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Floor Debate
November 17, 2009

[LB1 LB2 LB3 LB4 LB5 LB8 LB11 LB14 LR6 LR7 LR8 LR21 LR22 LR23]

SENATOR ROBERT PRESIDING []

SENATOR ROBERT: Good afternoon, ladies and gentlemen. Welcome to the George W. Norris Chamber for the ninth day of the One Hundred First Legislature, First Special Session. Our chaplain for today is Senator Carlson. Please rise. []

SENATOR CARLSON: (Prayer offered.) []

SENATOR ROBERT: Thank you, Senator Carlson. I call to order the ninth day of the One Hundred First Legislature, First Special Session. Senators, please record your presence. (Visitors introduced.) Mr. Clerk, please record. []

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

SENATOR ROBERT: Thank you. Are there any corrections for the Journal? []

CLERK: I have no corrections, Mr. President. []

SENATOR ROBERT: Are there any messages, reports, or announcements? []

CLERK: Your Committee on Enrollment and Review reports they have examined and reviewed LB4 and recommend that it be placed on Select File. I have an Attorney General's Opinion addressed to Senator Fischer (re LB3). And new resolutions, LR21 by Senator Gay, LR22 by Senator Stuthman, both will be laid over. (Legislative Journal pages 109-114.) [LB4 LB3 LR21 LR22]

SENATOR ROBERT: Thank you. We will now proceed to the first item on the agenda. General File, Mr. Clerk. []

ASSISTANT CLERK: Mr. President, LB3 was introduced by the Speaker at the request of the Governor. (Read title.) The bill was read for the first time on November 4 of this year, referred to the Committee on Appropriations. That committee reports the bill to General File with committee amendments attached. [LB3]

SENATOR ROBERT: Thank you, Mr. Clerk. Senator Heidemann, as Chair of the Appropriations Committee, you are recognized to open on LB3. [LB3]

SENATOR HEIDEMANN: Thank you, Mr. President, fellow members of the body. I'm going to give you just a brief overview about why I think we're here. And then as we do each bill, we'll do LB3, LB2, LB1, I'll give you just a very brief summary of what they do. A couple of the bills are very tied together, one needs the other. And I'll explain that a

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little bit later on. The October forecast came around and because of the downturn of the economy and the revenues declining coming into state, the Forecasting Board revised our revenues down significantly. And if you look at the General Fund status, as we see it coming into the session, you notice that we had a \$334 million shortfall. And something else that I think is very worthy to note, if you look in the out-year, the shortfall is a little over \$1.1 billion. I think it is very important that we're here today and I think it's very important that we're into session that we start to address a problem that we see before us, a problem not of cash flow but a problem down the road of being way out of balance. And the actions that we take here today are going to help us get...will get us into balance in this current biennium and help us in the out-years, which I think is very important. As you see things unfold before you with the committee's recommendation, you're going to see that \$334 million shortfall come into a little bit over \$1 million in excess of the 3 percent minimum reserve. I think it's also very worthy to note that it takes a \$1.1 billion shortfall in the out-years and reduces it to \$638 million. It doesn't erase it by any means but we're headed in the right direction and I think that's very important. There are certain things that have happened since we've actually reported the bills out. I actually have an amendment that I filed, which will be coming up later on that we can talk about at that time. But at this time I want to state that this has been quite a two-week period that we just went through. And I want to state that I am so happy, so proud of the work that the Appropriations Committee has done. I want to thank the fiscal staff for being there, working overtime, working the weekends. I got telephone calls from them during the weekends and late into the night. I knew they were working, I appreciate that, thank you very much, especially Mike Calvert who actually is down today with the flu, hope he's doing all right. And Tom Bergquist who is on the floor, who's actually on medical leave, came in to fill in today for him today. Hopefully, we don't put too much stress on him. But I want to stress I am proud of the work of the Appropriations Committee. I think it is something that...I know it is something that the Appropriations Committee will stand behind. And I think you see that in the reflection of the 9-0 vote. And I really believe that once we present this to the full Legislature, as you read your books and you understand what we did, that as a full body you will be able to get behind it and stand up for what we have done. Because we think and I believe that it is truly the responsible thing to do at the present time. With that, I will give you just a very brief summary of what LB3 will do. LB3 authorizes that transfers be made from various cash funds to the General Fund at the direction of the Legislature. Many of the transfers being made in LB1 are not currently allowed. LB3 opens the sections of the statute that create the cash funds we're transferring from and allows for the transfers. By enacting LB3, the actual transfers of the money made in LB1 is now statutorily allowed. With that, I would answer any questions that you might have. Thank you. [LB3 LB1 LB2]

SENATOR ROBERT: Thank you, Senator Heidemann. Members, you've heard the opening to LB3, the first budget bill. Mr. Clerk, do you have an amendment? [LB3]

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CLERK: Mr. President, the Appropriations would offer committee AM13. (Legislative Journal page 107.) [LB3]

SENATOR ROBERT: Senator Heidemann, you're recognized to open on AM13. [LB3]

SENATOR HEIDEMANN: I had mentioned briefly that there was something that came up after we had approved and reported out amendments to the budget, one of them was dealing with the E-911 Fund. And because of that it was decided on behalf of myself and actually the Appropriations Committee all have signed onto the amendment, and I think the majority of the Transportation Committee and some other people think it's prudent at this time that we have an amendment to the committee amendment on LB3 that will stop the transfer or reduce the transfer, I should say, out of the E-911 Fund of...it was supposed to be set at \$5 million. This will put it down to \$3.4 million. And what that \$3.4 million is, is the interest that has accrued on the E-911 Fund. There was a determination by the Attorney General that we might put ourselves into jeopardy with future federal funding of this program if we actually took the principal money out of there. Because of that and the determination was also made that we could actually access the interest money, we will only access \$3.4 million out of the Enhanced 911 Fund, which is interest only. I think that is very important to get on public record that this is interest only. You'll see that actually in the amendment that we produced to you for LB3. And actually there will be another amendment to LB1. To make up for this there will be...from the \$5 million there will be a \$1.6 million shortfall. We have decided to take another \$1 million out of the Security Cash Fund, I believe it's called. We had already accessed \$4 million in the first year of that fund and \$4 million in the second year. This will change that to \$4 million the first year and \$5 million the second year. By doing that we will still be \$600 million short. But if you have looked in your book, we was at \$1.1 million over. We will still be approximately a little bit over \$500,000 over the minimum reserve. I think this is a very responsible thing. I'm very happy to offer AM13 to the committee amendment. Thank you. [LB3]

SENATOR ROBERT: Senator Heidemann, you actually opened on AM13 there, but your comments were towards AM19. You want to clarify that? The committee amendment is what you needed to open on. [LB3]

CLERK: Senator, if I may,... (AM19, Legislative Journal page 115.) [LB3]

SENATOR HEIDEMANN: Okay, I was one amendment ahead of myself. Excuse me. I'm an overachiever I was just told. (Laugh) AM13 is the committee amendment to LB3. It takes care of everything that the Appropriations Committee has done to the Governor's recommendation. There is a lot of things, there's tweaks in here. We went a few places that the Governor didn't go to. We didn't go a few places that the Governor did go to. But it's what the Appropriations Committee has done to the Governor's proposal or to the Governor's bill, LB3. [LB3]

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SENATOR ROBERT: Thank you, Senator Heidemann. Members, you have heard the opening to AM13, the Appropriations Committee amendment to LB3. We are now open for discussion. And you heard the opening to AM19, the amendment to the committee amendments. Those wishing to speak, Senators Gay, Mello, Conrad, Nordquist, and others. Senator Gay, you are recognized. [LB3]

SENATOR GAY: Thank you, Mr. President. I rise to speak just a little bit, set a tone for a day, hopefully. I know none of us really wanted to come down here in a special session and have some of these cuts that we're going to have to make. No one was looking forward to that. But I did want to take this time and just thank the Appropriations Committee for putting this together. I've been following their changes and they've done a good job of putting highlights in here and informing us, also thank them. What I wanted to rise and talk about a little bit is our long-range vision of where we might want to go here. I think it's commendable that we set aside some of those vulnerable population in Nebraska. And being Chairman of Health and Human Services Committee, that was very comforting to know. I know our committee met on the budget and we had some concerns. But many of those were alleviated due to the fact that behavioral health aid, developmental disability aid, our aging programs and many other health and human services programs were not affected as much as they could have been. That being said, when we did across the board cuts for all departments I was a little leery of that rationale to do that. We had some concerns that, without knowing the specifics, what are we cutting and how would we manage into the future. But I think, you know, in a short session and where we're at, that's probably the way we needed to go. So I do support that. What I want to talk about a little bit, I handed out a long...it was a news article about where the state could go on leadership and long-term vision, take this opportunity as a real opportunity to reform government. I handed that out. And it got me to thinking about what we're already doing. So we're making steps. And I've heard some great comments along this way, Senator Adams, as he's trying to look at the school aid formulas and some of those issues. On the Health Committee we've been trying to look at the sustainability of programs and what might be out there and what we can keep and what we can't into the future. Because Senator Heidemann talked about where we're at on...we still have challenges ahead of us, of course. Looking at the 7.4 percent projection in the next biennium, you know, we'll see if we achieve that. But some of the ideas that I've been hearing I'm very optimistic about. Senator Harms and that state long-range Planning Committee is doing some work. I know it's going to take them some time. But as we look at these budgets right now, it gets me thinking a little bit ahead when we come back in January and then, hopefully, if voters send us back and we choose to come back the next four years, we're out of here in four years, many of us. The rest of us are out in six years. So we only have a couple of budgets to work with here. And if we could take this opportunity and craft budgets that will be sustainable in the long term and deliver a more efficient government, I think we'd be doing ourselves and the state a great service into the future. So I just wanted to rise and say, you know,

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as I looked at this budget I appreciate the hard work that went into it from the staff and the committee. There are many concerns, and I know we've heard them in our informal review of this budget. But my concerns would be a little bit the sustainability of this, what we're doing in the future to make sure we have bills and budgets that can be sustainable. When I look at the 7.4 percent I'm just a little leery that we're going to get there. So I just rise and if any questions come up on the health and human services end of it, I'd be available to answer those. But I rise in support of this budget as it's submitted now and listen to any amendments that may come. Thank you, Mr. President. [LB3]

SENATOR ROBERT: Thank you, Senator Gay. Senator Mello, you are next and recognized. [LB3]

SENATOR MELLO: Thank you, Mr. President. Thank you, members of the Legislature. I rise in support of AM19, AM13 and LB3. First, I'd like to ask a question, though. If Senator Lavon Heidemann would yield to a question. [LB3]

SENATOR ROBERT: Senator Heidemann, will you yield to a question from Senator Mello? [LB3]

SENATOR HEIDEMANN: Yes. [LB3]

SENATOR MELLO: Senator Heidemann, I might have not heard in your opening of LB3 as well as AM13. Is there anywhere in the Appropriations Committee amendment that increases taxes at all? [LB3]

SENATOR HEIDEMANN: Not in my recollection. I actually think that would be outside of the call. [LB3]

SENATOR MELLO: Okay. So it's your understanding that the committee work that we did in the Appropriations Committee does not lead to one single tax increase in regards to this budget proposal. [LB3]

SENATOR HEIDEMANN: Not in my estimation. I mean, you could say that if we didn't go out and cut more, that eventually you could see a tax increase. But I wouldn't agree with that. [LB3]

SENATOR MELLO: So you would disagree with the statement that says, by not reducing spending to a certain level that it will increase taxes. You disagree with that. [LB3]

SENATOR HEIDEMANN: You know, Senator, I think overall that you need to take my statement that I think this is a very responsible budget. [LB3]

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SENATOR MELLO: Okay, that's... [LB3]

SENATOR HEIDEMANN: And I think I, as the Chairman, and you as a committee member have to take what we got and realize that we did the right thing. From the bottom of my heart I believe our proposal is the right thing and we need to stand behind it. [LB3]

SENATOR MELLO: I agree with you, Senator Heidemann, and I appreciate your comments. That does cause me some consternation then in my agreeing with Senator Heidemann that for some reason or another the executive branch of our state government is labeling what we're trying to do is increasing taxes. I have a serious problem with a statement that was made by our Governor that says exactly what Senator Heidemann disagrees with, and I agree with him, that by not reducing certain funding in certain agencies, that we're increasing taxes. I don't agree with that argument and I will fight against that argument today on the floor as well as the rest of the week, unless we can get a retraction of that statement. Because I think the Appropriations Committee has done a yeoman's job of trying to produce a balanced budget in a very restrictive call where tax increases were never an option. I will repeat that. A tax increase was never an option. So I find it odd that our Governor would then try to say that the Legislature is raising taxes. So unless the Governor or someone from the Governor's Office can please clarify his statement of what he meant by us not reducing spending to his level, that we're raising taxes, I think we're going to have a long, fruitful debate all week, because that is not what our Chairman has said, that's not what our committee has said, that's not what our Speaker has said. So I look forward to hearing back from the executive branch in regards to either retracting or clarifying their statements regarding LB3, AM13 and AM19. Beyond my support, though, of the Appropriations Committee's amendments to LB3, Senator Gay touched upon perhaps one of the biggest issues that our committee has discussed, as well as other members of this body discussed, is finding a long-term solution to a mounting fiscal crisis our state is facing. I have said and I will repeat, this budget proposal is a short-term solution. It is a band-aid approach to a bigger problem we have right now in our state government, which is we have declining revenues and our spending is still growing. Granted, our spending is growing at less than 1 percent. But unless the economy turns around, we will have to shrink the size of government to ensure that we meet the needs of Nebraskans but also to meet the needs that fall within our current revenue projections. [LB3]

SENATOR ROBERT: One minute. [LB3]

SENATOR MELLO: As I've stated before last session and we've discussed it in Appropriations Committee, Senator Harms's initiative to create the long-term Planning Committee, which we have some great Planning Committee members, I think will serve

