of service who are the ones who work so hard to try to find the individuals to fill these positions, they say, Senator, we'll take a chance on that two years. Anything that we can do to help hire direct care staff will be a tremendous advantage. I found, as I started to research and visit, and I'm telling you honestly that the new director of department of Developmental Disabilities and the new director of Health and Human Services have been totally cooperative with me and working in trying to find the solution to this issue. The problem that we have was not created by them, and I trust them very much to move forward in a positive manner for doing the services that we promised for our most vulnerable citizens. But I found out at BSDC, when we've talked entry level wages, a Tech I wage, that Tech I wage down there is \$8 an hour. They can't hire anybody. Nobody will come into the service and come

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to work at that level. So what they're having to do is to weigh...is to increase, after six months, from Tech I to Tech II as an entry level in order get people to even work. And we're still trying to figure out...people at HHS went home. They're saying the process now is that six...first six months of your probationary period you're paid at the Tech I level. That would put us at 80 percent of...or 90 percent, if we fund this fully, of \$8 an hour, and then at the end of that six months they go to the level II wage base. Well, none of the providers I can talk to say this has ever been explained to them at all and we don't have that information. But I don't see a lot of reason to spend a huge amount of time on this, this evening. We have accepted the challenge from Senator Pederson to find additional dollars. They are dollars that are unexpended. They're lapsed funds that aren't appropriated in any other way for the next biennium. It is absolutely the truth that if we don't put exclusion language in that it just more than likely will become part of the base in two years, but I feel that it's our obligation. Again, we have a two-year window. We obviously can look at that part of the budget, as we do every two years, every single time we come back, and the department can make recommendations, the executive branch can make recommendations, and we as the Legislature can make the final decision. So I would encourage you to adopt this amendment. I think it's appropriate. I think it's a promise that we've made and that we need to fulfill, and I would ask you to approve AM1555. How much time do I have left, Senator?

SENATOR CUDABACK: About 2, 55, Senator.

SENATOR BYARS: Okay. I would yield my...balance of my time to Senator Pederson. I know he and I have had off-mike conversations and certainly for the...to use the...have the best use of our time, I'll give him this opportunity.

SENATOR CUDABACK: Senator Pederson.

SENATOR D. PEDERSON: Thank you, Senator Byars and Mr. President, members of the Legislature. This is kind of chapter two of the same book that we started a little earlier and I think that we should certainly commend Senator Byars. I think he deserves at least a gold star for effort for trying to

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obtain monies for the developmentally disabled staff workers. We knew about this before, about money being available in the...in the Health and Human Services portion of developmentally disabled, but initially they had committed that they have already spent the money on services, and now they're contending apparently that they could use this money for one-time salary increases. But, you know, we had the same discussion before and I just have to reiterate this, that we have other people that are in the provider category. We gave them the same rate that we're giving the developmentally disabled workers--2 percent. So...and the reason they got 2 percent, and the other providers in that category, was because they had been receiving additional funds since 2001. There was another group, that hadn't gotten anything since 2001, we gave 3 percent. So I mentioned the other day when we were talking about this that we're talking about...

SENATOR CUDABACK: One minute.

SENATOR D. PEDERSON: ...people who are similarly situated, to a certain extent, in that if we give money from whatever means to one group, I think we feel somewhat morally compelled to review the provisions that we've made for the other providers for services, and I think that that would be a very large sum of money and I don't know that we can do that. I don't...I don't think we want to try to do that. And, as Senator Byars has alluded, this would have to be carried on. So those of you who are going to be here two years from now, if you do this, remember that that's going to be in the base for this because we're going to have to, unless, as Senator Byars says, they could put some intent language, but in all reality we're going to have to put in this, in the base, so that when you look for the next biennium you're going to see this sum of money added into that category of service. So it isn't going to go away.

SENATOR CUDABACK: Time, Senator Pederson.

SENATOR D. PEDERSON: It's a temporary "allevement" of the problem, but it isn't going away. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson and Senator

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Byars. You've heard the opening on the Byars amendment, AMI555, to LB 425. Open for discussion. Senator Redfield, followed by Senator Synowiecki and others.

SENATOR REDFIELD: Thank you, Senator Cudaback. Members of the body, I went over earlier and I apologized to Senator Byars for not supporting his amendment earlier. You see, I felt that it was important that we hold the line on the budget, and I was following the lead of the Appropriations Committee, and I had had some discussions with Senator Pederson about the cost of this and the fairness issue. But I will tell you that I didn't see nickels and dimes when we allocated \$15 million from the Cash Reserve Fund, so I have assured Senator Byars that I am going to support this amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Redfield. Senator Synowiecki, and others.

SENATOR SYNOWIECKI: Thank you, Senator Cudaback. And again, to kind of reiterate what Senator Pederson was going and to reiterate what I had discussed on General File was our appropriations methodology to this in terms of there was a clear division, as Senator Pederson indicated, between a group of providers that have not received any increase whatsoever since 2001, and another group of providers that have been receiving increases yearly throughout our difficult years with the budget. And what the Appropriations Committee did was...had a pretty clear division line between those two groups of providers and the developmental disability provider group fell within that division, if you will, of human service providers that received a 2 percent increase. And the philosophy behind that and the logic behind that was that they were within that group that had received consistent yearly raises in terms of provider rates. And then we had another group of providers that had not received an increase since 2001 and that group received a 3 percent increase each year. Now, if we extract developmental disabilities, again, that's on a...we're getting in a slippery slope, because we have other providers within that 2 percent grouping that would have quite compelling reasons and justifications for indicating or for having a raise themselves. We would not be extracting medically handicapped children

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providers. We would not be extracting the subsidized adoption provider rates or the aged and disabled services, child welfare services, and Employment First. And I can assure you that each of these groups could make quite compelling arguments for additional increases to their provider rates, just as, as I said on General File, I'm very sympathetic to Senator Byars and what he's attempting to do. He makes a compelling argument and it's based partly in statute relative to the developmental disabilities program. And I also understand that it's a little bit of a different version this time. We're not looking at General Funds. But I think Senator Pederson did quite a good job of indicating that once this gets in the base it will be General Fund funded in the out years, and I thought Senator Pederson did quite a good job of articulating them points. You know, it was a very simple methodology that the appropriations...that the...methodology that the Appropriations Committee adopted relative to this issue of human service provider rates, and if we default from that methodology, a very simplistic methodology, perhaps oversimplistic, the fact is, some of these other providers can provide compelling, very compelling, argument for additions as well. And also, you know, developmental disability providers, they have a lobby presence here in the Capitol, and some of these others do not, and I think it might be viewed wrongly, perhaps, if we look at the developmental disabilities group in a little bit different light perhaps because there is a lobby presence here in Lincoln and the other groups do not have the benefit of a voice down here in the Capitol. So I think we need to be mindful of that, too. Again, I appreciate Senator Byars and I am sympathetic. I wish we can do this, but I just cannot violate the principled approach taken by the Appropriations Committee. And once we extract...

SENATOR CUDABACK: One minute.

SENATOR SYNOWIECKI: ...one group of providers from that methodology, we're really on a slippery slope. Thank you, Senator Cudaback.

SENATOR CUDABACK: Thank you, Senator Synowiecki. Senator Thompson, followed by Senator Byars.

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SENATOR THOMPSON: Thank you, Mr. President, members of the body. Senator Synowiecki said everything that I wanted to say. The only thing that I would add is that if we do this for this group of providers, take them out of the plan that we have with the 3 percent group and the 2 percent group, then while we're doing the next three amendments I'm going to prepare an amendment to increase it to all of those people in this group to 3, this amount, the 3 percent, and the other group to 4 percent. Once we get going on this, it is totally unfair not to treat all the providers with a similar way of doing things. And so I don't...I don't mean that as a threat, and I haven't...I have stuck with the Appropriations recommendations throughout this process, but I will veer from that if this happens, and that will be the first time I've done that since we've debated the bill. Thank you.

SENATOR CUDABACK: Thank you, Senator Thompson. Senator Byars, followed by Senator Beutler.

