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Floor Debate
March 06, 2012

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PRESIDENT SHEEHY PRESIDING

PRESIDENT SHEEHY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the thirty-ninth day of One Hundred Second Legislature, Second Session. Our chaplain for today is Senator Carlson. Would you all please rise.

SENATOR CARLSON: (Prayer offered.)

PRESIDENT SHEEHY: Thank you, Senator Carlson. I now call to order the thirty-ninth day of the One Hundred Second Legislature, Second Session. Senators, please record your presence. Please record, Mr. Clerk.

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

PRESIDENT SHEEHY: Are there corrections for the Journal?

CLERK: I have no corrections, Mr. President.

PRESIDENT SHEEHY: Messages, reports, or announcements?

CLERK: I have but one announcement. The Education Committee will have an Exec Session at 9:15 this morning in Room 2022. That's all that I have, Mr. President.

PRESIDENT SHEEHY: While the Legislature is in session capable of transacting business, I propose to sign and do hereby sign LR429 and LR430. Mr. Clerk, we'll move to the first items under General File, appropriations bills, LB751A. [LR429 LR430 LB751A]

CLERK: LB751A is a bill by Senator Fischer. (Read title.) [LB751A]

PRESIDENT SHEEHY: Senator Fischer, you're recognized to open on LB751A. [LB751A]

SENATOR FISCHER: Thank you, Mr. President. Members of the body, if you remember last week, LB751 was our big committee bill that we advanced. This is the A bill to it. It is cash funds from the Department of Motor Vehicles. And I would ask for its advancement. Thank you. [LB751A LB751]

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PRESIDENT SHEEHY: Thank you, Senator Fischer. You have heard the opening to LB751A. Seeing no request to speak, Senator Fischer, you're recognized to close. Senator Fischer waives closing. The question before the body is on the advancement of LB751A. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB751A]

CLERK: 25 ayes, 0 nays, Mr. President, on the advancement of LB751A. [LB751A]

PRESIDENT SHEEHY: LB751A advances. We will now proceed to LB820A. [LB751A LB820A]

CLERK: LB820A is a bill by Senator Campbell. (Read title.) [LB820A]

PRESIDENT SHEEHY: Senator Campbell, you're recognized to open on LB820A. [LB820A]

SENATOR CAMPBELL: Thank you, Mr. President, and good morning, members of the body. It certainly has been a very important week in the child welfare reform effort that we, as the Legislature, is undertaking. And I first want to thank Liz Hruska in the budget and Fiscal Office for her just excellent work in getting the A bills ready and all of the information. I want to note for the body that the three bills that you are going to look at in this category we had initially talked to the Appropriations Committee as being a little under \$10 million. When I was on the floor last week, we said, well, we think it will be under \$5 million. At this point, the total of the three bills in General Fund appropriation is \$3,884,688. And we are extremely pleased that we have been able to bring these into a much more accurate picture for you. Our first bill, LB820A, is the appropriation that would...and is the largest, that would provide a bridge rate increase for foster parents and also would set up the study for the Title IV-E funds which we would be applying to the federal government for a waiver. Colleagues, I would urge your support on LB820A. Thank you, Mr. President. [LB820A]

PRESIDENT SHEEHY: Thank you, Senator Campbell. You have heard the opening to LB820A. Seeing no requests to speak, Senator Campbell, you're recognized to close. Senator Campbell waives closing. The question before the body is on the advancement of LB820A. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB820A]

CLERK: 32 ayes, 0 nays, Mr. President, on the advancement of LB820A. [LB820A]

PRESIDENT SHEEHY: LB820A advances. We will now proceed to LB821A. [LB820A LB821A]

CLERK: LB821A is a bill by Senator Campbell. (Read title.) [LB821A]

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PRESIDENT SHEEHY: Senator Campbell, you're recognized to open on LB821A. [LB821A]