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as the foundation of where we will have to look at after we are done here with this special session. Because right now there is no long-term plan, right now there is no long-term vision. And at this point in time our state is at a fiscal crossroads. I appreciate the work of Senator Heidemann and his leadership in the Appropriations Committee. I appreciate the work of my fellow committee members. And I encourage you to vote for AM13, the Appropriations Committee amendment to LB3. Thank you, Mr. President. [LB3]

SENATOR ROBERT: Thank you, Senator Mello. Senator Conrad, you are recognized. [LB3]

SENATOR CONRAD: Thank you, Mr. President. Colleagues, I rise in support of the amendments and for the reasons put forward by our committee Chair and also to provide some context and tone for this debate, because I believe these forthcoming comments relate to every decision and every single line-item in the budget. Colleagues, it's easy to point fingers, it's easy to tell one side of the story. It's easy to distort things that are out of context. It's easy to tear down institutions. It's easy to take cheap political shots. It's easy to attack society's most vulnerable who aren't represented by powerful interests in this building. Let me tell you what's hard: to be a real leader, to build consensus, to share praise and give credit where credit is due, to bring forward new and untested ideas, to challenge those that are in powerful positions and to change your mind when you are presented with new information. It's hard to lead, it's hard to build consensus and that's why we have this glorious institution and the processes that it provides, not to us but to our citizens, we only as their mouthpiece. And that's what we've done, we've come together with diverse viewpoints to find the areas where consensus exists. And to do so among that kind of diversity of viewpoints shows that's where Nebraskans are. I don't know a single member of this body who's interested in increasing taxes. I don't know a single member of this body who isn't interested in solving our budgetary problems and dealing with difficult economic conditions. And I know, as many legislators before us have, we will rise to that challenge and we will do it in a way that respects the process and that builds up these institutions that Nebraskans have given us rather than tear them down and take the cheap and easy political shots. Because you know why? At the end of the day, partisan bickering doesn't help the citizens of Nebraska. They sent us here to lead. They sent us here to set priorities and they sent us here to make tough decisions. They sent us here to put aside our political differences and to be leaders, to be their voice, to find consensus. That's what our process does, that's what our institution represents, and that's what each and every one of us strive for. I thank the committee Chairman for his work, his tireless work, the staff in the Fiscal Office who worked many nights, many early mornings, long weekends, over the holidays to put together the tools to help us balance our budget in a responsible way without tax increases and with support and protection for critical human services, ag interests that are so important to our economy, and education. With that, thank you, Mr. President. [LB3]

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SENATOR ROBERT: Thank you, Senator Conrad. Those wishing to speak: Senators Nordquist, Pirsch, White, Loudon, Campbell and others. Senator Nordquist, you're recognized. [LB3]

SENATOR NORDQUIST: Thank you, Mr. President and members. Thank you, Senator Conrad, for those insightful thoughts. As you talk about leadership, I was thinking about Senator Heidemann sitting back here, bringing nine people together, very different thoughts on the direction we need to go in our state, different thoughts on policies, and we came out in consensus 9-0, bipartisan, only to be then attacked, if you will, by our executive branch, questioning this body as an independent branch of government, putting the thought out there that there would even be a tax increase in this package. Now I can go around and ask every member of the Appropriations Committee, all nine of us, and I'm sure none of them would say that there is a tax increase in this package. The only tax increase that was ever on the table was the one that was in Governor Heineman's initial recommendation in the checkoff commodities funds. And I'm not the one calling them a tax increase. Keith Olson, from the Farm Bureau, says, farmers, we're hearing time and time again that this Governor is saying no to new taxes. But if he uses a new source and we consider checkoff funds to be a new source of funding for the state budget, it is in essence a new tax placed on producers of Nebraska. Larry Sitzman, from the Nebraska Agri-Business Association, said, just like my friend from the Farm Bureau just said, you take these funds that have been developed and paid specifically in fees by individuals for these respective cash funds, you're taking new taxes out of them and putting them into the General Fund. Tom Kohmetcher, I'm sorry, Tom Kohmetcher is from the Nebraska Agri-Business Association, said, we believe that agricultural programs are being hit hard, and within a year our taxes will have to be increased to keep the integrity of these programs. And Alan Tiemann, from the Corn Board, said, definitely, I characterize these corn checkoff funds, taking them, as a tax increase. If the Governor takes them out and puts them into the General Fund they become a tax that has never before existed. That was the only tax increase that has been increased this whole special session. So for him to imply that our package has anything close to a tax increase is just not accurate. The package that was provided to us had significant challenges that we had to overcome as a committee. First, cash funds--significant challenges. We had many cash funds that came before us. I have a list here of ten of them...nine of them, that would have ran into the red if we'd taken the full amount, would have put their funds in a cash flow problem that they had never seen before. We also had a problem with funds taken out of the Nebraska Investment Council, which violated federal law and state law. Statute says pretty clearly that those funds can only be used for the exclusive benefit of the members of the pension plans. That is in federal law and in state law. The Governor's plan took money out of those funds, violating both. That's because it was an across-the-board, an easy fix, an easy 2.5, 5 percent across the board, don't ask questions. We had agencies come before us, code agencies that didn't know how they were going to handle these cuts. They didn't

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have an answer who they were going to lay off, how they were going to manage. Then Senator Gay and members of the Health and Human Services Committee wrote us a memo expressing their concern about the cuts to the Health and Human Services Department because HHS didn't have the answers at this time. This was a quick lop off the top and let's keep going. That's not strong leadership. Strong leadership going forward next session and beyond to address the challenge that we have is going to require us to make tough decisions, and that will mean eliminating programs. [LB3]

SENATOR ROBERT: One minute. [LB3]

SENATOR NORDQUIST: We're going to have to look, we're going to have to look at what programs are most efficient and effective for the citizens of Nebraska, most desired by the citizens of Nebraska. And then those that aren't cutting the mustard are going to have to be restructured, consolidated or eliminated. We couldn't do that in special session, our hands were tied. But going forward that's the only way we're going to get out of this budget mess. Thank you, Mr. President. [LB3]

SENATOR ROBERT: Thank you, Senator Nordquist. Senator Pirsch, you are recognized. [LB3]

SENATOR PIRSCH: Thank you, Mr. President, members of the body. I just want to rise in support of AM19 to AM13, AM13 and the underlying bill, LB3. Taking on the challenge of cutting spending in light of the downturn in the economy on this scale is necessary, absolutely we have a duty to cinch up our belts as Nebraska families do as well, just has to be done. But it has to be done with care and an eye towards out-years, what's going to happen in Nebraska in 3, 5, 7 years from now. And it does have profound ripple effects. And so I do, in light of that, appreciate the job that the Appropriations Committee has done in coming to the body with these recommendations and reaching a consensus. Not everyone may have received 100 percent of what they would ideally hope for, but a consensus I think has emerged, and I think, from what I can tell here, virtually everyone can live with that. So I do appreciate, I just want to say thank you to the members of the Appropriations Committee for doing a good job in reviewing what is I'm sure a very difficult task. But I wonder if Senator Heidemann might yield for a question? [LB3]

SENATOR ROBERT: Senator Heidemann, will you yield to a question? [LB3]

SENATOR HEIDEMANN: Yes. [LB3]

SENATOR PIRSCH: Senator, you had mentioned that in coming forward with this amendment that as a necessity so that you can preserve the integrity of the E-911 system, so that you not tap the principal but rather just the interest. In doing that you were going to the Securities Cash Fund and taking another \$1 million. Is that correct?

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[LB3]

SENATOR HEIDEMANN: Yes. [LB3]

SENATOR PIRSCH: Okay. Could you just briefly speak to what the Securities Cash Fund, the role it has played and the amount of funds in the Securities Cash Fund now? [LB3]

SENATOR HEIDEMANN: The Securities Cash Fund, if you go back through the history of the Appropriations Committee and the Legislature, it's actually a fund that we access quite regularly, almost on a yearly basis. I believe in the regular session we accessed--I'm going to turn here and make sure that the Fiscal Analyst agrees with me--it was \$20 million? Yes, \$20 million. In the special session, which we have before us right now, in the Governor's proposal, as I said before, we had put in another extra \$4 million and \$4 million. What the amendment will do then will add \$1 million in the out-year, in the '10-11 year, so it will be \$4 million and \$5 million. [LB3]

SENATOR PIRSCH: And the source of the funds in the Security Cash Fund flow from what, Senator? [LB3]

SENATOR HEIDEMANN: It's a registration on before you can sell securities, the majority of it is mutual fund money. It's a tenth of 1 percent per par value of every security being sold. And that's only up to \$10 million. [LB3]

SENATOR PIRSCH: Okay. Do you have any reason to suspect it will affect the integrity of our securities regulation here in the state of Nebraska? [LB3]

SENATOR HEIDEMANN: No. And it doesn't increase the fee whatsoever. This...the fund will be okay. [LB3]

SENATOR PIRSCH: Great. Very good. Well, I appreciate that. And I wonder if Senator Pahls might yield to a question as the Chairman of the Banking, Commerce and Insurance Committee? [LB3]

SENATOR ROBERT: One minute. Senator Pahls, will you yield to a question? [LB3]

SENATOR PAHLS: Yes, I will. [LB3]

SENATOR PIRSCH: All right. Senator Pahls, I wonder if you might have any thoughts on the same question with respect to the million dollars? [LB3]

SENATOR PAHLS: Right. Just let me give you a little bit of history, just to show...about the last four or five years it's been \$19 million, \$16 million, \$16 million, \$11 million, and

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\$19 million in the past few years that we've taken from this fund. And, of course, we decided last May on \$20 million, and with the Governor it's \$4 million each additional year. And, of course, then it will be in the upcoming amendment. And I agree that we need to do that because that money does usually flow in the cash fund. But how we got that, we need to put a face on that. Just to let you know, there's 75,375 agents and representatives who contribute to that fund. There are 2,556 firms who contribute to that fund. [LB3]

SENATOR ROBERT: Time. [LB3]

SENATOR PAHLS: Thank you. [LB3]

SENATOR ROBERT: Thank you, Senator Pirsch, Senator Pahls and Senator Heidemann. Senator White, you are next and recognized. [LB3]

SENATOR WHITE: Thank you, Mr. President. To the members of the body, I would like before all of you to express my appreciation to the Appropriations Committee. Nothing could have been more difficult than cutting a lot of money out of a lot of really dearly beloved programs. And I generally intended to fully support this until I read Governor Heineman's statement that it included tax increases. So with the permission of various members of the body, the Appropriations Committee, I'm going to ask them if they know of any. And I would like to ask if Senator Heidemann would yield as the Chair of the Appropriations Committee? [LB3]

SENATOR ROBERT: Senator Heidemann, will you yield to a question? [LB3]

SENATOR HEIDEMANN: Yes. [LB3]

SENATOR WHITE: Senator Heidemann, are you aware, after all of the many hours of work you put in, of any tax increases anywhere in this bill? [LB3]

SENATOR HEIDEMANN: As I was telling Senator Mello, I mean, it would be outside of the call. I'm not aware of...there cannot be any tax increases in the three bills that you see before us. I mean, the only way you could construe that, if we didn't actually cut enough money out of the budget, that maybe in two years we might have to look for extra revenue. How you could say that right now, I'm not for sure. [LB3]

SENATOR WHITE: And of course, Senator Heidemann, for example, we might have been able to look for extra cuts on vacant positions, but you could never...your committee could never get accurate numbers on the vacancies in the various agencies. Isn't that accurate? [LB3]

SENATOR HEIDEMANN: There was some problems getting...trying to figure out exactly

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what was vacant and what wasn't. [LB3]

SENATOR WHITE: I mean, for example, the report that Mr. Castillo's office forwarded to the Legislature and to your committee indicated that every professor's job in the entire state college system was vacant, and at the same time one president was making over \$13 million a year. Isn't that true? [LB3]

SENATOR HEIDEMANN: Well, there as some problem with the NIS reporting the way I understand it, yes. [LB3]

SENATOR WHITE: And we were hamstrung as a body on how we could make long-term structural adjustments to our budget because of the nature of the call. But given the restraints, is there anything you think your committee could have done that it hasn't done to present a responsible budget without a tax increase? [LB3]

SENATOR HEIDEMANN: We looked behind every door and underneath every rock. And if I could continue on a little bit, this was... [LB3]

SENATOR WHITE: Yes. [LB3]

SENATOR HEIDEMANN: ...a very difficult process. And when you see what is going to happen to certain agencies, it's not someplace that we tread lightly by any means. But we did what we had to do. And I think we're presenting a good, responsible budget. It's something that I think we should be able to stand behind. [LB3]

SENATOR WHITE: Thank you, Senator Heidemann. I'd like to note, for example, that I introduced a bill that was ruled by the Attorney General as, in at least large part, outside of the call that would have stopped the process of shipping state income and sales tax dollars to out-of-state corporations and landowners. We could not address that problem. We could not cut that expenditure because we were not permitted. I'd also like to point out that Senator Mello raised repeatedly the fact that there may be very large savings on permanent vacancies or near permanent vacancies in many administrative agencies. We couldn't touch that issue. Even despite that, I have to tell you, and I am often opposite Senator Heidemann on many issues, I thought his committee did an extraordinary job. I know there were strong differences of opinion and Senator Heidemann kept them focused and working. He has my appreciation. Senator Fulton, as a member of the committee, would you please yield to a question? [LB3]

SPEAKER FLOOD PRESIDING []

SPEAKER FLOOD: Senator Fulton, will you yield to a question from Senator White? [LB3]

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SENATOR FULTON: Yes. [LB3]

SENATOR WHITE: Senator Fulton, as a member of the Appropriations Committee, are you aware of any tax increases contemplated anywhere in the bills that are presented to us today? [LB3]

SENATOR FULTON: Senator, I'll echo our Chairman's sentiment... [LB3]