SENATOR BYARS: Thank you, Senator Cudaback. And in the interest of time, I will not turn my light on again. I'd respond to any questions that anyone has. I think the case has been made. I don't think...and I don't want to fault the Appropriations Committee, they're very bright, they work very hard, Senator Thompson, Senator Synowiecki, Senator Pederson, all the other members, but you're talking about direct care staff in the DD field that is totally, completely different than direct care staff in the other areas that you're talking about. And you talk about entry level wages, you are talking apples and oranges. You talk about the type of services provided and there are not similarities in the type of services that are provided. I think it's very, very clear, if you look at the two years, the Cash Fund, you look at the ongoing commitment that we have, I would expect everyone in this body that I have on the sheet in front of me who voted just a couple of amendments ago on LB 425, on Senator Pederson's amendment, that didn't seem to have any trouble whatsoever with going with a two-year commitment for \$15 million and what that would do to the base in two years. I guess somebody needs to explain to me the difference of why we could support \$15 million, which I voted for because I want to

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support economic development in this state. You know what? When we increase jobs in this state, what do you suppose happens? You know what? People have kids with developmental disabilities. Where do the services come from? Where do you find direct care staff to take care of them? I'm sorry, we made a commitment, this body made a commitment. The only reason this didn't come in at the appropriate amount is because everyone in the executive branch assumed that we wouldn't have a 3 percent pay increase for our state employees so they put in 2 percent when they made their request. If they would have known they were going to negotiate to 3 percent, they would have put it in. Now, I'm...I want a vote. I do want a vote. I could easily pull the amendment, but I want a vote and then you can make your decision. And then think hard about the other decision that you've made this evening, and I've made them too. I've made them where I've felt...I voted yes, and I voted no, and I voted for what I thought was appropriate, and I voted for what I didn't think was appropriate. But I think that we're...I think we're...we've made a promise and I think we should fulfill that promise, and I think we've put a group of people in tremendous jeopardy. And I don't think you'll see a huge group of providers stomping down the doors of the Capitol because you tried to get not even a living wage for direct care staff in the developmental disability field. I think most of those people would come in and tell you, yes, do this. Thank you very much.

SENATOR CUDABACK: Thank you, Senator Byars. Senator Beutler.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, Senator Synowiecki and Senator Thompson have explained to you, reminded you again at least, of the relationship that we tried to establish between different types of providers. Senator Byars, bless him, is suggesting that we...that we do better by the DD providers. I just want to remind you of another reason why, in my opinion, we should not reward this organization, which does in fact have a much more powerful lobby than the others, at this point in time, and that is because, as I indicated to you at the last stage of debate, these providers are not responding to the need for several critical reforms. They're not responding to the need for more training. They're not responding to...for the need to be in better contact with

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DHH. They're not responding to having a better relationship with communities through community plans. They're not responding to the idea of not using local police forces so much and having better trained people who know how to deal with people at different levels of needed care. They are not responding. It would be a wrong message, in my opinion, to treat them better than everybody else at a time when they're not otherwise responding to needed reforms in the area. Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. Senator Pederson, Don, that is.

SENATOR D. PEDERSON: Mr. President, members of the Legislature, I'm like Senator Byars. I think we're...need to get on with this and make a determination as to how we want to handle it. I want to remind you of something. When we received the Governor's budget, there was absolutely zero provided for developmentally disabled. We increased that to 2 percent, and so I think you have to bear that in mind. It's not like we're starting over again, you know? This...we did provide for them. And where's the difference? The difference lays in the fact, or lies in the fact, that the...when the state employees negotiated, they ended up with 3 percent and 3.25 percent. So that's the difference between what we're talking about, and what that equates to is that, instead of 100 percent for Senator Byars' interests here, it's 98.75 percent. So that's the big difference we're talking about. But how does that equate into dollars for the state? The ongoingness, which has been alluded to, in the next biennium would be \$1,675,000 for each year for this item by itself, and if we looked at the other providers that are not being equalized in this same fashion, then in '05...in '05-06 it would be \$4,372,000 in '05-06, and \$8,492,000 in '06...in '07...or '06-07. So we're not talking about insignificant dollars. And so we tried to do, in the Appropriations Committee, what we believed was reasonably fair. And I'm sorry that there is this difference, and I know that Senator Byars is very sincere in his effort. I just want to call your attention to what is the reality of the day, and the reality of the day is that the ultimate bottom dollar line is going to be expensive. Thank you.

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SENATOR CUDABACK: Thank you, Senator Pederson. Senator Byars, there are no further lights on. The Chair recognizes you to close on AM1555. Senator Byars waives closing. The question before the body is, shall AM1555 be adopted to LB 425? All in favor vote aye; opposed, nay. The question before the body is the Byars amendment, AM1555, which is an amendment to LB 425. Voting on the Byars amendment. Have you all voted on the amendment who...Senator Byars, for what purpose...

SENATOR BYARS: I would ask for a call of the house.

SENATOR CUDABACK: There has been a request for a call of the house.

SENATOR BYARS: And a roll call vote.

SENATOR CUDABACK: All in favor of the house going under call vote aye; those opposed, nay. Record please, Mr. Clerk.

CLERK: 30 ayes, 0 nays, Mr. President, to place the house under call.

SENATOR CUDABACK: The house is under call. All unauthorized personnel please leave the floor. Unexcused senators report to the Chamber. The house is under call. Senator Cunningham, Senator Heidemann, Senator Brown, Senator Raikes, Senator Kremer. Senator Raikes. All members are present or accounted for. Been a request for a roll call vote on the question, AM1555. Mr. Clerk, call the roll, please.

CLERK: (Roll call vote taken, Legislative Journal page 1500.)  
16 ayes, 11 nays, Mr. President.

SENATOR CUDABACK: The Byars amendment is not agreed to, and a roll call vote is an automatic record vote. I do raise the call. Mr. Clerk, next amendment.

CLERK: Mr. President, the next amendment I have, Senator Erdman, AM1589. (Legislative Journal pages 1500-1501.)

SENATOR CUDABACK: Senator Erdman, to open on AM1589.

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SENATOR ERDMAN: Thank you, Mr. President. Members of the Legislature, welcome to "Prime Time Live" at the Legislature. The amendment before you, I believe, is one of the things that we have set as public policy this afternoon, and that is if you can find a state statute that's not funded, bring it to our attention and we will fund it. That's what Senator Stuthman did this afternoon so eloquently, even though you can argue what the law actually says. The amendment before you restores the distributions under the program of the county property tax relief for...starting in fiscal years '05-06, as is outlined in current state law in Section 77-3618. We've had discussions on this section indirectly. Senator Don Pederson pointed out, I believe, on General File that there was a big goose egg under this program, even though the state statute required the distributions to be resumed in this year. The amendment before you is drafted exactly off of the language that's in page 42 of the Appropriations Committee's book, which states that the money will be at a reduced level, and part of that is due to the fact that, if you look at the current language in 77-3618, it requires county to be at a certain levy limit in order to receive this state aid. So that information is used to determine the amount of money that's in the budget. So on page 42 you can read that there is a recommended amount of \$2.9 million for fiscal year '06, and \$3.1 million for '07. The Governor's budget did not include this money. The Appropriations Committee's budget did not include this money. But I figured that since we've kicked open the doors of the treasury and we've found areas of the state law that are not being funded, that this is an opportunity. The program that was designed is generally designed to help some of those counties that probably truly need the most help in the area of reducing some of their costs. So the amendment before you is a sincere attempt. I sincerely believe that this is something that the Legislature should consider and I would encourage your discussion and hopefully your adoption of the amendment to this budget. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Erdman. Open for discussion on the Erdman amendment. Senator Stuthman.