SENATOR CAMPBELL: Thank you, Mr. President. Members, this bill sets up the 24-member Nebraska Children's Commission and also sets forth the cost of the contract for taking a look at the Medicaid amounts that we are spending in this area and also sets up the Inspector General. Once again, I want to thank Ms. Hruska for her work because we have tried very hard to be realistic about what we are appropriating but also to make sure that we are giving appropriate funds to carry out what we need to do in this area. And with that, I would ask for your support on LB821A. Thank you, Mr. President. [LB821A]

PRESIDENT SHEEHY: Thank you, Senator Campbell. You have heard the opening to LB821A. Seeing no requests to speak, Senator Campbell, you're recognized to close. Senator Campbell waives closing. The question before the body is on the advancement of LB821A. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB821A]

CLERK: 29 ayes, 0 nays, Mr. President, on the advancement of LB821A. [LB821A]

PRESIDENT SHEEHY: LB821A advances. We'll now proceed to LB1160A. [LB821A LB1160A]

CLERK: LB1160A, a bill by Senator Campbell. (Read title.) [LB1160A]

PRESIDENT SHEEHY: Senator Campbell, you're recognized to open on LB1160A. [LB1160A]

SENATOR CAMPBELL: Thank you, Mr. President and colleagues. This bill...the major part of the expense of this bill is in order for us to do a planning and analysis of what it would take to integrate our data systems. And I hasten to add that that would not only help in child welfare but certainly in children's behavioral health and as we look at Medicaid and the other children's services. And the last cost of this is for the outside third-party evaluator to take a look at the system and which will assist greatly for the commission to do the strategic plan. With that, Mr. President, I will close and urge the support on LB1160A. [LB1160A]

PRESIDENT SHEEHY: Thank you, Senator Campbell. You've heard the opening to LB1160A. See no requests to speak. Senator Campbell waived closing. The question before the body is on the advancement of LB1160A. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB1160A]

CLERK: 28 ayes, 0 nays, Mr. President, on the advancement of LB1160A. [LB1160A]

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PRESIDENT SHEEHY: LB1160A advances. We will now proceed to items under General File, 2012 Speaker priority bills, Heidemann division, LB782. [LB1160A LB782]

CLERK: Mr. President, LB782, a bill by Senator McCoy. (Read title.) The bill was introduced on January 4 of this year; referred to the Government, Military and Veterans Affairs Committee for public hearing; advanced to General File. There are committee amendments, Mr. President. (AM1901, Legislative Journal page 497.) [LB782]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator McCoy, you're recognized to open on LB782. [LB782]

SENATOR McCOY: Thank you, Mr. President, and good morning, members. And I am pleased to introduce LB782 to you this morning which, as the Clerk just mentioned, requires reports submitted to the Legislature to be submitted in an electronic format. You know, I first arrived here in the Legislature almost four years ago now. I was amazed at the number of very nicely published reports and the volume of them, and that hasn't changed over the sessions. I think we all get a ton of reports. I really think this legislation, and I have to give credit to my staff where this idea came from. Mary Jacobsen in my office, a few months ago, being new to the job said, isn't there a better way? Couldn't some of these reports be submitted electronically? Well, we started to investigate the concept and discovered that perhaps this legislation was necessary. And I appreciate all the good work that our Clerk's Office has provided on this issue. There's been a fair amount of discussion on how we would go about this to make sure that this legislation wouldn't have unintended consequences for some of our state agencies and commissions. And, hopefully, with the committee amendment that you'll hear about in a few minutes, we've hopefully nailed down the best way to go about this so we really can reduce printing costs, the consumption of paper inside this building, and, hopefully, kind of bring things more in line with where we are in the twenty-first century. You know, the irony isn't lost on me. If you pulled up this bill, and as the members of the Government, Military and Veterans Affairs Committee will know...or can tell you, I should say, this bill is 382 pages long. The irony that to a bill to reduce the amount of paper would need to be 382 pages long is fairly comical, honestly. It took over 3,000 pages of paper just to make sure all members of the committee had a copy of the bill. And you can imagine the cost. Just that paper alone was over \$18 to the state. So you can see that there's definitely could be cost savings, in my mind. It's hard to know how much, if you look at the fiscal note. But it just seems to me to be a common-sense piece of legislation. You'll note that there's a few things that the committee amendment will do, and we'll address that in a minute, but the Clerk of the Legislature is already working on a system to bring reports electronically for the lobbyists that report to his office. You'll notice that that is exempted out, when we get to the committee amendment in a minute, for a few years down the road. But again, I believe this just to be a common-sense piece of legislation and I appreciate that Speaker Flood felt needed to be prioritized this session. Hopefully, this will cut down on our paper consumption. And not only that, but will make things