SPEAKER FLOOD: One minute. [LB3]

SENATOR FULTON: ...and say that, no, I'm not aware. And what's more, we worked very hard to avoid that possibility. [LB3]

SENATOR WHITE: I would not ask you to explain the Governor's comments that we were contemplating tax increases because I find them utterly mysterious. I know of no discussion at all among anybody that talked about a tax increase. Are you aware of any? [LB3]

SENATOR FULTON: No, I'm not. [LB3]

SENATOR WHITE: Thank you, Senator Fulton. Once again, I would like to thank all senators on the Appropriations Committee. I know there were very heated arguments and debate, as there should be when something this important is going on. But for them to have put this together, and I can assure the public given the handcuffs we were put under by the Governor's call that this truly is, in my opinion, by and large the very best job anybody could have done in the circumstances. And I want to express my appreciation to all of them. Thank you. [LB3]

SPEAKER FLOOD: Thank you, Senator White. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR6, LR7, and LR8. Continuing with discussion on AM19 to AM13 under LB3, Senator Louden, you are recognized. [LB3 LR6 LR7 LR8]

SENATOR LOUDEN: Thank you, Mr. Speaker and members of the body. I also would echo the congratulations on the work that the Appropriations Committee and their staff have done on this. As one of the two senators that was here in 2003, when we went through some of this before, as you said, you don't see where there was any increase in taxes. But I should note that there is quite a little bit of shift in taxes. And there is some shift into property taxes on here, not as bad as there was in 2003. But when you...when they did cut the jail reimbursement assistance, where do you suppose that extra money is going to come from? It's going to come from property taxes on the counties. So there is one tax shift. Also, if you cut aid to municipalities, where will that come from? Why, sure, it will come out of the property tax. Municipalities will have to come up with it: the

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first year, \$294,000, and the second year, \$588,000. So there is...the property tax program, we saved that for one year so that the next year, why, it isn't cut, the first year it wasn't cut. But as we look through some of these issues here, another one that I think you haven't noticed, now you have a whole new tax. It's the Petroleum Release Remedial Action account and that money is sent over to the General Fund now. Now that's nine-tenths of a cent a gallon tax on all the gas you buy goes into this LUST Fund, or these leaking underground storage tanks. And that's been in there for a long time. Now that money was transferred to the General Fund and there's no sunset clause or anything on it. So now are we going to pay an extra nine-tenths of a cent on our gasoline that goes into the General Fund on taxes? We've never before, as I know, done that in the state of Nebraska. Always any taxes on fuel have always went to the road trust fund. So this is some of the things that are in there that you may want to be aware of. And this is where I would like to see some type of a sunset clause on all of these transfer funds. Some of them have it and some of them don't. Now this amendment is 95 pages long and I haven't got clear to the bottom of the thing yet to see if on the last page is there something in there that puts a sunset clause on the whole issue of these fund transfers. But I think this certainly has to be there because this is a stopgap situation where we're taking care of a shortfall now. But I don't think that some of this should be left to go on forever, especially for instance, just as I noticed through here, the Petroleum Release Remedial Action Fund. So there are things that we have to look for, we have to be very careful of. Aid to community colleges was cut considerably. You can bet that that's going to come back out. It will either raise the tuition or else it will come out of property tax. And usually the way it's set up, the property tax will probably go up then on your community colleges. The only other way you have to do something about that is when you do this stuff, you have to put some kind of a hammer in there that they can't raise their fees, they can't raise their wages, they have to take a cut in salaries or something like that in order to hold the cost of what they're doing down. So I think that has to be something to be considered. As far as the bill, it looks a lot better than what the Governor's did, because I think the Governor raided every old purse there was laying around. But in the meantime, the Appropriations Committee has done a good job of sorting through that and taking care of a lot of it. But there are a few little, what would you say, fuzzy ends out there that you need to be aware of. Now if there's a sunset clause on the whole thing on June 30 of 2011, it probably won't make that much difference because a lot of those funds... [LB3]

SENATOR ROBERT PRESIDING []

SENATOR ROBERT: One minute. [LB3]

SENATOR LOUDEN: ...don't have that much money involved in them. But I would like to see the sunset clause put on all of these bills instead of just part of them. Thank you, Mr. President. [LB3]

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SENATOR ROBERT: Thank you, Senator Louden. Senator Campbell, you are next and recognized. [LB3]

SENATOR CAMPBELL: Thank you, Mr. President. I would like to add to Senator Conrad's list on what is leadership. And leadership is...one of the most important qualities is the ability to listen. And I really do think that we should commend the Appropriations Committee for their ability to listen. For many of us who sat in our office and watched the proceedings, it is obvious in the final report that has come from Appropriations that they did indeed listen and hear those people who said, we have a problem or as you're looking to the future. I would like to ask Senator Heidemann if he would entertain a question, please? [LB3]

SENATOR ROBERT: Senator Heidemann, will you yield to a question? [LB3]

SENATOR HEIDEMANN: Yes. [LB3]

SENATOR CAMPBELL: Senator Heidemann, as I spent last night taking a look at the overview, one of the questions that came to mind, I followed all the transfers and I'm going to get back to that in a minute. But on page 28 of our booklet, I was somewhat puzzled by the transfers involving Game and Parks. The rest of them seem to follow pretty much either you've made some transfer the same as the Governor might have proposed or you took it from a different place. But would you mind giving us, enlightening us how those transfers might have taken place. [LB3]

SENATOR HEIDEMANN: When we had our public hearing, Game and Parks came in and presented a different option to us that they said they liked in the long run, that they would prefer, which actually reduced some General Fund expenditures. We had a little bit of concern about that. But this is actually...you see the transfers that are before us here. This is actually what the agency came in and requested, and we just went with that. [LB3]

SENATOR CAMPBELL: I appreciate that very much. I would like to ask a second question, and that is a policy question really. I know that we turn to transfers from these many funds. And I have to say I think the Appropriations Committee did a great job as I looked across the board. But as we look into the future, we obviously are not going to always have transfers to do that. So would we see the transfer as a general short-term policy for a budget? [LB3]

SENATOR HEIDEMANN: I'll probably make a couple comments on that. This is very short-term. We're looking at extraordinary times and these are measures that we have to take in order to do that. And each and every time, and you can talk to the Appropriations Committee and I gave them a lecture one day on this, because there are certain funds that we normally access. And the more we access them now means that

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in the long-term we won't be able to access them. And I was really focusing on the out-years. So we had to be very careful about what we did so that when we got in the out-years that we didn't hurt the fund that we normally access at a rate of, you know, \$5 million a year or \$10 million. So that amount of money was still there. Otherwise it was a short-term solution, long-term pain. [LB3]

SENATOR CAMPBELL: Thank you, Senator, for answering those questions. I appreciate that not only did they listen, but as you can tell from their responses, that they are looking at the out-years. Therein lies the challenge for the entire Legislature and all of the committees that we serve on, as I think we will be called upon to make changes in how we structure government should the recession continue. Thank you, Mr. President. [LB3]

SENATOR ROBERT: Thank you, Senator Campbell and Senator Heidemann. Those wishing to speak: Senators Fischer, Wightman, Harms, Stuthman, and Krist. Senator Fischer, you are next. [LB3]

SENATOR FISCHER: Thank you, Mr. President and members. I would like to address AM19 to AM13 at this point. Some of you have asked me questions on just what that E-911 Fund is, where the money comes from and how we got to the place we are that we need this amendment today. The E-911 Fund, the money that goes into that fund comes from a 50-cent surcharge that is on every wireless phone number in the state of Nebraska. That is used to update equipment, software for our PSAPs, those are the Public Service Answering Points that we have around the state. Sometimes cities have them, sometimes counties have them, sometimes it's a combination. That is so if you were using your cell phone you can be located. And with the Phase I, the wireless phone number shows up at that center and also the location of the tower that the call went off of. Most counties in the state now have that. Many of the counties in the state also have upgraded to Phase II. That allows the call takers to receive both that wireless phone number and the specific location that is determined by latitude and longitude. So now you know about that. You also know that in the Governor's proposal and in the Appropriations Committee's proposal both of those included transferring \$5 million from that E-911 Fund to the General Fund. About a week ago, I had a meeting with a commissioner and the executive director of the Public Service Commission and also a wireless carrier. Since that time I had a conversation with a representative from another wireless carrier. I believe that you all have received a letter from that carrier that I mentioned. Some of those people but not all of them, and I stress that, not all of them that were involved in those conversations, they expressed some concerns that that transfer of that \$5 million in the surcharge money could cause us problems in the future, specifically that we as a state would lose grant monies in the future if the transfer to the General Fund took place. Last Tuesday, I conveyed these conversations to Senator Heidemann so that he was aware of them. And at that time I told him I would request an Attorney General's Opinion, which I did. Wednesday was Veterans Day. Thursday, I

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submitted the request to the Attorney General. You can access that on your computers, it is on the site now. We received the official response this morning and I would like to pass that along to you. In July of 2008, Congress passed the New and Emerging Technologies 911 Improvement Act of 2008. Now this act provides that "Nothing in this Act...shall prevent the imposition and collection of a fee or charge applicable to commercial mobile services or IP-enabled voice services specifically designated by a State...for the support or implementation of 9-1-1 services"--and I would emphasize this next part--"provided that the fee or charge is obligated or expended only in support of 9-1-1 or enhanced 9-1-1 services, or enhancements of such services, as specified in the provision of State or local law adopting the fee or charge." [LB3]

SENATOR ROBERT: One minute. [LB3]

SENATOR FISCHER: Thank you. So I asked for the Attorney General's Opinion to clarify this diversion or transfer of the funds. The Opinion is "...that the transfer of Fund monies generated by the surcharge to the General Fund would preclude the State from qualifying for and receiving federal grants under the ENHANCED 911 Act of 2004, and that such a transfer is preempted by the New and Emerging Technologies 911 Improvement Act of 2008." I also asked the AG in my request if the interest accrued from the E-911 Fund was affected by this prohibition because federal law is silent on that point. And the AG's Opinion concluded, "that the Legislature may authorize the transfer of interest earned on the surcharge monies." [LB3]

SENATOR ROBERT: Time. Thank you, Senator Fischer. [LB3]

SENATOR FISCHER: So thank you, Mr. President. [LB3]

SENATOR ROBERT: Senator Wightman, you are next and recognized. [LB3]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the body. I rise in support of AM19 to AM13 and also in support of the underlying bill, LB3. I, too, want to thank Senator Heidemann for his leadership in building a consensus in the Appropriations Committee. I think he did a great job. I'd also like to thank Senator Fischer for her very good explanation as to AM13 and the necessity for it. I think it answers most of the questions with regard to AM19. I agree with Senator Mello that, and this gives me heartburn from time to time when I agree with Senator Mello, but...that we have taken responsible action at this special session. And I think we took responsible action in the Appropriations Committee. I do not believe that what we have done constitutes a tax increase. Just because some action that we took or did not take may lead, two years from now, to some tax increase to cover a deficit I hardly think would constitute a tax increase at this time. We had very difficult decisions to make and LB3 does address transfer of funds. We had a number of those funds. I would dare say that almost everybody sitting here in this body had letters and e-mails with regard to the

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checkoff funds, the checkoff of commodity funds. On all of these funds I think we had to kind of in our own mind put them on a scale. And on a scale of 1 to 10, I would say the commodity funds ranked a 10. And I think that was indicated by the fact it was a 9-0 vote of the Appropriations Committee to take those off the transfer list. There were a number of funds that were mostly relatively small funds that were somewhat similar to this. A lot of them were funds that were raised by professional dues or licensing fees. One of them that I'm particularly familiar with, and we happen to have three attorneys on the Appropriations Committee, was a fund created through the payment of Bar Association dues by lawyers that creates a special fund for the Council on Discipline to regulate bad deeds within our own profession, dishonest deeds, sometimes unprofessional acts of others. All of that comes from payment of dues by the Bar Association, and yet the idea was that we were going to transfer that into the General Fund. Well, most of these we either eliminated the transfers or in some cases decreased the transfers. Obviously, we had to make those up. And I think we, generally speaking, looked to funds that were created out of tax dollars. Certainly, some of those funds we didn't eliminate the transfer completely, the ones on professional dues. Some of those professions came in and agreed, maybe didn't agree with the amount, but agreed that they wanted to share in their part of sharing the pain. So I agree that perhaps some of our actions may lead, as Senator Loudon suggested, to increased property taxes. But I don't think the actions we took directly lead...directly cause an increase in property taxes. That's going to be decided by a county board or a city council somewhere. And I don't think that our action ultimately causes higher property taxes. So I do again support AM19 to the committee amendment, AM13,... [LB3]

SENATOR ROBERT: One minute. [LB3]

SENATOR WIGHTMAN: ...and support the underlying bill. I think we have taken responsible action. I think anybody can sit back and second guess probably every action you take. But decisions had to be made. I think we came up with an amount that's very near what the Governor actually, a little better on balancing the budget than the Governor's. You can second guess the funds, everybody can. But I think they all represented responsible actions and I urge the body to support each of the two underlying amendments and LB3. Thank you, Mr. President. [LB3]

SENATOR ROBERT: Thank you, Senator Wightman. Senator Harms, you are next and recognized. [LB3]

SENATOR HARMS: Thank you, Mr. President and colleagues. I rise in support of the amendments to LB3. I think we have built an appropriate budget. I think we have built a fair budget. And I wanted to just take a moment if I could, first of all, to thank the Fiscal staff. I've had the fortunate opportunity in my life and in my previous career to work with a lot of very bright fiscal people, but no one that's smarter than this group of individuals. I will tell you they are absolutely marvelous people. They spend lots of time, they don't