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SENATOR STUTHMAN: Thank you, Mr. President and members of the body. I guess I am not totally understanding how the process goes. (Laughter) Realistically, maybe I shouldn't take quite so much time to talk because people can misunderstand the words that I am trying to get from my mouth. But in my opinion, when the process goes, when the budget process goes, I think there should be the obligations of the law laid out before anything else is addressed in a budget; you know, what is needed, what has been placed in law, what has been placed in statute, how many dollars? Then, after those obligations are met, dollars that are left over, then they can be put to other programs. But the way it seems to me, it's if there's a line-item that somebody says, well, you know, we didn't have the money last year for it and we made an agreement not to have...put money into it, but as it was stated, it says distributions under the program will resume in fiscal year 2005 and 2006. What does that mean? Doesn't mean a thing in the eyes of some. But when we have additional revenue coming in and we have a situation like this, that, you know, they're looking at it and they say, well, it's not in the Governor's budget, those are struck out, we're not going to do that part of it, but we're going to...we're going to make an increase that is not mandated, that is not in statute, for programs of a certain percent, immaterial of what is said, but it's taking into consideration how many dollars we have. I'm not saying that we should...we should, you know, put the money all back in, but the issue that I'm trying to deal with is that, what are the biggest concerns of our constituents in the state of Nebraska? Property tax relief. That is probably the main issue when people go out and campaign--what are you going to do about my property taxes; what are you going to do about them? They did do something for a couple years, but then, well, sorry, we can't do it anymore. So I don't know if some direction should be changed when the budget process goes, how it's handled, if there should be any consideration to any bill or any appropriations prior to that year. Maybe not. I don't know. But I just think it's something that we need to think serious about. I'm not saying that we need to, you know, put it back in. But I've been on the county level. Whenever money doesn't come into the county, who do we go to get it from? The property owners. That is their only source of revenue. And this is a good property tax relief,

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and I commend the state for doing it for several years, and I wish they could have continued to do it. But since it's not in, I really appreciate the fact that I was...did accomplish my amendment earlier in the day, quite a few hours ago,...

SENATOR CUDABACK: One minute.

SENATOR STUTHMAN: ...and then I'm just giving information about what we're discussing right now, but I'm not saying, you know, that we should do it. I'm just concerned about the process and how we're coming up with our numbers. Thank you.

SENATOR CUDABACK: Thank you, Senator Stuthman. Senator Don Pederson.

SENATOR D. PEDERSON: Thank you, Mr. President, members of the Legislature. I was just looking up at the board. It says LB 425. It does not say ATM. And...(laughter)...so, Senator Erdman, I was informed this was not...this proposal you have was not necessarily sponsored by the NACO and this is something that you're doing on your own and that's fine. I think that's not a problem. But if you look at the statute that this comes from, which in this dark light and storms coming, 77-3618, subsection (d) provides, "The amount distributed to a county shall not exceed an amount equal to the result of a tax rate of five cents per one hundred dollars on the assessed value of the county." It says the amount distributed. Neither the Governor nor we in the Appropriations Committee distributed any money, so I think we complied with the law. It says we won't go over and we didn't. We gave zero. So I think that this is a matter that I appreciate your efforts in trying to do this but, on the other hand, we are not required to fund it and we didn't. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson. Senator Erdman.

SENATOR ERDMAN: Thank you, Mr. President. Senator Pederson, you have absolutely read the statute correctly. Congratulations. The last line of the statute does say, though, that the distributions under the program will resume. So the fact that you have the flexibility, there's also a conflict in this statute that says we will resume those distributions. So

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you are correct in your reading of subsection (d), sub (1) (sic) of the statute, but there is a conflict there as well. Look, the reality is, is that we're not willing to do this. I'm going to make that assumption. Okay? Six million dollars that we don't want to do for property tax relief to the smallest counties in the state. That's fine. We've made that policy decision. It's contrary to the policy decision that we made this afternoon with Senator Stuthman's, which bill also says, that was supported by 38 members of the Legislature, that we will fund up to \$3.9 million. As I would read that, \$3.5 million is somewhere up to that. It doesn't say that we have to fully fund it. It does not. So the amendment before you is consistent with the attempt that was made this afternoon, and I thank Senator Stuthman for his eloquent and fantastic comments on my amendment that I'm sure has solidified such support that I will be able to count on, but the reality is we have set a public policy on how we're going to govern and it's based on statutes, and it's based on funding those statutes accordingly. Now, if we had an individual violate another state law and say, well, you know what, we didn't really feel like we wanted to deal with that, we wouldn't let them get away with it, but we're going to do it here and we're going to do it with full knowledge of what we're doing and we shouldn't shy away from it. When people say, why didn't you meet the obligations of 77-3618, you can say, well, we didn't have to. But actually we did. We just chose not to. That's the answer. That is the only answer. So I am in full support of this. I understand that it is something that is probably contrary to what some of you want to do. And if you'll remember, we have kicked the treasury open for job training for \$15 million, we did \$10 million to the tune of special ed...or, excuse me, \$6.5 million, and \$4 million for early childhood education. We can't do \$500,000 for Senator McDonald. But through this whole process there's been no consistency as far as what we will support and what we won't. I thought what Senator Stuthman offered today was based on some sound arguments--there's a policy that's in statute that we should fund. This is no different. It is 6 million bucks; \$2.9 million this year according to the Appropriations Committee's book, it's \$3.1 million for the next year. Laid out, page 42, you can read it for yourself. Simple request, it is \$6 million. Thank you, Mr. President.

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SENATOR CUDABACK: Thank you, Senator Erdman. Senator Louden, on the Erdman amendment.

SENATOR LOUDEN: Thank you, Mr. President and members of the body. Yeah, I've been somewhat amazed this afternoon how we go about some of this stuff. If the right folks are around, I mean, we can shoot...we talk about our gambling, our compulsive gambling, we can shoot \$15 million out here on a guess, I guess, because we're going to do some...something in the future that might work and might not work. We're going to train some people that might be around, and maybe they won't. Maybe they'll stay and maybe the employers that hire them and use that money might keep them on, and maybe they won't, because there was only 75 percent of them have to be full-time employees. The rest can be part-time. And all kinds of little ifs and ands about it, and yet here you have some chance on some of these, you talk about doing rural development or something for rural areas, and these are your smaller rural counties that would receive this money and this is something that you know would make a difference. This would...this would probably alleviate some property taxes up there. And no matter how you cut it, we know that the property taxes in these smaller counties in the rural areas is eating their lunch. That's all there is to it. The valuations are going up every year, mostly because probably outside people are purchasing land and the way the valuations are set up in Nebraska, that's comparable sales are used for valuations, so your valuations go up every year. Your property tax increases considerably every year, and this is what's happening to them. There's people that are probably their property taxes jumped again another 7 percent in some of the counties. It was in the papers we have out there. We also have where over the past five or six years a lot of the property taxes went up 25 percent. Anyway, this is some way that you probably could do some good for somebody and we would see it happen in front of us. Instead, we've elected to shoot money on some of the grander schemes. I guess we have these great plans and great ideas, or whatever they are, and I don't know if we have complete plans or they're halfway plans, however you want to describe it. But I think Senator Erdman certainly has a valid idea here. If you can shoot some of this money out like

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they have been all afternoon, why, this is something that would probably do a lot more good than some of the things that we've been spending money for, especially some of this education. The education I had no problem with. I just think it was excessive. I didn't think 15 million bucks was necessary over the next couple years when they haven't spent that much yet. So I think the money could have been used more effectively and it certainly could have been used more effectively in this bill. I hope Senator Erdman takes it to a vote because I certainly will vote for it. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Louden. Senator Erdman, there are no other lights on. The Chair recognizes you to close on your amendment, AM1589.

SENATOR ERDMAN: Thank you, Mr. President. I would love to. Members of the Legislature, again, the amendment before you restores the funding that's statutorily required, if you read the full statute, under the County Property Tax Relief Program, Program 104. It's \$2.9 million the first year of this budget; it's \$3.1 million the second year of the budget. My good friend Senator Friend here tells me that this is the closest thing he's going to get to voting for a tax increase this session, and I think he's right...tax cut. Excuse me. I'm sorry. Quote you correctly next time. But the fact remains, we have a statute that says that we should do this. The fact that we as a Legislature have chosen not to I think speaks volumes. I hope that that is not a trend that we continue into the future because, if it is, Senator Schimek has a bill with LB 577 that would have dealt with early childhood development. What if we put something in there that says two years from now we're going to fund it, we decide, you know what, we've made that policy decision but we're not going to stick to it. That's not right. We have made a public policy decision. We did it at a time of distress and we made a written agreement with the people in this state, via the statutes, to say we will restore this funding. I would encourage you to do that by voting green on AM1589. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Erdman. You've heard the closing on AM1589. Question before the body is, shall AM1589 be

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adopted to LB 425? All in favor vote aye; opposed, nay. Voting on the Erdman amendment, AM1589, which is an amendment to LB 425. Senator Erdman, for what purpose do you rise?