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try to influence you. They lay the facts out, you can determine which direction you would like to go. They are great. And I'll tell you right now we would not be where we are today in our budget without their help. Also that Senator Heidemann did a great job in leading us. I want to take a moment to tell you, for those of you who have not had this wonderful experience in Appropriations Committee, of long hours and 29 hearings two days in a row. There was a lot of debate in there. And what the democratic process is about is about debate. It's about taking and giving and finding a middle road. And that's what this budget is about. We built a consensus, even though we all didn't agree because there were things that were affected that we had great feelings for, we had to give in. And that's what this is about. And that's what this budget is about. So I hope that you will support this budget because there's a lot of work in this. I also want to tell you that my concern is not with this budget today. My concern is with the out-years. And I want everyone to listen carefully, because if we don't pay attention to the out-years, the issues we have today are simple. We're in here discussing whether we're going to take \$5 million from here or \$400,000 from there. That's not going to be the debate next time. It's going to be eliminating agencies, eliminating programs, changing the face of this great state. I just hope and pray that we don't have to have that discussion. But in the midst of all of this, it's extremely important that we have long-range planning. This state does not have long-range planning. This state has not developed its core that when they get into a crisis like this that you want to protect, this core that will drive it, that will keep it sound, will move our state forward and we'll get through this crisis and this issue. That's why planning is so important to us. And in our Planning Committee we're making some progress. We're a ways away but we will be there in the future. So what I want to say to you is this, it's important for us to move forward. It's important for us to focus in on this budget and to make the right decisions. I don't think there's anyone on that Appropriations Committee that had any intent of raising taxes. It's not even in the call. It's out of the scope. And if any activity that we have done or anything that we have approved might force property tax to move forward and go up, I would say to the people on the local level, you got to do the same thing we're doing, you got to cut back. You can't transfer, why don't you make the hard decisions. Because today we are making the hard decisions. We are in fact changing and moving the face of this government forward. But we still have a long ways to go. And I really believe, to be honest with you, at the end of this session senators need to get together and we need to start the discussion that if our out-years are going to be as severe as we are potentially saying, what are we going to do to get ahead of this? We cannot wait until the crisis comes forward. We cannot wait to have another special session here. We need to decide now and into the future, what are the things we are willing to give up, what are the things we can streamline? How does this fit into a long-range plan? And where do we want this state to go? [LB3]

SENATOR ROBERT: One minute. [LB3]

SENATOR HARMS: Thank you, Mr. President. That is what we have to really address.

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We'll get through this but the issue is truly, the issue is truly in the out-years. Thank you, Mr. President. [LB3]

SENATOR ROBERT: Thank you, Senator Harms. Senator Stuthman, you are next. [LB3]

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. First of all, I would just like to thank the Appropriations Committee for all the time that they have put in and that they have looked under about everything to come up with this proposal. They've taken it very seriously. And I truly do believe that, you know, there is no tax increase on this state level in this budget. But when you look on further, beyond this, I think when there's, you know, no money coming, no increase coming to the school districts, what was anticipated a year ago, it's going to be level, but I think if the school districts plan to continue their growth or have intended expansion or intended to have some needs, I think it's going to be a property tax increase, I truly do believe it. But there's one thing about it. People need to attend those school board meetings, just as we are attending this special session here to take care of the issue. We need to make sure that, you know, any increase is justified on the local level. We got to make sure of that. And I think our state is in a fairly good position at the present time, but we're taking the precaution now so we don't get into a real situation like some of the other states are. And I think, you know, I'm not going to take a lot of time, everything has been said. But just like Senator Harms has stated, you know, it's time for the people on the local level to do just what we are doing here and what the Appropriations Committee has done. You know, look at every situation. Don't just complain about your property tax, go to the boards and speak your piece there. And I also think and want to emphasize this, the situation that we are about to enter into, hopefully not in a bad situation, but I think now is the time for everyone in the state of Nebraska when they get up in the morning to look in the mirror and say, what can I do for the state of Nebraska instead of what can the state of Nebraska do for me. Thank you, Mr. President. [LB3]

SENATOR ROBERT: Thank you, Senator Stuthman. Senator Krist, you are next and recognized. [LB3]

SENATOR KRIST: Thank you, Mr. President, colleagues. I rise in support of AM19 to AM13 to LB3, I think that's how that goes, doesn't it? Senator Heidemann, will you yield to a question please? Mr. President. [LB3]

SENATOR ROBERT: Senator Heidemann, will you yield to a question from Senator Krist? [LB3]

SENATOR HEIDEMANN: Yes. [LB3]

SENATOR KRIST: I know we talked about it off the mike, but for the record, with

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reference to developmental disabilities and aid, I know you've helped me out with this but just for the record. That money was coordinated with the department head and that money is in excess during this biennium to be used for this purpose? Is that correct? [LB3]

SENATOR HEIDEMANN: That's correct. I mean, we appropriated \$5 million in the first year and \$10 million in the second year to address the waiting list or at least to hold it flat. It just, pure and simply it takes time to ramp up. And the \$500,000 that we brought back was money that wasn't going to be able to be used because they wasn't able to ramp up fast enough. [LB3]

SENATOR KRIST: I think that's prudent. And thank you, Senator Gay, for coordinating between the two committees. And I think that's testimony to what the Appropriations Committee has been able to achieve in going out and asking the questions of the department heads and the folks who are able to make concessions to their budgets in this year. That's, as Senator Stuthman said, folks in Nebraska finding out what they can do for Nebraska. Thank you, Mr. President. [LB3]

SENATOR ROBERT: Thank you, Senator Krist. Senator Wallman, you're next and recognized. [LB3]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. I, too, want to thank the Appropriations Committee, praises to the choir. But I have a few concerns here also about expenditures of our state. And would Senator Heidemann yield to a question? [LB3]

SENATOR HEIDEMANN: Yes. [LB3]

SENATOR WALLMAN: Thank you, Senator. I look at Educational Lands here. Why does it cost this money out of this General Fund for Educational Lands? [LB3]

SENATOR HEIDEMANN: It could be a surveyor. Yes, inside of that agency there is actually money for the state surveyor. And that's where the General Fund expense comes from that. [LB3]

SENATOR WALLMAN: Do they survey that land all the... [LB3]

SENATOR HEIDEMANN: I think it's all land, yes, and the school lands, all land and the school land. [LB3]

SENATOR WALLMAN: Before a sale probably, huh? [LB3]

SENATOR HEIDEMANN: Yes. [LB3]

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SENATOR WALLMAN: Okay. And I want to thank you for letting the money in for HHS, also for developmental disabilities. That's dear to my heart and I want to thank you. Thank you, Mr. President. [LB3]

SENATOR ROBERT: Thank you, Senator Wallman. Seeing no other lights on, Senator Heidemann, you're recognized to close on AM19, the amendment to the committee amendments. [LB3]

SENATOR HEIDEMANN: Thank you, Mr. President, fellow members of the body. I want to thank everybody, number one, for the discussion that we had here. There's been a lot of good points brought out. I encourage you as we continue on this afternoon to keep talking, getting things in the public record, it's important. We need to take the time to look at what we did. We need to, as Chairman of the Appropriations Committee and as the Appropriations Committee needs to inform not only the body but the public about, you know, what's going to happen, what we're proposing here. So I think it's very important that we do have this dialogue. The amendment before us, AM19 to AM13, would actually just allow the interest money from the 911 Fund to be brought back to the General Fund. It was important that we put this language in there so that the federal government realized that we was not accessing the principal money but interest money itself, it's \$3.4 million. I encourage you to support AM19 to AM13 to LB3. Thank you. [LB3]

SENATOR ROBERT: Thank you, Senator Heidemann. Members, you have heard the closing to AM19, the amendment to the committee amendments. The question is, shall AM19 be adopted? All those in favor vote yea; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record. [LB3]

CLERK: 45 ayes, 0 nays, Mr. President, on the adoption of Senator Heidemann's amendment to the committee amendments. [LB3]

SENATOR ROBERT: AM19 is adopted. Mr. Clerk, do you have items? [LB3]

CLERK: I do, Mr. President, two. Senator Sullivan would offer LR23, that will be laid over. And Senator Flood would like to print an amendment to LB4. (Legislative Journal pages 115-116.) [LR23 LB4]

Mr. President, Senator Cook would now move to amend the committee amendments with AM17. (Legislative Journal page 116.) [LB3]

SENATOR ROBERT: Senator Cook, you're recognized to open on AM17, the amendment to the committee amendments. [LB3]

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SENATOR COOK: Thank you, Mr. President and members of the body. I bring AM17 to AM13 in...as a preamble to a discussion of LB8 that we will be having later on today, at least according to the schedule. AM17 would, in effect, restore the Job Training Funds back to the Appropriations Committee proposal that we see before us. As a cosponsor of LB8, I'm very happy to continue the dialogue about how we can remain progressive in the state of Nebraska in light of all the economic challenges that we are facing. Both Senators Gay and Harms have talked about the state's changing face, how leadership is important in this time. And in my mind and certainly in the mind of Senator Council this is what we're looking at when we continue to invest in job training funds. Senator Council also asked me to address the Attorney General's Opinion that LB8 falls outside the scope of the Governor's call. That's something else we've been talking about this afternoon. While there's no question that the Attorney General's Opinion is entitled to substantial weight, it also goes without question that an Attorney General's Opinion is not a judicial utterance and therefore has no controlling authority. The Attorney General said that LB8 is outside the scope of the Governor's call because it is contrary to Item 3, which is to authorize, increase, or make certain transfers to the state General Fund. Indeed, LB8 expressly prohibits the transfer of funds from the Job Training Cash Fund. However, to conclude that this body is unable to take such action during the session is to, in her words, inhibit legislative discretion. This the Governor cannot do. In fact, the Governor may not, under the guise of naming a subject, limit its scope so drastically that he, in effect, imposes upon the Legislature his own view of what policy should be adopted. At this point it must be noted that it has been the policy of the Legislature, since the inception of the Job Training Cash Fund, that transfers from the fund were not authorized and most recently that no funds remaining in the balance of that fund be transferred to the Cash Reserve until 2014. The Governor's intent is to permanently alter that policy. Consequently, we respectfully ask the body that you disregard the Attorney General's Opinion for purposes of this amendment, as well as an amendment I've offered on Senator Council's behalf to LB1, and when we get to LB8 to choose to judge LB8 on its own merits. With that said, we urge the body to adopt this amendment as we will discuss it later and to put aside the Appropriations Committee and their hard work and the staff's hard work, as we've said before certainly not minimizing that effort, but to put that aside in consideration and adoption of this amendment. Quite simply, it should remain the policy of this state to support and enhance employment in business and industries in this state. This is the primary source of fuel, income and sales tax that run the engine of the state of Nebraska. Through the Job Training Cash Fund the state provides refundable credits in the form of grants to be used by employers, large and small, for flexible and discretionary job training programs for qualifying jobs created. Of particular significance is the rural advantage program, which makes job training funds available for employers in rural and high poverty areas. Quite frankly, job training assistance is one of the few tools the state provides to employers located in rural and high poverty areas. I, like Senator Council, represent a district which contains areas of high poverty. However, Senator Council's district has the highest concentrations of poverty in the state. In fact, as a result of the poverty in Senator Council's district,

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Nebraska has the distinction of ranking third in the nation for African-Americans in poverty--that's one out of every five people living in Legislative District 11; and first in the nation for African-American children in poverty--that's one in every three children in Legislative District 11. We will retain this unenviable distinction if we do not provide employment opportunities. The Job Training Cash Fund enables us to do just that. The Job Training Cash Fund was used last year to encourage two large Omaha area employers to develop a training program to provide residents of our districts with customer service representative employment opportunities. That program resulted in the employment of more than 25 persons at living wages, most of whom had previously relied upon government assistance. A welding training program recently graduated nine individuals, some of whom were exoffenders. There's currently a class of individuals receiving training as ophthalmology assistants. I'm sure that some of you are aware of how these funds have been used in your own areas. The fact of the matter is that the program is achieving our policy objective. Apparently, the Job Training Cash Fund was identified by the Governor's Office because of the large balance in the fund at the end of 2008-2009. At that time, the balance was \$23 million, of which \$2,012,714 was held in a subaccount for the rural advantage program. We must first direct our attention to the fact that it was our intent that the fund carry a considerable balance so that it would be available for eligible projects on an as-needed basis. Second, and of even greater importance, is the fact that over \$2 million of that balance has been obligated since July 1, while \$13,758,500 of that balance has been reserved for 32 projects that have expressed their intent to participate in the programs under the fund since the first of July, creating 4,112 jobs. Amounts committed and the amounts reserved bring this balance in this fund down to only \$6,802,423, it's not as much money as it sounds like when I'm reading it. The Governor's proposal to transfer \$3 million was damaging. The Appropriations Committee's proposal to increase the amount to be transferred from \$3 million to \$5 million not only dramatically affects the future feasibility of the program, it jeopardizes some of the projects that have expressed intent to participate but have yet to enter into the formal contract. It is my understanding that a majority of the members of the Appropriations Committee based their decision to increase the amount of the transfer on their belief that it was likely that some of the 32 projects would not proceed. Just as some projects may not proceed as planned, there are other projects that may not proceed to plan because of the reduction in the amount of funds available. We should be particularly concerned about the amount of the funds that would be available for the rural advantage program if there is only a \$1.8 million balance remaining in the fund. [LB3 LB8 LB1]

SENATOR ROBERT: One minute. [LB3]

SENATOR COOK: Thank you, Mr. President. In conclusion, I urge you to make the same type of policy decision that the Appropriations Committee made when they voted not to transfer any of the commodity funds. The entire balance in the Job Training Cash Fund should remain available for their intended purpose. Please adopt this amendment

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and be willing to work to find other means of filling any budget gap resulting from the passage of this bill. Thank you, Mr. President. [LB3]

SENATOR ROBERT: Thank you, Senator Cook. Members, you have heard the opening to AM17 to the committee amendments. Those wishing to speak, Senators Heidemann and Wightman. Senator Heidemann, you're recognized. [LB3]

SENATOR HEIDEMANN: Thank you, Mr. President, fellow members of the body. I do rise up in opposition of AM17 to AM13. I passed out a sheet that shows the balances in the Jobs Training Cash Fund. The first thing I think I need to point out, that there is an interest money set aside to deal with the rural and high poverty that Senator Cook has talked about. There are assurances from the DED that that fund will not be jeopardized whatsoever. That is something, I think, that is very important to know and for this body to understand. As you look at this sheet, you're going to notice that there's \$26.6 million total. The thing to remember, and we did not do this lightly by any means, and we had a lengthy discussion in Appropriations and somewhat of a debate. We got a lot of information to make sure that if we was going to go ahead with this that it was not going to hurt the program down the road. And we're convinced that it's not going to. The thing to remember most about it is that on the average, if you look at it over the last several years, there is only \$2.7 million in recent years that is going out of there on the average. There is a \$26 million balance. And I realize that there are funds that are committed, but we also understand that, if you look at history, all of the funds, all the money that is committed doesn't always work out. It is not always taken. So if you take the \$2.7 million, we could actually access that for quite some time before you would even come upon any jeopardy of exhausting the fund. If for some reason we see an increase of demand on these funds, in reality that's good news because you, evidently, at that time are probably seeing an increase of economic activity and that would probably increase the demand on these funds. And I would think as a Legislature at that time we would come back and address that situation at that time. Once again, we didn't do this lightly. We got the information that we needed. We made an informed decision. I will say that down the road this is something that we can look at again, but we felt it was very important that we, at this time at least, we access these funds. We thought there was available money there to do that. And looking at what was before us, it was something that we felt was very important. And there might be other ideas out there, but in the long run this is \$5 million that helped us fill a shortfall. And it's something that, hopefully, we will be able to support. So my thought to you is to oppose AM17 to AM13. Thank you. [LB3]

SENATOR ROBERT: Thank you, Senator Heidemann. Senator Wightman, you're recognized. [LB3]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the Legislature. I, too, rise in opposition to AM17. I'd like to discuss this a little with regard to the amount we're

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looking at. There is \$22 million--\$22,600,000 there. If we took about the \$2,041,000 that's under contract, that's about \$20,560,000. As Senator Heidemann stated, if you looked at the last four years, which are some of the high years in this program, we probably have averaged a little over maybe between \$2.5 million and \$2.6 million per year. A high year back in about '95-96, looks like it was still under \$3 million. If we took the highest year that we've ever had in this and we took the balance due after subtracting the amount under contract, we have about seven years that could be used. Now I admit that it's nice to have this fund available and that we have it. But we're looking at difficult times, and I think difficult times mean that we had to make difficult decisions. And how sensible is it to cut back further in various departments when there is what would appear to be almost seven years of reserve in this fund? Now I know that Senator Cook talked about the committed funds at \$13,758,500. And let me tell you a little bit about what these commitments are. Various companies will come in, they may have eight or ten cities that they're looking at. They ask the Department of Economic Development whether they would commit these funds in the event they decide to come to Nebraska. Probably only a very small percentage, between maybe one-fifth and 10, 20 percent of these companies may ever move to Nebraska. The chances of us, I think, particularly during these difficult times that we're going to have in the next couple of years, going above that \$2.9 million are relatively small because you aren't going to see companies moving en masse to other states and moving...making moves that will cost them a considerable amount of money to make the move, or expanding. And so I think it is unrealistic to think that we should keep in this fund as much as seven years of reserve. Now admittedly, if the \$5 million is transferred as is proposed, that's going to cut that number of years maybe to five. But we certainly have an opportunity to rectify this. And as Senator Heidemann suggested, it would be a most welcome thing that could occur if we had a real run on this fund, but I don't see that happening. And I think it makes a lot of sense to look to this fund to make up part of the shortage that we have right now. So I would urge your rejection of AM17. Thank you, Mr. President. [LB3]

SENATOR ROBERT: Thank you, Senator Wightman. Senator Haar, you're recognized. [LB3]

SENATOR HAAR: Thank you, Mr. President. First of all, I would like to join the chorus of thanking the Appropriations Committee for all of the time and the effort that they've put into this special session. Where some of us got to go...even got to go home on weekends, they stayed here and worked weekends and evenings. So again, thank you very much to that committee. Just another general comment. When I was on the Lincoln City Council, I read an article and all I remember of that article is the headline. It said, "Love Services, Hate Taxes." And I think we need to realize that, as we cut the budget back because of the shortfalls, that there are going to be cuts in services. And I just need to remind people of that, that I know we all love services, but we have to pay for them, and there's not the money to pay for all the services right now. Another thing is I really look forward to the time when we have long-term planning. Senator Harms, we're

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looking forward to the work of your committee because I feel uncomfortable in a budget-cutting session when we really have no list of priorities to go on. And I hope that long-term planning will help us look at those priorities so that in times of budget shortfall we can keep in our appropriations the things that are highest priorities and eliminate...at some point begin to eliminate those things which aren't high priorities. And then I want to...I've risen in support of AM17 for the following reason. It simply seems counterintuitive to me that at the time of economic downturn we cut job training. Some other figures, again I guess we could argue about this or discuss this, but committed but not under contract is \$13,758,000. If you take that away from the balances, you wind up with \$6,800,000 in a balance, and then you take away the \$5 million, you wind up with about \$2 million in job training. So I know there are different ways to look at this but, again, I cosigned on to LB8 because it just seems in times of economic downturn we ought to be doing our utmost to do job training and not cut those funds. Thank you very much. [LB3 LB8]

SENATOR ROBERT: Thank you, Senator Haar. Seeing no other lights on, Senator Cook, you're recognized to close on AM17. [LB3]

SENATOR COOK: Thank you, Mr. President, and thank you, fellow members, for the dialogue. As I mentioned, I proudly introduced this amendment in anticipation of our conversation about LB8, and I think some important points have been brought forward, important for the sponsors of the bill and important in terms of the philosophy that is behind the introduction of the bill which is reflected in this amendment, if we adopt it. And that is, we as Nebraskans have a good future to look forward to. People like us who get involved in politics do so for lots of reasons. One of the reasons is that we have an idealistic streak to us, and I'm one of those people, as is Senator Council. I believe that we will weather this storm. We will survive it and we will thrive, and I want us to be positioned in the future to be able to take advantage of all of the economic opportunities, broadly and inclusively across the state. With that, I will close on the amendment. Thank you, Mr. President. [LB3 LB8]

SENATOR ROBERT: Thank you, Senator Cook. Members, you have heard the closing to AM17, the amendment to the committee amendments. The question before the body is, shall the amendment be adopted? All those in favor vote yea; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record. [LB3]

CLERK: 4 ayes, 31 nays on the amendment, Mr. President. [LB3]

SENATOR ROBERT: AM17 is not adopted. [LB3]

CLERK: I have nothing further pending to the committee amendments, Mr. President. [LB3]

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SENATOR ROBERT: Are there members wishing to speak on AM13? Seeing none, Senator Heidemann, Chair of the Appropriations Committee, you're recognized to close on AM13. [LB3]

SENATOR HEIDEMANN: Thank you, Mr. President, fellow members of the body. I appreciate the discussion. I even appreciate Senator Council's and Senator Cook's amendment. If nothing else, we educated the body a little bit on the Job Training Cash Fund and that's important, so I appreciate that. AM13 to LB3 takes into account everything that the Appropriations Committee's actions were concerning to LB3, very tied to actually LB1. So I urge the body to support AM13 to LB3. [LB3 LB1]

SENATOR ROBERT: Thank you, Senator Heidemann. Members, you have heard the closing to AM13, the committee amendment on LB3. The question before the body is, shall the amendment be adopted? All those in favor vote yea; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record. [LB3]

CLERK: 40 ayes, 1 nay, Mr. President, on the adoption of committee amendments. [LB3]

SENATOR ROBERT: AM13 is adopted. [LB3]

CLERK: I have nothing further pending to the bill, Mr. President. [LB3]

SENATOR ROBERT: Seeing no members wishing to speak, Senator Heidemann, you're recognized to close on LB3. [LB3]

SENATOR HEIDEMANN: Thank you, Mr. President, fellow members of the body. The committee amendment becomes the bill, so beings as you supported the committee amendment, I'd appreciate it if you would support LB3. Thank you. [LB3]

SENATOR ROBERT: Thank you, Senator Heidemann. Members, you've heard the closing to LB3. The question before the body is, shall LB3 advance to E&R Initial? All those in favor vote yea; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record. [LB3]

CLERK: 45 ayes, 0 nays, Mr. President, on the advancement of LB3. [LB3]

SENATOR ROBERT: LB3 does advance. Next item on the agenda. [LB3]

CLERK: Mr. President, LB2, introduced by the Speaker at the request of the Governor. (Read title.) The bill was introduced on November 4 of this year, referred to the Appropriations Committee, advanced to General File. There are Appropriations Committee amendments. (AM14, Legislative Journal page 107.) [LB2]

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SENATOR ROBERT: Thank you, Mr. Clerk. Senator Heidemann, you are recognized to open on LB2. [LB2]

SENATOR HEIDEMANN: Thank you, Mr. President, fellow members of the body. I would just open on the committee amendment, if that would be all right. [LB2]

SENATOR ROBERT: Okay, you may open on AM14. [LB2]

SENATOR HEIDEMANN: Thank you, Mr. President, fellow members of the body. I'm just going to be very brief. LB2 makes transfers from various cash funds to other cash funds or to the General Fund. These tend to be high dollar amounts, and in all cases the transfers are already allowed under current statutes. I urge the body to support AM14 to LB2. [LB2]

SENATOR ROBERT: Thank you, Senator Heidemann. Members, you've heard the opening to LB2. (Visitors introduced.) Returning to discussion on AM14, the Appropriations Committee amendment to LB2, are there members wishing to speak? Seeing none, Senator Heidemann recognized to close on AM14. [LB2]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. This was a little bit more of an easier one. A lot of the work was done in LB1 and LB3. LB1 is coming up. I do ask that you would support AM14 to LB2. [LB2 LB1 LB3]

SENATOR ROBERT: Thank you, Senator Heidemann. Members, you've heard the closing to the Appropriations Committee amendment, AM14. The question before the body is, shall the amendment be adopted? All those in favor vote yea; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record. [LB2]

CLERK: 46 ayes, 0 nays, Mr. President, on the adoption of committee amendments. [LB2]

SENATOR ROBERT: AM14 is adopted. [LB2]

CLERK: I have nothing further on the bill, Mr. President. [LB2]

SENATOR ROBERT: Are there members wishing to speak on LB2? Seeing none, Senator Heidemann, you're recognized to close. Senator Heidemann waives his opportunity to close. The question before the body is, shall LB2 advance to E&R Initial? All those in favor vote yea; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record. [LB2]

CLERK: 45 ayes, 0 nays, Mr. President, on the advancement of LB2. [LB2]

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SENATOR ROBERT: LB2 does advance. Next item on the agenda. [LB2]

CLERK: Mr. President, the next bill, LB1. It's a bill introduced by the Speaker at the request of the Governor. (Read title.) The bill was introduced on November 4, referred to the Appropriations Committee for public hearing. The bill was advanced to General File. There are committee amendments, Mr. President. (AM12, Legislative Journal page 107.) [LB1]

SENATOR ROBERT: Thank you, Mr. Clerk. Senator Heidemann, Chair of the Appropriations Committee, you're recognized to open on LB1. [LB1]

SENATOR HEIDEMANN: Thank you, Mr. President. I will open on the committee amendment if that would be all right. [LB1]

SENATOR ROBERT: You may open on AM12 as well. [LB1]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. Just briefly, LB1 is a bill that changes the existing appropriations and reappropriations. In addition, in the back of LB1 is where the transfers from various cash funds--is what we did in LB3--to the General Fund are made. In most instances, these transfers are related to the cash fund and appropriation reductions. A lot of work that we did over the last couple of weeks is going to be inside of LB1. All the across-the-board cuts are in LB1 and the lapsing of the reappropriation. This is where we did a lot of our work as far as looking about and trying to look at what this was going to do to these different agencies. There was a lot of thought put into LB1. There's pain in LB1 and I'm not going to deny that. There's things in here that probably during good times you wouldn't like to see happen. But during tough times it's not bad, by any means, to look for priorities and that's what we did in LB1. I ask that you would...I think I'm opening on the committee amendment. I don't see it up before but hopefully I am. I ask that you would support the committee amendment to LB1. [LB1 LB3]

SENATOR ROBERT: Thank you, Senator Heidemann. Members, you've heard the opening to LB1 and the committee amendment, AM12. Mr. Clerk, do you have an amendment? [LB1]

CLERK: Mr. President, Senator Heidemann would move to amend the committee amendments with AM18. (Legislative Journal page 117.) [LB1]

SENATOR ROBERT: Senator Heidemann, you're recognized to open on AM18. [LB1]

SENATOR HEIDEMANN: Thank you, Mr. President, fellow members, the Clerk. This is the other part of the amendment that I had on LB3. It's with E-911 Funds. On page 190,

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line 9, we will strike \$5 million and insert \$3,400,000. On page 91, line 16, you strike \$4,072,121 and insert \$5,072,121. This goes back to allowing us to access the \$3,400,000 of interest money accrued on the 911 Fund. And I would encourage you to support AM18 to AM12. [LB1 LB3]

SENATOR ROBERT: Thank you, Senator Heidemann. Members, you've heard the opening to AM18, the amendment to the committee amendments. Those wishing to speak: Senators Wightman, Lathrop, Avery, and Pahls. Senator Wightman, you're recognized. [LB1]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the Legislature. I rise in support of AM12 and AM18 to the committee amendment. I'd like to discuss a couple of issues that I think are important here. Number one, I'd like to discuss the Legislative Council and the changes that were made to it so that everyone knows that the Legislative Council is taking part of the reduction. Our reduction, as we propose, is not quite as large as the Governor proposed. Number one, we had a very large reappropriation amount. Most of that reappropriation amount was taken off of the budget request, and so that has been reduced so we will be taking about \$1.5 million to \$1.6 million of what was suggested by the Governor of 2.4. I also would like to defend this action from the standpoint that only two of the agencies--the Supreme Court and the Legislature, the Legislative Council--represent separate branches of government. All of the rest represent administrative agencies or, in some many instances, cash-funded agencies. It seems to me there is a substantial difference between those agencies that represent separate branches of the government and I suggest that that's...we did make substantial changes to the Governor's suggestion with regard to the Supreme Court as well. But nevertheless, there will be a rollback of a proposed wage increase in July of next year; possibly a small rollback of an increase that took effect--that decision may still need to be made--that took effect on July 1. Also included in there is a rollback of a proposed per diem increase for state legislators. It would have gone from \$109 to \$116, and it's the proposal of the Executive Board that that be rolled back to the previous year's level. One of the other major changes I would like to discuss and one of the larger changes that we made is in the provider rates for various segments of the Department of Health and Human Services. The Governor had proposed about a \$21 million rollback of increases that were to take effect for the 2010-2011 year. I have made the argument for years that we have many times balanced the budget on the back of providers. These providers are a large group of actually different categories of providers. Many of them are Medicaid providers that provide services for the indigent in care homes, in assisted-living facilities. We've rolled those back so many times that, while state employees have received wage increases year after year, many years we've rolled back and given either no increase or very, very small increases, far smaller than the increase of state employees' wages. So we proposed that this be rolled back...that we would allow approximately a third of the increase to providers that was to go into effect on the second year of the biennium. We had a 1.5 percent increase to most.