SENATOR ERDMAN: I'd ask for a call of the house, please, Mr. President.

SENATOR CUDABACK: There has been a request for a call of the house. All in favor of the house going under call vote aye; those opposed, nay. Record please, Mr. Clerk.

CLERK: 26 ayes, 0 nays, Mr. President, to place the house under call.

SENATOR CUDABACK: The motion was successful. The house is under call. All unauthorized personnel please leave the floor. Unexcused senators report to the Chamber. The house is under call. The house is under call. Senator Jensen, Senator Johnson, Senator Engel, Senator Landis, Senator Stuhr, and Senator Burling. Senator, all members are present or accounted for. Did you request call-in votes or a roll call?

SENATOR ERDMAN: Roll call, regular order.

SENATOR CUDABACK: Been a request for a roll call in regular order. Mr. Clerk, call the roll on the question, AM1589.

CLERK: (Began reverse order roll call vote.) I'm sorry, Senator?

SENATOR ERDMAN: I requested it in regular order, Mr. President.

CLERK: I'm sorry, Senator. I misunderstood. (Roll call vote taken, Legislative Journal pages 1501-1502.) 19 ayes, 13 nays, Mr. President, on the amendment.

SENATOR CUDABACK: The Erdman amendment is not adopted, and I do raise the call. Mr. Clerk, when you get time, next amendment.

CLERK: Mr. President, the next amendment I have is Senator Beutler, floor amendment...I'm sorry, Senator, AM1598.

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(Legislative Journal page 1502.)

SENATOR CUDABACK: Senator Beutler, to open on AM1598.

SENATOR BEUTLER: Members of the Legislature, it's getting very late and I know your energy is about drained, but let me ask you to think seriously and carefully one more time tonight, if I may. Because I think it makes sense not to commit ourselves to about \$10 million worth of spending. This amendment would reduce the job training funding that we did earlier in the amount of \$15 million, \$7.5 million each of two years. It would reduce it to \$2.5 million each of two years, for a total of \$5 million instead of a total of \$15 million, and it would still, in doing that, triple, more than triple the amount of money that was spent last year. Where have we gotten ourselves to in these short two weeks? Two weeks ago we had a balance over and above the minimum reserve at something like \$55 million, even counting the A bills that were in process from Select File on. What do you think we're down to now? We're down to \$3 million, and that doesn't count the \$15 million that we took out of the Cash Reserve Fund for job training. And that, I needn't remind you, that bare \$3 million that we're above now, down from \$55 million or so, the problem in the out years is exacerbated way, way more. Anybody who thought that the property tax levy for schools was going to be restored to \$1 from \$1.05, when that time comes in our statute, can forget about it now, because as between the business incentives and the other spending that we've done, there is no way short of some kind of economic miracle that you'll ever get to property tax relief again as far as school aid is concerned. But it does make sense, I think, not to go whole hog right now on this training portion of the business incentive package. The business incentive package is \$65 million or so when it comes into full play without the training part of the package. Because that training will be an ongoing obligation, I see no way you can deny that. If you add all of that on right now, you're up to the neighborhood of \$70 million-\$75 million in a total business incentive package. Now, maybe in the end we want to do that. Maybe in the end we want to have that \$7.5 million a year for training. But I suggested that we do...that we do it more slowly; that it's very hard for any agency to gear up that

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fast in a rational manner and spend that much money. And secondly, if you slow down next year, we can take a good look at the statutes relating to training. Those statutes, I hope you understand from the earlier debate, are not nearly in the sophisticated form that the business incentive...that the Revenue Committee has put the business incentive package in. We don't need to add all that training money. Senator Pederson said that training money isn't going to be spent all at once. I'm not sure. I'm getting mixed messages on that. But we do have to gear up over a period of one or two years before the main additional incentive package kicks in. To me, it makes sense to slow down on the training part, get that right in the statutes next year; then, if you want to add more money to it, see how it's going and add more money; and for the short term simply triple the money. In normal circumstances, people would be jumping head over heels to have their money tripled in any particular program. But here the argument is going to be, we have to put in all this money all at once, and I think it's a false argument. And I think that no business would run their business like we run our Legislature in terms of how we're handling this particular item. No good case has been made for such a strong and heavy commitment to a program that is not, in my opinion, properly structured. So maybe we can finish this evening by drawing back a little bit in a rational manner, dropping that \$10 million, going a little slower there; not simply saying, if this has the tag "business" on it, it must be good. Because you and I and all of us know that regardless of the tag on a particular appropriation, if it's not done right, it's not good. So I leave you with the alternative of reducing our spending by \$10 million. Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. You heard the opening on AM1598 by Senator Beutler. Open for discussion. Senator Don Pederson.

SENATOR D. PEDERSON: Thank you, Mr. President. Members of the Legislature, I think we spent close to four hours talking about this issue earlier. And if we talk about issues that look strange, just awhile ago Senator Beutler was wanting to make this \$17 million in General Funds, and now he wants to reduce it to \$3 million. He said...you know, I get the mixed message.

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The problem is distinguishing between spending and allocating. You know, Congress sets aside money or, what they say, appropriates money for a purpose, and if they don't use it for that purpose, they don't spend it. Well, that's exactly what this is. And I don't think it helps any situation to provide that we're going to set aside less money. So I think that we have made a statement. I think it's a statement that our economic people throughout the state have determined that they need to portray that we are willing to go forward with that kind of training money. I think we've heard enough about the whole issue and I would ask you to reject the amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson. Senator Thompson, followed by Senator Engel, on the Beutler amendment.

SENATOR THOMPSON: Thank you, Mr. President, members of the body. This is the time in the session, and this is my last session like this, but this is the time in the session when things start to get a little confused, when people get tired and things start to happen, and some of them are unfortunate, and earlier today one of those did happen. And I guess I don't care if we talked about it for four hours or eight hours, and I don't want to get into the arguments that are going on with Senator Pederson and his comments about Senator Beutler, or who said what. I think we should just get down to the basic issue here, and this is, what is good budget policy? We've had some time to think about it, to be thoughtful about it. I think the arguments have been made by Senator Beutler. Everyone here, I don't know that anyone doesn't think job training is a good idea, or that paying developmentally disabled providers a certain amount is a good idea. These are all good ideas, and they have to be sorted out. But we have to be responsible with what is going to happen in the out years and with this particular allocation. I've been in here for eight years. I have never seen anything like this. Never. To put this amount of money, take it from the Cash Reserve for a programmatic issue, we shouldn't be doing this. Now, I'm going to leave this year. Most of you are going to be gone in a year from now. We could throw up our hands and say, well, you know, so what. This is someone else's problem, they'll sort it out in two years. But that's not responsible. I was called off the floor by the

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Omaha Chamber and some other people. We had a nice discussion. I said, you know, I don't blame you for...you get the \$15 million anyway. You get it. I mean, it's not your problem. But is ironic, it is terribly ironic that the business community would want to enact public policy in such an irresponsible way. I'm not sure it was them. I'm hearing it's other people. They're just tailing off what...you know, what's working for them. Forget about all the people in the lobby. Let's talk about how we put a budget together and how we put programmatic things in the budget. This was a mistake. I've flipped votes here when I've had greater understanding and time to step back and think. Don't leave the state in this mess with this budget item this way. Let's correct it. Let's correct it. Let's fix it today, and then move on. But we can't leave it like this. This is fiscal irresponsibility. Thank you.

SENATOR CUDABACK: Thank you, Senator Thompson. Further discussion. Senator Engel.

SENATOR ENGEL: Let's call the question.

SENATOR CUDABACK: The question has been called. Do I see five hands? I do see five hands. The question before the body is, shall debate cease on the Beutler amendment, AM1598? All in favor vote aye; those opposed, nay. We're voting on ceasing debate. Have you all voted who care to? Senator Engel, what purpose...?

SENATOR ENGEL: A call of the house, please.

SENATOR CUDABACK: Been a request for a call of the house. All in favor of the house going under call vote aye; those opposed vote nay. Record please, Mr. Clerk.

CLERK: 25 ayes, 2 nays, Mr. President, to place the house under call.

SENATOR CUDABACK: The house is under call. All unexcused senators report to the Chamber. Unauthorized personnel please leave the floor. The house is under call. Senator Cornett, Senator Landis, Senator Schrock, Senator Wehrbein, Senator

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Redfield, Senator McDonald, Senator Friend, Senator Bourne. Senator Wehrbein, Senator Redfield, the house is under call. Senator Bourne. Senator Bourne, would you...thank you. I'm sorry. Didn't mean to scare you. All members are present or accounted for. Senator Engel, how did you wish to proceed?

SENATOR ENGEL: Roll call vote, please.

SENATOR CUDABACK: Roll call vote has been requested on the call of the question of AM1598. Mr. Clerk, please call the roll.

CLERK: (Roll call vote taken, Legislative Journal page 1502.) 21 ayes, 18 nays to cease debate, Mr. President.

SENATOR CUDABACK: Was not successful. Debate does not cease. I do raise the call. Senator Louden, you're recognized.

SENATOR LOUDEN: Thank you, Mr. President and members of the body. Every once in a while in life, it looks like we get a chance to straighten out something we probably screwed up earlier. And this looks like probably one of those opportunities. I think...I want to thank Senator Beutler for coming forward with an amendment like this. It takes somebody like Senator Beutler to figure this out, and probably do what we can to make this thing right. I agree that this is something that shouldn't be left like this. I think it was way too much when we did it the first time around, and I think it's...this probably brings it a little bit more in line. And I think by adopting this amendment, we at least look like we have some...a little bit more fiscal responsibility and with what we're doing, rather than going out with...scattering the money all over the place. I couldn't understand, to start with, why, when we were trying to be fiscally responsible, that this bill ever came up with the amount of money that was in it. When it was a bill in there, it had, like, a \$20 million to \$25 million fiscal note on it over a period of five years. So this was something that, whoever intended to get it started, it wasn't going to be something that was just out for a year or two. This originally...the original idea was for five years or more. So once the thought was out there, why, it was always going to be out there. So I think this is something a little bit more in

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line that should be done. And I certainly support the amendment, and thank Senator Beutler for bringing it forward. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Louden. Senator Beutler.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, I've been a part of two different Appropriations Committees...that is, two different...two Appropriations Committee, under two different leaderships. And I've watched Jerry Warner and I've watched Scotty Moore as head of the Appropriations Committee. And I've watched a variety of Appropriations Committees weigh the balances up and down and everywhere in all the different categories, and reach their decisions. But I've never seen an Appropriations Committee whose leadership came out here on the floor and agreed to a \$25 million hole in the budget. And that's what's happened. And I just feel strongly that on big amounts of money like this, there have been internal agreements of trust that have been broken, and that what has happened is not good for the Appropriations Committee process, and it's not good for the Legislature. I think the general feeling out here now is that you don't know what the boundaries are, you don't know why one is picked and another is not, except that the leadership of the Appropriations Committee tended to choose a couple of items, and a couple of very, very expensive items. We haven't been able to restore funding for providers. We haven't been able to restore full funding to the university. We haven't been able to restore funding for almost anything that we were cut funding for in the past. And now, \$25 million of essentially new spending. I'm really disappointed. And that's the biggest feeling I feel, is just disappointment. But this is not a fiscally conservative path that we're choosing. Maybe some people think that if the irresponsible path is in the name of business, that that's all right. We all have our "in the name of" that are all right for us. But somebody has got to be responsible for looking at the whole thing. And I always thought that was the Appropriations Committee. And I'm not understanding what's happened today. But I hope at least you will redeem the committee, to some extent, and cut at least \$10 million of this spending out of the budget. Thank you.

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SENATOR CUDABACK: Thank you, Senator Beutler. On with discussion. Senator Redfield, followed by Senators Synowiecki, Mines, Bourne, and Engel. Senator Redfield.

SENATOR REDFIELD: Thank you, Senator Cudaback, members of the body. We are here to represent the taxpayers. I think we have to keep that in mind. And I have always been known for being fiscally conservative. And I observed to my colleagues that most of us lay claim to that label. And yet, it doesn't seem that at any one time enough of us are fiscally conservative at the same time to prevent a budget from growing. And I don't believe that we are being fair to the taxpayers, when we have asked them to sacrifice, we've asked the cities to sacrifice. I told my city no, twice today...three times today, about coming back for more aid for cities. We've told counties no, we've told universities no, we've told our K through 12 schools no, and we've told people they can't have any tax relief. We've asked our agencies and our staff to nickel and dime and get by. Senator Byars was talking about some people. I had a phone call this morning from a constituent very concerned about why I had voted against Senator Byars' amendment the first time, people that were earning \$15,000 a year. We're talking about bringing jobs here, and we're talking about a job that already is here, a very important job, to take care of some very needy people, on behalf of the state. And we weren't willing to give them an extra 1 percent. And I told him, no, we couldn't, because we couldn't afford it. One percent on somebody making \$15,000 a year. I want to thank Senator Beutler for giving us a second chance to look at this, and see if in fact this is what we want to go back home and tell our constituents we did with the state budget, bearing in mind what we have done over the last three years in cutting budgets to the bone, in asking our staff to do without, in asking our cities and our schools to do without. Is this the most important thing we can do for the state? I hope that you'll take the opportunity to look at this a second time, and take a more measured approach. I think Senator Beutler is being more than fair in offering us a middle ground. Thank you, Senator Beutler, and thank you, Senator Cudaback.

SENATOR CUDABACK: Thank you, Senator Redfield. Senator

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Synowiecki, followed by Senator Mines.

SENATOR SYNOWIECKI: Thank you, Senator Cudaback. Me too, relative to Senator Beutler's initiative here. And the appropriations process is a painstakingly deliberative process. It's a meticulous process. And Senator Beutler was quite eloquent in his description of that and how I think we kind of violated some basic principles of that process here this afternoon, late this afternoon. I did not vote on that amendment earlier. And I'm glad that Senator Beutler has undertaken for us to have a reconsideration, so that we can move a little bit more cautiously, and so we can be a little bit more deliberative with this decision. It's got far-reaching implications for all of us. And I would hope that we would have a little bit more of a deliberative approach to this. I was real disappointed in the call for the question after one speaker. I was very disappointed in that. You know, granted, I understand it's after 9:00. But I think that was inappropriate, quite frankly. And I did not think that that was the best moment of this Legislature. I've only been here for three years. I don't have the time in that Senator Beutler has been here. But I can echo his concern relative to the process. Thank you.

SENATOR CUDABACK: Thank you, Senator Synowiecki. Senator Mines.

SENATOR MINES: Thank you, Mr. President, colleagues. I do not support AM1598. And I'm sorry if the Appropriations Committee is in disagreement, and I'm sorry that maybe there's some misunderstanding between that committee. It happens. Earlier today, this body voted to aggressively fund training in a manner that this state has never seen before. We chose to fund training for our citizens, for, hopefully, new citizens, so that they can gain experience and have better jobs, higher-paying jobs, and that we create an economy that we are willing to welcome people into Nebraska to become taxpayers. You know, Nebraska has not been able to compete with other states in job training dollars. With this appropriation, with this measure that was taken earlier today, we can now compete. And I don't understand, I guess, why fiscal conservatives...and I count

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myself as one, but I don't count myself as one that's not progressive in thinking. To simply not spend, and go back and tell your constituents, well, we didn't spend any money, so we're fiscally conservative, is a crock. If we look to the future, it's going to take an investment by this body in training. And where else are you going to create jobs, folks? Where are you going to build the economy, other than business? It's not a dirty word. Business creates jobs, that's the engine that drives this economy. And I'm ready to tell my constituents that we're progressive. I'm ready to go back and tell them, you know, by golly, we stood up twice today and said, it's time that we fund training for our citizens. Now, we can disagree about the methods, and we can disagree about whether it comes from our General Fund or it comes from reserve. I don't care. What I care about is creating opportunities, so my kids can live in this state and earn a decent job, and your kids can stay in this state and earn a decent job. And we're not going to do it without investing in that future. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Mines. Senator Engel, followed by Senator Brashear and Flood. Senator Engel.