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Developmentally disabled would receive a 2.25 or 2.5 percent. We rolled that back so that they will get a 1 percent increase. The other providers will get a .5 percent increase. They're still very small but I think it was important that we take the position that we aren't always going to balance the budget on the back of providers and that they are entitled to some increases. And, quite frankly, if we don't do that, we're going to lose some of the providers that provide services to the state of Nebraska. [LB1]

SENATOR ROBERT: One minute. [LB1]

SENATOR WIGHTMAN: We have gotten Medicaid reimbursement rates for nursing homes and assisted living down to where if they had to live on everyone paying that rate they absolutely would be unable to continue to provide those services, and we can't continue to do that year after year. And that is the reason that we restored some of the 2010-2011 increase. Thank you, Mr. President. [LB1]

SENATOR ROBERT: Thank you, Senator Wightman. Senator Lathrop, you are next and recognized. [LB1]

SENATOR LATHROP: Thank you, Mr. President and colleagues. Good afternoon. I wanted to stand up to explain the appropriations or the cuts to the court system. The Governor had proposed, in his budget cuts, a 2.5 percent in the first year and a 5 percent cut in the second year to the courts, and the Appropriations Committee has made changes to that and I'd like to explain to you why and what that means, because when the Governor's proposal was before the Appropriations Committee, the Chief Justice came in and testified. Maybe you saw this in the paper if you weren't watching. He suggested that with the Governor's cuts we would likely see furloughs to the county court staff and indeed probably have or see county courts in 22 counties closed or at least have hours that are reduced to the point where we wouldn't have a county court open in some jurisdictions. This was a big deal, particularly to the rural communities who would have had their county courts closed. The Appropriations Committee...let me tell you why it's a...why you couldn't treat the Supreme Court like an agency, which was done with the Governor's proposal. He suggested that the Supreme Court be treated as an agency, 2.5 and a 5 percent cut. The problem with that is that the Supreme Court and the courts are almost all personnel, so that when you cut 2.5 and 5 percent, that's out of people's incomes. That's out of the salaries and the hours of the people that work there. The problem is compounded by the fact that you cannot reduce the salaries of the judges who serve this state, so those 2.5 percent and 5 percent cuts turned into very significant cuts to the county court employees and to the probation officers. The Supreme Court recognized this. The Appropriations Committee and its Chair was gracious to visit with Senator Ashford and I and the Chief Justice and talk about these issues and to make changes. Given the changes that have been made, the amendment includes those changes, the Supreme Court has indicated, the Chief Justice has indicated that he should be able to, with some other accommodations in allowing the

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Supreme Court to access some cash funds, to be able to keep all of our county courts open so that when you go back to your hometowns, when you go back to your communities and people ask you, are they going to close our county courts, are they going to furlough the county court clerks, the answer is it shouldn't happen. Unless something drastic happens that's unforeseen, the changes to the cuts to the courts should allow the court to function. Now the Chief would be quick to point out, and I'll relate to you, that they're sharing the pain with this. There will be judicial vacancies that may not be filled for the balance of the biennium to help finance this and to make sure that our county courts remain open; that those hardworking men and women at the counter who work in the county courts will be able to keep their jobs, although they may have some difficulties with the raise they were to get next year. So I want to express my appreciation to the Appropriations Committee, to the Chair, for listening to and accommodating the courts and for making changes in the budget. With that said, I'd also like to comment on the Appropriations Committee's work with respect to provider rates. I couldn't agree more with the comments of Senator Wightman. I appreciate the fact that he stood up and made it clear that those providers that are providing care to the elderly, the disabled, those folks are at the front line. [LB1]

SENATOR ROBERT: One minute. [LB1]

SENATOR LATHROP: Taking care of them, making sure that they can make a living reduces the turnover. It provides some continuity in the care and I think that was an appropriate move by the Appropriations Committee and they have my appreciation for that. Thank you. [LB1]

SENATOR ROBERT: Thank you, Senator Lathrop. Senator Avery, you are next and recognized. [LB1]

SENATOR AVERY: Thank you, Mr. President. I want to also congratulate the Appropriations Committee for a job well done. It is not easy to do what they have done. I've been thinking of a metaphor: a pregnancy. During the pregnancy you have a lot of discomfort, but the real pain comes when you are delivering the baby. We're delivering the baby today. I believe the committee went through a great deal of discomfort in that gestation phase of a pregnancy. This is not easy, folks. It's painful. But I can tell you that it could have been worse. I believe the committee did a good job. I want to call your specific attention to Section 9 of AM12 because it includes language that I think is very important and it deals with an issue that I raised last week about furloughs. Let me read to you, "It is the intent of the Legislature that state agencies may, at their discretion, utilize employee furloughs as a short-term means of addressing budgetary shortfalls. Furlough is defined as placing an employee in a temporary, nonduty, nonpay status because of the loss of funds." It further reads, in lines 13-16, "It is further intended that furloughs shall not adversely affect the employee and employer health insurance premium contributions and service anniversary date, nor shall leave earnings be

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prorated as a result of the furlough." I believe this is important language. I am grateful to the committee for including this in AM12. It reflects the spirit and the intent of the resolution calling for furloughs instead of layoffs that I sponsored and passed the Government Committee on a 5-0 vote. The value of furloughs over layoffs, I think, are pretty clear. Furloughs save jobs. They also preserve benefits. I'm glad to see language in here specifically referring to that. And I might point out here that much of this language reflects what is in the contract with our unions today. Also, furloughs allow workers to continue to receive pay, to spend money on essential items, to pay sales and income taxes. It helps us at a time of downturn not to be having more and more people laid off where they don't have the money to buy essentials. It's especially appropriate to have furloughs instead of layoffs when families are already suffering from the effects of recession. If AM12 is adopted with this language, I will ask the Speaker not to schedule my resolution for a specific and separate discussion. Thank you, Mr. President. [LB1]

SENATOR ROBERT: Thank you, Senator Avery. Senator Pahls, you are next and recognized. [LB1]

SENATOR PAHLS: Thank you, Mr. Chairman, members of the body. I do support the amendment, but I felt it necessary to speak to the issue a little bit since we are going back and hitting the Securities Act Cash Fund. And I understand the rationale behind that but I need to speak to how does that money come about. I think we need to make this very clear, I tried to make it a little earlier. Right now that cash fund that goes to that...the money that gets in that cash fund is provided by over 75,000 agents and reps and over 2,500 firms. That is how that money gets to that fund and that is the money that we are utilizing. So we need to thank those individuals for helping us out. Also for the Insurance Cash Fund, I need to talk a little bit about that. We need to be...and I know we need to utilize that money, but we need to thank the 17,000 insurance agents, domestic insurance agents, and the over 45,000 foreign agents, those who operate outside the state and work inside the state. They pay licenses. That is where that money comes from. And we need to thank the companies who pay an appointment fee for the...to have those agents to represent them, which is around 285 because some of them are involved in several agencies. That is where that money is coming from. So we not only need to thank how hard we're working here but we need to thank those individuals who are contributing the money that will allow us to make some of our decisions much easier. Thank you. [LB1]

SENATOR ROBERT: Thank you, Senator Pahls. Those wishing to speak: Senator Dubas, Carlson, Fischer, Sullivan, and Gloor. Senator Dubas, you are next. [LB1]

SENATOR DUBAS: Thank you, Mr. President, members of the body. What we're doing here today is in no way the be-all and end-all to our budget challenges. This is simply, I think, a running start to the work that we have before us when we return in January. I, too, would like to echo all of the choruses of thank-yous to the Appropriations

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Committee for doing, truly, the heavy lifting over the last several days since we've been down here in the special session. I don't think any of us can fully appreciate the angst that this committee went through to reach this bipartisan consensus decision--and emphasis is on the bipartisan part of that decision. But I have been going through the amendments and have talked with Senator Heidemann off mike, but I would have a question for Senator Heidemann if he would entertain one, please. [LB1]

SENATOR ROBERT: Senator Heidemann, would you yield to a question? [LB1]

SENATOR HEIDEMANN: Yes. [LB1]

SENATOR DUBAS: Thank you, Senator Heidemann. As I said, I did ask you this question off mike but it was brought up earlier in the debate about sunsets on these transfers. And as I was going through the amendments, I saw that some of the transfers had a sunset date and others didn't. Is there a reason why there isn't a sunset date on all of the transfers? [LB1]

SENATOR HEIDEMANN: At one time we had talked about doing across-the-board sunset, but it was decided not to do that. There are certain funds that we have always accessed money to, so we wanted to make sure that we wasn't going to sunset something that we have accessed in prior years. As every issue come up that we was transferring money from a cash fund, if we had never accessed money from there before, we tried very hard, each and every time, to put sunset language in. Hopefully we haven't missed any. If somebody finds something that really needs to be sunsetted and it isn't, I encourage you to--we have time to do this on Select File yet--to do that. But it was our intent, as every issue came up then, because we didn't do the blanket sunset, to do it every time that we should do it, and hopefully we caught them all. [LB1]

SENATOR DUBAS: So in other words, you did work very hard to put those stopgaps in place on those cash transfers so it wouldn't be ongoing for those that have not normally been transferred from. [LB1]

SENATOR HEIDEMANN: Very much so. We tried to make that happen and hopefully we did. [LB1]

SENATOR DUBAS: Again, I truly do appreciate your leadership and the efforts of the Appropriations Committee. Thank you. [LB1]

SENATOR ROBERT: Thank you, Senator Dubas. Senator Carlson, you're recognized. [LB1]

SENATOR CARLSON: Mr. President and members of the Legislature, I'm also in support of AM18 to AM12, and seeing that it may well be voted on and approved today,

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what I'm going to talk about now is possibly unnecessary but I think it's appropriate. We had some discussion about the effect of furloughs and using those to hopefully eliminate the possibility of taking jobs away from people, but the furlough plan that is now in place does not really give a lot of assurance to state employees. It's a possibility, in using it, that it might delay RIFing people but it's not much of a guarantee. And Senator Avery has put some figures together and has indicated that one day of furlough for 18,000 state employees would save about \$3 million. And if we think of the next year and a half, the balance of the biennium, and assume there were 12 furlough days over that period of time, that would be 8 a year because we've got a year and a half. So that would represent a year and I like to talk in terms of a year. Now 8 furlough days times 18,000 employees is 144,000 days. If those furlough days are taken, there are no services rendered during those 144,000 days. Services are reduced with furloughs. And a full-time position is about 255 working days in a year, so that 144,000 furlough days represents about 564 positions. I think the risk is, in using furloughs over a period of time and find out that it seems to work okay, we've shown that we're overstaffed and maybe overstaffed by 564 positions. If we really are, some steps need to be taken. But I think another possibility as we go along is a voluntary salary reduction, and I think as I talk about this that that voluntary salary reduction could apply to each one of us in this Chamber as well as every state employee, from the Governor on down. Voluntary means voluntary. But if we took a 5 percent salary reduction in exchange for no loss of positions over the balance of the biennium, except for normal retirement, voluntary termination, or release because of just cause, it seems to me like the savings could possibly be \$55 million. Now I'd rather have 95 percent of a salary and assurance of a position than to have 100 percent of salary and no assurance. So I think this remains a possibility that could be pursued. I'm going to pursue it to an extent because I'd like to see some of us step forward and be willing to voluntarily reduce our salary. Now constituents might tell me, okay, you reduced your salary by 5 percent; that doesn't amount to anything. Well, my response is, it's not my fault; who's fault is that? But it's a step in the right direction and I think these are things that we should address and certainly perhaps in the next year or two we're going to need to address it in this manner. So thank you for allowing me to share those thoughts. [LB1]

SENATOR ROBERT: Thank you, Senator Carlson. Senator Fischer, you are next and recognized. [LB1]

SENATOR FISCHER: Thank you, Mr. President and members. Senator Heidemann was trying to take my place. I had to move him to the side. First of all, I would like to say that the AM18 to AM12 that we're discussing here to vote on next, it deals with the E-911 Fund again. I believe I covered that in our discussion on LB3. I do support this amendment. Secondly, Senator Lathrop mentioned the courts, and I would like to thank Senator Lathrop and Senator Heidemann and Senator Ashford for their work on that. And if I could, I'll tell you a little experiences out in my area when it comes to people who work for the courts. When the Chief Justice spoke to the Appropriations Committee