SENATOR ENGEL: Mr. President, members of the body. First of all, I'd like to apologize for calling the question so quickly. I thought we'd discussed this enough today. We've talked about it about four, four and a half hours. But I do realize that it's a...Senator Beutler has a new concept he wants to sell. So I do apologize for that. However, I will not apologize for the \$15 million, because I do believe, if we're going to bring anybody in there, we have to have something to entice them. We are not taking this out of the General Funds. We are utilizing some of the Cash...I mean, the Cash Reserve Funds. And if it's utilized...if it's used, it's used. And if it is used, then that will give us incentive to make it a permanent project. If it's not used, it remains in the...it will go back into the Cash Reserve Fund. So we're not depriving any other program funding. We're not depriving any other program funding. And everybody talks about, well, we should fund more here, we should fund more there, fund more there, fund more. And our problem in this state of Nebraska is, the reason we can't fund all those things is we do not have enough jobs, we do not have enough industry to

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draw...to create the revenue to pay the taxes to support all those different funds that they want to support here, you know. And I want to support those, too. But...they're all worthy. And some of them, I think we have a lot of projects in the state of Nebraska that probably are all worthy. But are they all necessary? That's where we should be spending some of our time, is figuring out what we don't need to fund here in the state of Nebraska, because we just fund what we can afford. But if we want to grow in Nebraska, we have to get more good paying jobs, we have to get more companies to come in here to provide those good paying jobs, and we...and then when the company wants to come in...when they come into Nebraska and say, can you provide the workforce we need, the only way you're going to get that work...the workforce they need for their specialized industry is, they have to have job training. That's what this is all about. So I will not waver from the \$15 million. I think we have to have enough out there, and we have to have...show these companies that we're trying to bring into Nebraska that we do have the funds there. And I don't know how much you can bring in with \$5 million. I just don't think you can, to bring in the type of company we want to bring in. So with that, again, apologize for calling the question so quickly. But I will not apologize for requesting the \$15 million. Thank you.

SENATOR CUDABACK: Thank you, Senator Engel. Senator Flood, followed by Senators Brashear, Schrock, and Baker. Senator Flood.

SENATOR FLOOD: Mr. President, members, you know, Senator Beutler talked at length about his experience in the Legislature. This is my first budget, and it seems to be going quite well so far, from my seat. You hear people talk all the time about growing the state, and economic development. Yeah, we can put \$200,000 here, we can put \$500,000 here. Let's show our cards. Let's lay our cards down on the table and put \$15 million down and find out what that gets us. This isn't a program that will go on in perpetuity. It's designed as, and it is, a two-year program. If we don't use the money, it goes back. You can spend it on your \$250,000 program, you can spend it on your \$300,000 entrepreneurship program, you can use it on all the small things we've been doing, that have value. And at

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the same time, you can look and see what that \$15 million got us. I was at the Battle Creek High School senior dinner. And all the seniors stand up and they say what they're doing. One kid stands up and he says, I'm going into the drafting program at Northeast Community College so I can go get one of those new jobs that Vulcraft, Nucor are going to have in two years or less. There's a real-life connection--a kid getting training, going to school, that connects him with a job that leaves him in his area, in his county. That's what job training does. And as Senator Cunningham points out, anywhere from \$35,000 to \$77,000 job, depending on which plant he's at. Fifteen million bucks on the table in two years. You can look at the results. And you can hold the state accountable. You can hold the people accountable that voted for it. And you can rub it in our face if it doesn't work. But if you take \$5 million, you're not guaranteed the result that you got with \$15 million. You've got to demand the accountability. And this is economic development that has a balance sheet at the end of the day, where you can find out what worked and what didn't, and how much the state has benefited from those programs. Job training connects those people with real-life jobs in Nebraska. Senator Beutler implied in his talk that the university was not fully funded. From my vantage point, the university did fairly well this year, as well as others. And I don't know enough about the appropriations process, as a new senator, to tell you how it should have worked politically or procedurally. All I know is, when I came to the Legislature, they talked about job training, and that's what I'm focused on. I'm focused on the substantive issue of job training, not the procedural issues involving how we got to where we are with job training. And maybe it's 9:00, and maybe we're thinking about the procedure more than the substance. But let's focus on what the \$15 million can do, and that's grow Nebraska, and that's create jobs, and get the training for the people that need it. And if it doesn't work, fine. Send it back to General Funds, the leftover money. Spend it on all the other programs, and never do it again. But this has a balance sheet, and it's a balance sheet you can check yourself at the end of the term. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Flood. Senator Schrock, followed by Senators Baker and Brashear.

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SENATOR SCHROCK: I was going to talk a little about ethanol and whine a little bit. But I think I'll turn my time back to the Chair. (Laughter)

SENATOR CUDABACK: Thank you, Senator Schrock. Senator Baker.

SENATOR BAKER: Thank you, Mr. President, members. I...Senator Flood just said what I was going to say, so I'm not going to take any five minutes to repeat what he said. But this is not a continuing obligation. This is a two-year program we're working on here. It's an investment. It gets the money off the table. To be honest with you, I'm afraid somebody is going to...if we leave it there, somebody is going to come up with a program that does commit us over a multi-year period of time. And we can't afford to take that chance. We'll be able to evaluate this at the end of two years. This is my last budget, and seems to be going pretty well. So I'd like to leave things where we are, get the bill moved to Final Reading, and go on. But if we can't do that, I guess we'll discuss it a little bit further. But I see, the downside of this is somebody trying to spend this money for some other program down the road here. And there's a lot of those bills still out there, requiring funding. And I don't want to see that happen, where we're obligating future Legislatures into a program that we can't afford. This is a one-time program. We'll evaluate it. I guess I won't be here. But it will be evaluated--as Senator Flood said, he's going to be one of those people doing it--and then make a decision whether to continue it or not, and at what funding level if they do. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Baker. Senator Brashear.

SENATOR BRASHEAR: Thank you, Mr. President, members of the body. I really don't think 9:00 or 9:30 has anything to do with anything. I don't think that's why somebody made a motion to call the question. And that's been apologized for. But you know, I hope we don't really get to the point where it's a sin to try. When the body then decides it doesn't want to call the question, that's a pretty definitive answer, and the debate goes on. And I think that's probably fine. A number of hours ago,

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when I voted for this, I knew what I was doing, and I did it because I wanted to and because I believed in it, for all the reasons that have been said. I wasn't confused, and I wasn't mistaken. I didn't think I was funding \$15 million worth of jobs for ever and ever and ever. I knew we were putting bait out in the competitive marketplace to use for economic development one time. I knew that's what we were doing. I understand some people may not want to do that. That is what I wanted to do. I've only been here 11 years. But...I sometimes don't know how somebody is in the loop or out of the loop or anything else, but I will say this. Anybody who was a part of discussing LB 312, and anybody who was a part of discussing LB 90 knew, or should have known, that we were dealing with a world-class training entitlement situation, and not just a little bit more of attempted job training that doesn't really attract anybody's attention, which is the kind we've had, and the reason we don't have very much experience with job training, because we've been so far behind the rest of the world in ever doing anything about job training. And no, there are tough choices. No, we have not funded everything. And there are choices that have to be made. And the reason some of us chose this, and made some other tough votes tonight that we wish we hadn't had to make, is because we think, in the long-term, future perspective of things, we have to get ourselves positioned in the real world, where people don't care so much about the detail; they care about whether we've come to play. And so I'm going to continue to listen to the debate. I don't care how long it goes on. But I'm going to vote the way I voted the first time. I did it on purpose. Thank you.

SENATOR CUDABACK: Thank you, Senator Brashear. Senator Cunningham.

SENATOR CUNNINGHAM: Thank you, Senator Cudaback and members. I also stand up in support of the vote we took this afternoon. I was also involved in the discussions on LB 90, and I knew this was part of the deal. I think it will be very beneficial to Nebraska. And I'm not going to say much about it. I haven't been involved in the debate. I would just tell you that I was racing Senator Flood for the speak button, and he beat me to it, but I was going to say exactly what he said, and I would have

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said it just as eloquent. So with that, I stick to my story.

SENATOR CUDABACK: Thank you, Senator Cunningham. Seeing no further lights on, Senator Beutler, you're recognized to close on AM1598 to LB 425. Senator Beutler.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, I'm glad everybody has had an opportunity to think about this one more time, and to speak. And for those who want to vote the same as they did before, so be it. But everything in this budget has to fit together. And you have to make a decision about the quality of things. Senator Brashear wants to have a world quality class job training program. You can't have that with the statute you have now. The statute is a bunch of junk. It needs to be revised and it needs to be focused, just as our Revenue Committee focused LB 312 earlier this session. All you're doing now is pouring a bunch more money into our second-class program. It's all got to change at once. And we're getting ahead of ourselves. And by getting ahead of ourselves, we're taking the pressure off changing the program itself to a quality program. Are they going to spend the money or aren't they? My gosh, one moment I'm hearing they can spend it all right away, and another moment I'm hearing, well, we can't spend it all. Well, if you really believe you can't spend it all, why are you giving them so much money? I suggest to you, still, and as strongly as I can, that the most sensible approach to this is to delay the reformulation of the program until next year when we have a chance to do it, the jobs training program. And don't put in \$15 million all at once; \$15 million is more money than has been spent on that program since it began in 1980-something. The total of all the years from then until now is less than the amount of money that we put in earlier tonight. I am just cynical, after so many years, as to whether any agency of government which is infused with so much money at once really ever makes the best use of it, especially with the inadequate statutes that they have in place currently. So I would again recommend to you that you reduce that \$15 million to \$5 million. Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. You've heard the closing on AM1598, by Senator Beutler, to LB 425. The question

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is whether that amendment should be adopted. All in favor vote aye; those opposed to the amendment vote nay. We're voting on the adoption of the Beutler amendment, AM1598, which is an amendment to LB 425. Have you all voted who care to? Senator Beutler.

SENATOR BEUTLER: A call of the house and a roll call vote.

SENATOR CUDABACK: There's been a request for a call of the house. All in favor of the house going under call vote aye; those opposed vote nay. Record please, Mr. Clerk.

CLERK: 37 ayes, 3 nays, Mr. President, to place the house under call.

SENATOR CUDABACK: The house is under call. All unexcused senators please report to the Chamber. The house is under call. Unauthorized personnel please leave the floor. Senator Landis, the house is under call. Senator Landis. All members are present or accounted for. There's been a request for a roll call vote. Mr. Clerk, please roll...call the roll on the question, adoption of the Beutler amendment.

CLERK: (Roll call vote taken, Legislative Journal page 1503.) 14 ayes, 21 nays, Mr. President, on the amendment.

SENATOR CUDABACK: The amendment is not agreed to, has not been adopted. And I do raise the call.

CLERK: Mr. President, the next amendment I have to the bill is by Senator Mines. (AM1472, Legislative Journal pages 1503-1504.)

SENATOR CUDABACK: Senator Mines, to open on AM1472 to LB 425.

SENATOR MINES: Thank you, Mr. President. Colleagues, I'm asking for \$30,000. Earlier this year, I approached the Appropriations Committee with a plan to evaluate parking in and around our State Capitol. And I think as all of you are well aware, we have a problem with public parking. Public...or, parking around our State Capitol is to our limit. And we simply

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don't have enough parking for our employees, for our visitors. Certainly, we have a lot to the south. We all have the luxury of parking in the east lot. However, there's a two- or three-year wait to get into that south lot. And frankly, many of our employees don't even apply for that, because they don't know how long they're going to be here. We do have turnover. I know that my staff, both new this year, every two hours they go out to their cars and move their cars so they're not ticketed. And unfortunately, they do get ticketed once in a while. More importantly, our constituents, those that come to testify, those that come to visit, have a difficult time finding a place to park. Now, an argument might be that when our constituents come, many times it's during hearings. And obviously, you know, it's very busy around here. But you can park further away from the Capitol on the street. And our staff could do the very same thing. However, late at night, as we are tonight--and some of us do still have staff in the building--there is concern...many of them have concern about walking three or four blocks in the dark to get to their car. I think it's responsible of this body to study and determine what the parking needs are. I originally asked for an appropriation to build a parking garage, and soon saw the folly in that request. So I'm asking that we get a handle on..."we" meaning the Legislature, get a handle on the parking needs, the parking availability, again, in and around our State Capitol. And to do that, estimated that the cost would be approximately \$30,000. I don't know, it may be \$10,000. But we do have to look at this problem, and we do have to come up with some kind of a solution, long-term. There are currently 75 employees waiting on a parking...on the list to park in the south garage. And the final statistic of the evening I will throw at you is that in the month of February, which was the month before I introduced this bill, there were 210 tickets written for violation of our two-hour parking. That's 12 a day. That's our constituents. That's the folks we work with. And I think it's time that we come up with a plan, develop a plan that solves the parking problem, perhaps once and for all, around the Capitol. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Mines. You've heard the opening on AM1472. Open for discussion on that motion. Senator Friend, followed by Senator Stuthman, Senator Don Pederson,

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Senator Smith.

SENATOR FRIEND: Thank you, Mr. President. Members of the Legislature, I can save you \$29,999 right now. I can save the state that much money. The parking needs are, for Senator Mines' and anybody else's edification: We need more, so let's go find some. That will be \$1, Senator Mines. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Friend. Senator Stuthman.

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. I would like to get into a little bit of discussion with some of the senior members that are here, maybe Senator Beutler, please.

SENATOR CUDABACK: Senator Beutler, are you present? Yes, he is. Senator Beutler, would you yield to a question?

SENATOR BEUTLER: I suppose.

SENATOR STUTHMAN: Thank you. Is there an agency of the Capitol, a Capitol agency, that is already looking into the problem? I know we have a problem, and they are considering this in the future. I've been in discussion with some group. Do we have something that's working on it right now?

SENATOR BEUTLER: As part of DAS, Senator, there is a...I'm not sure I'm using the right terminology, but there is a group that deals with parking. And they have a special fund for it, and they do the planning for parking into the future. We have just recently acquired a new parking lot on the east side of the...what was the AT&T building, over here on the east side of the Capitol. We've got some new parking there. There may be a small space for some new parking a block down directly from...on the east axis of the mall. So there are people that work with this. But apparently they've indicated that they need some money to study it. I'm not up to date on that.

SENATOR STUTHMAN: Thank you, Senator Beutler. This is the concern that I had. You know, are we pumping money into

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something that we're already looking at? And I think the fact is, is that we maybe just don't have enough money to proceed with something yet. And maybe we don't have the right idea as to what to do. But I just think that we do have an agency that should be looking into it, and I think they are looking into it. So I don't know whether we should be spending another \$30,000 just to say, yes, we have a problem. Thank you.

SENATOR CUDABACK: Thank you, Senator Stuthman. Senator Don Pederson.

SENATOR D. PEDERSON: Thank you, Mr. President. I do have a question of Senator Mines. I know we started out with a considerably larger figure than this, and it's reduced considerably. But my question is, aside from the fact that you probably aren't going to accept the total evaluation of Senator Friend for \$1, what do you think can be accomplished with a \$30,000 study, and what would the study be? Is...it portrays itself as a study of the need for parking. And I'm agreeing with Senator Friend, I don't think anybody would question that we need it. But what do you think you can accomplish with \$30,000?

SENATOR CUDABACK: Senator Mines.

SENATOR MINES: Thank you, Mr. President, Senator Pederson. What I would hope to accomplish would be to determine how many...what the available parking locations are. Originally, with the \$1 million expenditure and \$100,000 for drawings, it was to build a parking garage to the south. Again, I'm not an engineer, don't know. And that was to get an engineering group together, hire them to come up with a concept and a plan. Having approached your committee, and understand that it wasn't practical to do that now, the hope is to communicate with our Capitol Environs group, with the group that Senator Beutler was talking about, and evaluate where the parking is. We all know we have a problem. We need more parking. But there isn't anybody really looking at, where is that parking going to be, who's it going to be allocated to? We have state employees in this facility as well that need parking. So it's to determine...we know we have a need. It's to determine an

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outcome. And I would anticipate \$30,000 or less would help us through that study period, Senator.

SENATOR D. PEDERSON: And the question is, how did you establish \$30,000, and what would you expect to receive for that? And do you have a request for proposal, or anything of that nature?