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a week ago or so, he showed them a map of what might happen if there were deeper cuts made to the courts, and on that map there were some counties that he had blacked out and many of those counties were counties that I am privileged to serve in the 43rd District. Those would be people who would be further limited in their access to government services because right now many of those counties only have court one day a week now...or, excuse me, one day a month now. Some only have court once every two weeks. And I have people who work for the courts: one person serves four of those counties now, one person serves Rock and Keya Paha County, one person serves Custer and Blaine County. So I would propose to you that many of these counties and the courts that serve the people that live there have already consolidated. Those services are consolidated and the employees of the courts are serving in consolidated areas. So I do thank Senator Lathrop, Senator Heidemann, and Senator Ashford for the work they did and the negotiations they went through in trying to preserve not just those jobs but, more importantly, the citizen's right to reasonable access to the courts, and I believe that is a fundamental right. Some people have said, well, in Cherry County, look how big you guys are up there; we can consolidate these counties. I would also propose to you maybe, maybe in this one case Cherry County shouldn't be held up as an example. I have citizens in Cherry County, it takes them two and a half hours to get to the county seat. We don't have roads out there. I'll have to do something about that. But it does, it takes them two and a half hours to get to the county seat. So I would say we don't need to make these counties larger or the areas they serve larger, so let's not hold up Cherry County, which is 6,000 square miles, as an example of what we need to do in the state in that instance. Also, I wanted to mention to you, Senator Dubas asked Senator Heidemann about the sunset on the transfers. I have filed a floor amendment which will come up on Select File, just to give you a heads up, on LB3 that specifically deals with a sunset to the E-911 Fund. [LB1 LB3]

SENATOR ROBERT: One minute. [LB1]

SENATOR FISCHER: And at that time, I hope you will support that amendment. Since we have had an Attorney General's Opinion, we have taken action on LB3, and I hope you will take positive action and support this amendment to the amendment that also deals with the E-911 Fund now that we are on LB1. Thank you, Mr. President. [LB1 LB3]

SENATOR ROBERT: Thank you, Senator Fischer. Those wishing to speak: Senators Sullivan, Gloor, Nordquist, and White. Senator Sullivan, you're recognized. [LB1]

SENATOR SULLIVAN: Thank you, Mr. President and members of the body. First of all, I, too, want to commend and thank the Appropriations Committee for the hard work that they did. When I first came into this body, I had hoped that perhaps I could serve on the Appropriations Committee, and I am so glad that I don't have to be in that position right now. They had an ominous task and they rose to the occasion and I think they did us

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proud and I hope we will follow through on the course that they've set for us. So I intend...I am rising in support of AM18, AM12, and the underlying bill, LB1. Would like to make just a few brief comments. I'm echoing what Senator Fischer just said because of those blackened counties on that list of the...or the picture of the state as far as who would be most impacted by reductions in the court system's budget. Several of my counties fell in that array as well. And I heard from, as she did, some of the employees of the court system who travel many miles and serve more than one county and are doing the best job, very good job that they can under very limited circumstances. And so restoring at least part of their budget will not only preserve their jobs, because that budget, 95 percent-plus of it, is committed to salaries. They don't have any place to cut other than individuals. And so by restoring part of that budget, we're preserving jobs out in rural Nebraska, and even just as importantly, access to the court system by people in rural Nebraska. Secondly, also I'd like to thank the Appropriations Committee for their recommendation on what they did with the BECA, Microenterprise, and Ag Opportunity Value-Added Funds. They've scaled back some of their proposed cuts. And I intend to work with some of my fellow senators to hopefully enhance funding for those projects because it's important to rural Nebraska. And I also am pleased to sit on the legislative Planning Committee because what we are all about going forward in these...in the era of tightening resources is the fact that we have to set priorities. And in pouring over the budget and the recommendations of the Appropriations Committee, I was struck by the fact that we were cutting those Microenterprise, BECA funds, and about two lines above it the aid to the arts received no cuts at all. And we're trying to, in a struggling economy, make the economy stronger, build potential for jobs. I am all for the arts, but I think that it's going to, going forward, mean that we're going to have to prioritize even more. Thirdly, and this is a question I'd like to ask if Senator Heidemann would please entertain a question. This has to do with early childhood... [LB1]

SENATOR ROBERT: Senator Heidemann, will you yield to a question? [LB1]

SENATOR HEIDEMANN: Yes. [LB1]

SENATOR SULLIVAN: Senator, again, I'm not questioning in some respects why you're cutting early childhood programs. I think we have to...everybody perhaps has to feel the pain. But I want to remind us that early childhood programs are going after some of the things that we feel are most at risk in our state, and that's young children. Do you know, with the \$180,000 proposed cut to that program, how that's going to impact, first of all, schools that are presently receiving grants under...for early childhood, are those going to impact those that are actually requesting to start new programs, or do you know? [LB1]

SENATOR HEIDEMANN: I would have to think and the Fiscal Analyst is watching me here, that because of the reduction, and I agree with you, number one, that...well, I don't know, you probably might not have been putting that out, but I think everybody had to

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share the pain and that's what we did through this whole process. There were some exceptions, but when it came to this we felt that everybody had to feel the pain. I will say that, looking at Senator Harms right now, who this is very much a priority, this was not easy for him. [LB1]

SENATOR ROBERT: One minute. [LB1]

SENATOR HEIDEMANN: But in the long run, we went ahead and took this. Your question being how this will affect them, it will affect them some. There might be some grants that are not given out, some money that isn't...won't be able to, you know, given out and some things not being able to be started. My point to you would be that this is the middle of November. Within a couple of months, we're going to be back into session. If you have concerns, when this issue comes back up again, and you're not the only one that has concerns with this, I urge you to come back in and talk to us. We'll see where we're at and see if we can address this. [LB1]

SENATOR SULLIVAN: Thank you, Senator Heidemann. And your point is well taken. We are all put on notice that we are in an era of dwindling resources. We need to prioritize, we need to study the issues and look for what we feel is really most important and go to bat for it. Thank you. [LB1]

SENATOR ROBERT: Thank you, Senator Sullivan. Senator Gloor, you are recognized. [LB1]

SENATOR GLOOR: Thank you, Mr. President. I would join the chorus of those thanking the Appropriations Committee and the committee Chairs and others who got involved in this difficult process. I hope we are not a Greek chorus, because if I recall my theater history, Greek choruses usually spout things that portend bad things happening, and I have an optimistic outlook on the economy and where I think we'll be two years from now. It drives a number of reasons that I will be supportive of this legislation, both the amendments as well as LB1. But I have a cautionary tale. I have found myself faced with having to make difficult budget decisions involving personnel in my career, and I hate and never supported and never undertook furloughs or voluntary salary reductions. I note that the Appropriations Committee will hear from agencies in January, and my caution to them would be: Please do not let agencies make comfortable decisions in lieu of difficult management decisions. The problem with furloughs and the problem with voluntary reductions is that it builds a degree of discontent within your entire employee body. A difficult decision of laying off 500 state employees means there are 500 sad employees who move on with their life in other ways, but everyone else breathes a sigh of relief. When all are asked to share, even though it's a small portion of the grief of this, every time they take a furlough day they are reminded of their own discontent about a day off without pay, and we're asking them to do this numerous, numerous times. And I expect eventually the economic news will be good. And when tax revenues are up,

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every time they take a furlough day, when the news is positive about the economy, they will ask themselves and their friends and coworkers: Why are we still being furloughed? It is not a way to build a good culture of harmony within your employee body--and we're going to spread this throughout the entire employee body, all state employees. The same is true when you talk about voluntary salary reductions. Although again well-intentioned and a way to try and get everybody to share in some degree, we know there are people who will not voluntarily agree. And when you have two coworkers who work side by side, one who has voluntarily taken a reduction, one who says I can't afford to do it, that breeds discontent and disharmony within your work force. It's not a good management theory. You make the difficult decisions and you move on. I would urge agency heads and the Appropriations Committee, when they hear from agency heads, to keep that in mind. I would also urge agency heads to resist the urge to give everybody five or six days off, furloughed over the holidays. That may be a great time for some folks, but for some of our lower paid state employees, to force them to take all of those unpaid days around the holidays when it's likely to be the time of year they incur their largest expenses, whether their credit card or writing checks, puts them at a terrible budget disadvantage. I would urge the agency heads to be sensitive to the needs of individual employees when they furlough them and not bunch it up if it doesn't work financially for those employees. Finally, I would join Senator Wightman with my concern about provider rates. I'm appreciative of the additional dollars that have gone into provider rates. Our provider rates in this state, speaking from personal experience, are miserable. We don't have much of a choice at this point in time. But there will be better days ahead, and when that happens provider rates will be a priority of mine. We have got to address provider rates. We have got to address provider rates. More and more people will stop providing for those people in need if we don't do something about provider rates. [LB1]

SENATOR ROBERT: One minute. [LB1]

SENATOR GLOOR: Thank you, Mr. President. [LB1]

SENATOR ROBERT: Thank you, Senator Gloor. Senator Nordquist, you are next and recognized. [LB1]

SENATOR NORDQUIST: Thank you, Mr. President and members. Before I go forward with what I was going to comment on here in AM12, I want to make a clarification, after speaking with some folks in the media. The release that was handed out shows a date of November 17 on it. The comments, however, were made by the Governor at 10:00 a.m. on Friday the 13th. So those were not made this morning. However, I'm going to say though, Friday morning's newspaper, the metro morning paper says "Committee wraps up budget-cutting task," was the title of the...was the title of the article. So it was clear at that time, when the Governor made these comments, what the committee had put out. So whether the comments were made Friday, I just want to clarify that on the

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handout it says the 17th. The media has corrected it on their Web site, just in full disclosure. I stand to speak just a little bit about a couple things that we've been talking about here. First, when the agencies came before the Appropriations Committee, we had a number of questions about how they were going to make these cuts. Was it going to be furloughs, vacancy savings, cutting travel? And there weren't enough answers for us. We couldn't get the answers from a large number of agencies. So in Section 10 of AM12 we put language that says it is the intent of the Legislature that each state agency submit a report on or before January 15, 2010, to the Appropriations Committee of the Legislature detailing specific actions and plans to implement budget actions pursuant to LB1, LB2, LB3 of the One Hundred First Legislature, First Special Session. So next session, when we begin our budget hearings, we're going to get a full report from these agencies. We're going to get a detailed--it better be detailed--a detailed response from these agencies telling us how they're going to handle these reductions. Because we all have concerns. I know Senator Gay and his committee expressed serious concerns about the cuts at HHS. Senator Adams and I have had conversations off the mike about the challenges in the task that the Department of Education has and how they're going to handle these reductions. So next session, as we look to rework our budget, we will have that information available. As far as furloughs go, you know, we tried to get good information on vacancy reports from the Department of Administrative Service. That was not available. Again, hopefully next year I'd be much more inclined to have good information in front of me before making a haphazard decision eliminating positions, taking positions. Because in some agencies, sure, they may have some vacancies right now, but maybe they need...they're working to get good staff in there and they need a little bit more, where other agencies not. You can't just take a whack at it like that. And then on the voluntary salary reductions, I know that's a conversation we also had in the Appropriations Committee. Senator Mello had kind of led the charge to try to reduce salaries of state employees making over \$200,000 a year, and since that time we've had a few people write in, state employees, who have said they will take, even without any legislative action, take a salary reduction: one in the court, one in the Department of Health and Human Services. That's really giving to your state with what these employees are doing to step forward and take those reductions. Thank you, Mr. President. [LB1 LB2 LB3]

SENATOR ROBERT: Thank you, Senator Nordquist. Senator White, you are recognized. [LB1]

SENATOR WHITE: Thank you, Mr. President. I want to briefly talk about the adjustments made to the budget for the courts. When the pioneers came here, they would build churches, schools, and courtrooms. And when you go to many of the small towns in our counties, by far and away the most expensive public project ever built is often the courtroom. That is not an accident. Courtrooms are the hallmark of a civilized, organized society. When we close courtrooms and we move those courtrooms far away from citizens of Nebraska, in a very real sense we are telling them they no longer count

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as much as citizens who live in more populous areas. We cannot give up on small-town Nebraska. We cannot give up on those counties. By telling them, and I understood under the proposal from the Governor approximately 20 county courthouses would had to have been closed, that is abandoning them in the most real and raw sense for a Legislature. If we cannot extend to them courtrooms, if we cannot extend to them trials by their juries, their neighbors, their peers in a courtroom accessible and convenient, then we have abandoned our duties. Among the reasons I'm very grateful to the Appropriations Committee is how they've addressed this issue, which is most fundamental to a state and its duty towards citizens of that state. Thank you, Mr. President. [LB1]

SENATOR ROBERT: Thank you, Senator White. Senator Nelson, you are recognized. [LB1]

SENATOR NELSON: Thank you, Mr. President, members of the body. I want to stand briefly, I want to acknowledge the thanks, the profuse thanks that have been given to the Appropriations Committee today. I'm sure we appreciate that. I know on November 11, I would have much rather been up at Memorial Park in Omaha on Veterans Day, but Senator Heidemann asked us to be here and it put us ahead of the game and I think is well worth spending the time. Some mention has already been made about the work of the Governor and Gerry Oligmueller with Budget. I just want to express my thanks, and I hope on behalf of most of the members of the Appropriations Committee, for the advance work that they did and the time that they spent in putting LB1, LB2, and LB3 together, and which were, of course, all introduced to us by Speaker Flood on behalf of the Governor. There was a sense on the Appropriations Committee, when we got that, that really the Governor and his budget group had done a pretty good job of giving us a framework in putting together and giving us things that we could work with. And I think that probably 90-95 percent of what was proposed through those bills, we accepted; certainly all of the exemptions from across-the-board cuts. So I, at this point, I want to commend the Governor and his staff on the work that they did. And then, of course, we made some changes as we have talked about and we have voted in amendments. But by and large, everybody worked together and I think we have come across with a pretty good result here. And I hope that we will go ahead and approve the amendments to LB1, and LB1 itself. One other thing I would like to go back to, and a comment was made by several of the senators about the responsibilities of the school boards and the county boards, commissioners, as they have to act in the future here on some of the cuts that we have made. I was a little disturbed several months ago to read an article where the superintendent of a school board in outstate Nebraska said, well, we have \$300,000 more than we anticipated here; where are we going to spend this? And they proceeded to vote, with some objections, I think for some equipment and things that are going to result in further maintenance costs. That disturbed me because money that doesn't have to be spent shouldn't be spent. It ought to be saved, just as we have tried to save things here in our process here in the Legislature. It's not only the position of our