SENATOR MINES: That...Senator, that would be part of the process of soliciting a proposal. Thirty thousand dollars was a best guess. And that's, honestly, where it came from. I can't tell you that I've selected someone already, or that anyone has been picked. It's a start. Recognize the problem. And I'm just simply trying to approach it from a perspective that we need to determine what we've got now, and what's practical in the future.

SENATOR CUDABACK: Thank you, Senator Pederson. Senator...were you finished, Senator Pederson? I'm sorry.

SENATOR D. PEDERSON: No, I was saying I was through talking.

SENATOR CUDABACK: Okay. Thank you. Thank you. Senator Smith.

SENATOR SMITH: Thank you, Mr. President and members. I try to, I guess, identify with various issues. And sometimes I am one of the guiltiest folks for expecting a parking place much closer than I can find. And sometimes I'm embarrassed that I drive a short distance to go work out at the gym. And I think we have become a society that expects parking places much more prevalently than we should. But I want to speak to the public policy issue of this, as well. And that is, I believe we need a comprehensive plan around the Capitol that includes the city of Lincoln's participation on Centennial Mall. I think that the city should be embarrassed of the condition of Centennial Mall. And I believe that \$30,000 won't even come close to establishing a plan that includes some partnerships between the city and the state, so that we can correct, perhaps, some of the parking in the immediate vicinity. I think there are improvements to be made. If it's too dangerous to walk on the streets around the Capitol a couple blocks to a car a few nights out of the year, that is a public safety issue, again, that I think the city

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should address. And if it's that dangerous, we really need to make sure that the city gets on top of that. But given the fact that a lot of the demand around here is seasonal, I think we should approach things in a comprehensive way. And again, I don't think that \$30,000 will make much of a difference to come up with a comprehensive plan. And the last thing we should do is piecemeal it together, because then all of a sudden we have wasted a lot of dollars, and we still don't have a comprehensive plan. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Smith. Senator Kremer, followed by Senators Jensen, Stuhr, and Synowiecki. Senator Kremer.

SENATOR KREMER: Thank you, Mr. President, members of the body. Senator Mines, could I ask you a question a little bit? Where did you determine...?

SENATOR MINES: Yes, Mr. President.

SENATOR KREMER: Where did you come up with the \$30,000? Was that a study to study it?

SENATOR MINES: That is the estimated amount. And frankly, I...it came out of the air. Could have asked for \$50,000. And it's a number that I came up with that would allow for someone to...for a group of folks to get together with the city of Lincoln, with all interested parties, and give us a best guess, or some more facts about what we need and where we need to go.

SENATOR KREMER: Would Lincoln...is this some responsibility that should be theirs? Or that should just be the state, when, actually, the street out here, if we get a ticket, it goes to Lincoln?

SENATOR MINES: Yeah. That's correct. There's not an incentive for the city of Lincoln to look at a parking issue. They're collecting 10 bucks a ticket, and writing 120 a month. That's not a bad deal for the city of Lincoln.

SENATOR KREMER: (Laugh) It's probably their advantage to do

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that then, also. Have you spelled out the requirements of what the conclusion is supposed to be of the study, then? Or is that kind of just left up to them?

SENATOR MINES: No, sir. That would be determined. If this body decides that we should go ahead, that would be determined by this body as to what we're going to do.

SENATOR KREMER: Okay. Well, thank you. I...\$30,000 doesn't seem like much, after what we've been talking about today. But I have a hard time thinking that we need to study something more that we know is a problem. So, thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Kremer. Senator Jensen.

SENATOR JENSEN: (Laugh) I hear a duck quacking. Thank you, Mr. President, members of the Legislature. You know, maybe we ought to issue an RFP to build our Capitol in some other city where they would provide parking. But parking lots are one of the easiest things to finance. In Omaha, there's no problem. If you have a building, the city will build a parking lot, because it's funded with bonds and it's paid for with parking fees. I've never been in a city that they're so prone to ticket, particularly at 10 minutes to 6:00, 15 minutes to 6:00. Went over to Applebee's one night, ran in to get a quick salad at 10 minutes to 6:00, and come back and had a...I paid a \$6...for a \$6 salad, I paid a \$10 fine. So I'm sorry. I got a problem with Lincoln if they're going to do that. But, however, these can be financed. Senator Mines, I would suggest you do a legislative resolution, study it this summer. There are private companies that are willing to do this. It doesn't cost \$30,000 to employ one of those, to have them run by a study. It can be done. So that would certainly be my suggestion. And it wouldn't cost all that much. We could do a legislative study of a few individuals that might at least come up with some kind of ideas. With that, I'll return the rest of my time back to the Chair.

SENATOR CUDABACK: Thank you, Senator Jensen. Senator Stuhr.

SENATOR STUHR: Thank you, Mr. President and members of the

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body. I, too, agree that there is a problem. Today, I had 55 senior citizens from my district. The first thing they asked the Governor was, what are you going to do about parking? I mean, it is a problem. I do believe that I concur with Senator Jensen, in the fact that I would suggest maybe a legislative study, interim study. I think that somehow we need to come together. And this is not a problem that has just occurred of late. It is a problem that we've had the entire 11 years that I've been serving in the Legislature. With that, I turn the rest of my time back to the Chair. Thank you.

SENATOR CUDABACK: Thank you, Senator Stuhr. Senator Stuthman.

SENATOR STUTHMAN: Call the question.

SENATOR CUDABACK: Senator Stuthman, there are no further lights on. So you won't need to call the question. Thank you anyway. Senator Mines, I will recognize you to close on AM1472.

SENATOR MINES: Thank you, Mr. President. A little quick on the trigger, weren't we, Senator Stuthman? Members of the body...and I hope you support this, but if you don't, I hope that we do something. Because, you know, it...we all realize there's a problem. We all have staff that every two hours toddle out...staff throughout this building, toddle outside, move their car, every two hours. And if we're talking about efficiency in state government, that's very far from it. So I would urge adoption of AM1472, as a first step in determining the...exactly what's going on, how many parking stalls are needed, what we do about it, and then come back to this body for a solution. Mr. President, thank you very much.

SENATOR CUDABACK: Thank you, Senator Mines. You've heard the closing on AM1472, offered by Senator Mines to LB 425. The question is, shall that amendment be adopted? All in favor vote aye; those opposed vote nay. The issue before the body is adoption of the Mines amendment, AM1472. Have you all voted who care to? Have you all voted who care to? (Laughter) Are you serious, Senator Mines? Record please, Mr. Clerk.

CLERK: 2 ayes, 24 nays, Mr. President, on the amendment.

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SENATOR CUDABACK: The Mines amendment has not been adopted.

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

SENATOR CUDABACK: Open for discussion. Senator Flood, for a motion, please.

SENATOR FLOOD: Mr. President, I move the advancement of LB 425 to E & R for engrossing.

SENATOR CUDABACK: Discussion? Seeing none, all in favor of advancement of LB 425 to E & R for engrossing say aye. Those opposed, nay. It is advanced. Mr. Clerk, items. I'm sorry. Speaker Brashear, I failed to recognize you. I do now.

SENATOR BRASHEAR: (Laugh) Thank you, Mr. President. Members, thank you all for a very hard day's work. And thank you to all of the staff for a very hard day's work. We have done something that we, in my judgment, in trying to conform to the rules and keep our performance where it needs to be, something we needed to do. And tomorrow, I am assuming, I hope not foolishly, that we will move the rest of the budget division, which we need to do in order to conform to the rules. I thank everybody for their cooperation, for their understanding, for their debate, their participation. Please drive carefully, and we'll see you tomorrow morning. Thank you.

SENATOR CUDABACK: Thank you, Speaker Brashear. Now, Mr. Clerk, items for the record.

CLERK: Mr. President, an amendment to LB 40 by Senator Redfield, to be printed. Senator Cunningham would like to add his name to LB 90 as cointroducer. (Legislative Journal page 1504.)

And a priority motion. Senator Johnson would move to adjourn until Thursday morning, May 12, at 9:00 a.m.

SENATOR CUDABACK: Heard the motion to adjourn, May 12, 9:00 a.m. All in favor of the motion say aye. Opposed, nay.

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We...(recorder malfunction.)

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