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citizens to go before their county boards and their school boards and insist that they hold the line and not increase levies and taxes. It's incumbent on the school board members themselves and the county board members not to think in terms of, well, we have these things and we're just going to have to raise some taxes because we've had some appreciation in values. That should not be the tack that they should take. And I think Senator Hadley spoke about sending a shot across the bow. I just want to stress that in my mind all of these persons in their elected positions should take the approach that they are going to cut where they possibly can, get by with less, and not increase taxes so that the end result will be that we do not have any tax increases as a result of what we have had to do here today in saving \$335 million. Thank you, Mr. President. [LB1 LB2 LB3]

SENATOR ROBERT: Thank you, Senator Nelson. Seeing no other lights on, Senator Heidemann, you're recognized to close on AM18. [LB1]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. First, I want to tell my appreciation to the discussion that we've had and everybody that's brought it up. I think it was important that Senator Lathrop got up and talked about the actions that we had on the courts, and there have been a lot of concern with other senators on this and it was actually a concern of mine over this special session, and actually last session too. And there was bills that we had before us in Appropriations last year that would actually would have given the courts more money. Realizing that we didn't have a lot at that time, it wasn't addressed at that time. But it is a concern of ours and hopefully with this action we'll be able to somewhat alleviate some of the things that might have happened with the courts. Thank you, Senator Wightman, for talking about the Legislative Council. I think it's important to know that for the people across the state of Nebraska that we are all in this together and there is going to be pain felt, even on our side, and I think that's important that everyone knows that. So thank you for that message and for everybody else that stood up and talked about their concerns. I appreciated...even before we started here, I think before the session, I had put an e-mail out, you know, let me know what you're thinking. And during the session people would come up to me and tell me an issue that they had and a concern that they had, and we took each one of those issues in the Appropriations Committee and we talked about them because we knew they was important to somebody. So we appreciate that. AM18 to AM12 actually just does the action that the amendment did on LB3, so this will just allow the transfer...it won't allow the transfer, it will make the transfer in the E-911 Fund. So I ask that you would support AM18 to AM12. [LB1 LB3]

SENATOR ROBERT: Thank you, Senator Heidemann. Members, you have heard the closing to AM18, the amendment to the committee amendments. The question before the body is, shall the amendment be adopted? All those in favor vote yea; opposed vote nay. Have all those voted who wish? Please record, Mr. Clerk. [LB1]

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CLERK: 44 ayes, 0 nays, Mr. President, on the adoption of Senator Heidemann's amendment to the committee amendments. [LB1]

SENATOR ROBERT: AM18 is adopted. [LB1]

CLERK: I have nothing further pending to the committee amendments. [LB1]

SENATOR ROBERT: Seeing no lights on, Senator Heidemann, as Chair of the Appropriations Committee, you're recognized to close on AM12. [LB1]

SENATOR HEIDEMANN: Thank you, Mr. President, fellow members of the body. When I opened on this amendment, I let you know that this is where all the work was done, this is where all the pain was felt, and the across-the-board cuts and the lapse of the reappropriations, this is where it happened. And we did a lot of work over the last two weeks on these issues and there was a lot of thought. I will guarantee you, there was a lot of thought put into this and we didn't take any action lightly, by any means. And as we continue on with this vote and Select File and Final Reading, the process is not over yet, and I understand that. Senator Sullivan brought up an issue that I'm sure that we're going to hear in January and February, and there are a lot of other concerns with things that are in LB1 that will come back, and that's good. There's nothing wrong with revisiting an issue. We're taking care of business today, though, and because of that I ask that you would support AM12 to LB1. Thank you. [LB1]

SENATOR ROBERT: Thank you, Senator Heidemann. Members, you have heard the closing to AM12, the Appropriations Committee amendment to LB1. The question before the body is, shall the amendment be adopted? All those in favor vote yea; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record. [LB1]

CLERK: 45 ayes, 0 nays, Mr. President, on the adoption of the committee amendments. [LB1]

SENATOR ROBERT: AM12 is adopted. [LB1]

CLERK: I have nothing further on the bill, Mr. President. [LB1]

SENATOR ROBERT: Returning to discussion, seeing no lights on, Senator Heidemann, recognized to close on LB1. [LB1]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. The committee amendment does become the bill, so I appreciate the support you showed on that. I ask that you would continue to support that by voting yes on LB1. And at this time I do want to thank everybody for the discussion we had today and for the work that the committee has put into this and for all the work that you've put into it. Once

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again, thank you to the Fiscal Office for all the long hours and the work that you put into this. You're an important part of the process of the state and that's something that should never be forgotten. And it's not only the Fiscal Office. I'm looking up to Pat O'Donnell and the Clerk's staff. There was a lot of extra work done because of our having a special session, to do what we're doing today, and it just goes on and on with more people that are putting in a good effort with this, and hopefully as a body and as a state we appreciate that all. So with that, I ask that you would vote in support of LB1. Thank you. [LB1]

SENATOR ROBERT: Thank you, Senator Heidemann. Members, you have heard the closing to LB1. The question is, shall LB1 advance to E&R Initial? All those in favor vote yea; opposed vote nay. Have all those voted who wish? Mr. Clerk, please record. [LB1]

CLERK: 44 ayes, 0 nays, Mr. President, on the advancement of LB1. [LB1]

SENATOR ROBERT: LB1 does advance. Next item on the agenda, Select File. Oh, Speaker Flood, you're recognized for an announcement. [LB1]

SPEAKER FLOOD: Thank you, Mr. President. Good afternoon, colleagues. Just a point of procedure here. We are sending LB3, LB2, and LB1 upstairs to be prepared to be placed back on Select File this evening so that we can take these three bills up on Select File tomorrow. From now it will take one hour to have those bills returned back to the floor. For that reason, we are going to continue, obviously, with our agenda, starting now at LB5. We will also be considering the remaining bills on the agenda. My assumption is that a number of those will be passed over at the introducer's request following the Legislature's action on LB1 specifically this afternoon. So in the event we end our agenda today, we will stay in session until about 5:00 or beyond, depending on debate, to give us a chance to get those bills back on Select File. Thank you, Mr. President. []

SENATOR ROBERT: Thank you, Speaker Flood. Mr. Clerk, do you have any items? []

CLERK: Mr. President, I have an amendment to be printed. Senator Fischer would like to print an amendment to LB3. That's all that I have. (Legislative Journal page 117.) [LB3]

SENATOR ROBERT: Next item on the agenda, Select File. []

CLERK: Mr. President, LB5. Senator Nordquist, I have Enrollment and Review amendments first of all. (ER8000, Legislative Journal page 105.) [LB5]

SENATOR ROBERT: Senator Nordquist for a motion. [LB5]

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SENATOR NORDQUIST: Mr. President, I move the E&R amendments to LB5. [LB5]

SENATOR ROBERT: Members, you have heard the motion. All those in favor to adopt the E&R amendments, signify by saying aye. Opposed, nay. The amendments are adopted. [LB5]

CLERK: I have nothing further on the bill, Mr. President. [LB5]

SENATOR ROBERT: Senator McGill, you're recognized to speak on LB5. [LB5]

SENATOR MCGILL: Mr. President, members of the body, I will be very, very brief, but there is a little something I'd like to have in the record in regards to our debate last week on this bill and the amendment that I introduced. I have received some correspondence from districts and teachers about the LB5 and my amendment, and in one of the pieces of correspondence this particular district, and I don't want to pick a fight with this district, I'm not going to name them, but they wrote in this letter, based on projected models provided just this morning, this morning being last Friday, this district would face a potential reduction of 10 percent of its work force for 2010 and 2011. That's 10 percent. And I can guarantee some of those are going to be teachers. The issue that I raise in relation to the amendment last week was that, while I know this district is strapped in terms of their budget and past cuts, they don't mention cutting anything else other than work force: travel, legal fees, lobbyists, association dues, or their cash reserve. This particular district's cash reserve is currently 29.68 percent of the General Fund budget. It's almost 30 percent. It has grown since the '08-09 year to that almost 30 percent in '09-10. I urge the body to keep an eye on the districts, what their reserves are, where these cuts are coming from as we continue to move forward, because I am very concerned about this 10 percent cut of work force, some of which are teachers and affect the bottom line of education for our kids. Thank you, Mr. President. [LB5]

SENATOR ROBERT: Thank you, Senator McGill. Are there other members wishing to speak? Seeing none, Senator Nordquist for a motion. [LB5]

SENATOR NORDQUIST: Mr. President, I move LB5 to E&R for engrossing. [LB5]

SENATOR ROBERT: Members, you have heard the motion, shall LB5 move to E&R for engrossing? All those in favor signify by saying aye. Opposed, nay. LB5 does advance. Returning to General File, next item on the agenda, Mr. Clerk. [LB5]

CLERK: Mr. President, LB11, a bill introduced by Senator Dubas and others. (Read title.) Bill was introduced on November 5 of this year, referred to the Agriculture Committee, advanced to General File. [LB11]

SENATOR ROBERT: Thank you, Mr. Clerk. Senator Dubas, you're recognized to open

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on LB11. [LB11]

SENATOR DUBAS: Thank you, Mr. President and members of the body. I'd like to take the opportunity to thank the Appropriations Committee for their recognition of the importance of checkoff dollars for the support and promotion of ag commodities. I would also like to thank all the cosigners on LB11, all of the people who came in and testified, and the Ag Committee for unanimously advancing LB11 from committee. But because the checkoff dollars are no longer a part of the budget recommendations, I would respectfully ask to have LB11 passed over and not rescheduled. [LB11]

SENATOR ROBERT: Sorry, Senator Dubas. What was your closing remark? [LB11]

SENATOR DUBAS: I would respectfully ask to have LB11 passed over and not rescheduled. [LB11]

SENATOR ROBERT: Are there any objections? LB11 is passed over. Next item on the agenda. [LB11]

CLERK: Mr. President, the next bill is LB14, introduced by Senator Loudon. (Read title.) Introduced on November 6 of this year, referred to the Agriculture Committee, placed on General File. Mr. President, I've been instructed by Senator Carlson...if I see him. Senator Carlson, it's my understanding that Senator Loudon had asked you to pass this bill over. Is that true, Senator? Okay. [LB14]

SENATOR ROBERT: LB14 is passed over. Next item on the agenda. [LB14]

CLERK: Mr. President, LB8, a bill originally introduced by Senator Council. (Read title.) Bill was introduced on November 5 of this year, referred to the Business and Labor Committee. The bill was advanced to General File. [LB8]

SENATOR ROBERT: Senator Cook, you're recognized to open on LB8. [LB8]

SENATOR COOK: Thank you very much, Mr. President, members of the body. I'd like to thank you for your help this morning in identifying some of the strengths of the argument related to this fund of money and for the education and information I received from colleagues on the mike and off the mike. Based on this feedback and based on our intention to move forward when we convene in January, I would like to respectfully request that the bill be passed over at this time. [LB8]

SENATOR ROBERT: Are there any objections? LB8 is passed over. Items for the record, Mr. Clerk. [LB8]

CLERK: Mr. President, one item at this time and that is that Senator Heidemann would

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like to print an amendment to LB1. That's all that I have. (Legislative Journal page 118.)
[LB1]

SENATOR ROBERT: Pursuant to the Speaker's announcement, we will now stand at ease until we receive the bills from Legislative Bill Drafters. []

EASE []

SENATOR ROBERT: Mr. Clerk, items for the record. []

CLERK: Mr. President, your Committee on Enrollment and Review reports they've examined and reviewed LB3 and recommended it be placed on Select File; LB2 placed on Select File; and LB1 placed on Select File, all having Enrollment and Review amendments attached. (Legislative Journal pages 119-120.) [LB3 LB2 LB1]

Mr. President, a priority motion. Senator Sullivan would move to adjourn the body until Wednesday morning, November 18, at 9 a.m. []

SENATOR ROBERT: Members, you have heard the motion to adjourn until Wednesday, November 18, at 9 a.m. All those...Speaker Flood, you are recognized for an announcement. []

SPEAKER FLOOD: Thank you, Mr. President. One quick announcement prior to the consideration of the motion to adjourn. Tomorrow we will begin at 9 a.m. We will take up these budget bills on Select File. I do want to put the body on notice that we will be standing at ease for a considerably longer amount of time so that, after the bills have been considered and hopefully moved to Final Reading, the bills can be engrossed upstairs and placed back on Final Reading so that we have our constitutional layover day on Thursday, with the concept of scheduling those bills on Final Reading, Friday morning. So we will again start at 9:00 in the morning tomorrow. Expect a longer period of standing at ease to accommodate that goal of taking the bills up on Final Reading, Friday. Thank you, Mr. President. []

SENATOR ROBERT: Thank you, Speaker Flood. Mr. Clerk, you have a motion. []

CLERK: Senator Sullivan would move to adjourn the body until Wednesday morning, November 18, at 9 a.m. []

SENATOR ROBERT: Members, you have heard the motion to adjourn the body until Wednesday, November 18, at 9 a.m. All those in favor signify by saying aye. Opposed, nay. We are adjourned. []