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easier, because I know we all have constituents sometimes that will request a report or a copy of a report that we received that maybe they haven't been able to track down. And it's awfully hard to get those reports to constituents if they're in a paper form. And where if the paperwork is in an electronic form, it's pretty easy to e-mail that or e-mail sections of it to a constituent. It really just modernizes how we do things around here. And again, I appreciate all the hard work that has been put into this legislation by a lot of different folks. Thank you, Mr. President. [LB782]

PRESIDENT SHEEHY: Thank you, Senator McCoy. You've heard the opening to LB782. As was stated, there is a Government, Military and Veterans Affairs Committee amendment, AM1901. Senator Avery, you're recognized to open. [LB782]

SENATOR AVERY: Thank you, Mr. President. Good morning, colleagues. This amendment from the committee delays the operative date of those sections of the bill dealing with reports filed by lobbyists and principals. It delays it until January 1, 2015. These reports include the lobbyist and principal quarterly reports, special reports when a lobbyist or principal receives or expends more than \$5,000, and the report filed 45 days after the legislative session listing the legislation the lobbyist acted upon. Since these reports are not filed by state agencies but by individual lobbyists and principals, the committee, acting on the recommendation of the Clerk of the Legislature, decided to delay the date these reports are required to be submitted electronically. The amendment also allows the Clerk of the Legislature to establish requirements for the electronic submission, distribution, and format of reports required to be provided to the Legislature. The Clerk may accept a report in written form, however, that is not possible until there is a showing of good cause. The committee advanced the bill as amended on a 7 to 0 vote with 1 member present and not voting. Thank you, Mr. President. [LB782]

PRESIDENT SHEEHY: Thank you, Senator Avery. You have heard the opening to the Government, Military and Veterans Affairs Committee amendment, AM1901. Seeing no requests to speak, Senator Avery, you're recognized to close. Senator Avery waives closing. The question before the body is on the adoption of AM1901 to LB782. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB782]

ASSISTANT CLERK: 26 ayes, 0 nays on the adoption of committee amendments, Mr. President. [LB782]

PRESIDENT SHEEHY: AM1901 is adopted. We will now return to floor discussion on LB782. Seeing no requests to speak, Senator McCoy, you're recognized to close. Senator McCoy waives closing. The question before the body is on the advancement of LB782. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB782]

ASSISTANT CLERK: 26 ayes, 0 nays on the advancement of the bill, Mr. President. [LB782]

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PRESIDENT SHEEHY: LB782 advances. We'll now proceed to LB810. [LB782 LB810]

ASSISTANT CLERK: Mr. President, LB810 was introduced by Senator Gloor. (Read title.) The bill was read for the first time on January 5 of this year; referred to the Banking, Commerce and Insurance Committee; placed on General File with no committee amendments. [LB810]

PRESIDENT SHEEHY: Senator Gloor, you're recognized to open on LB810. [LB810]

SENATOR GLOOR: Thank you, Mr. President. Good morning, members. This is a cleanup bill on a bill that I introduced in 2010, LB813, which prohibited--and by the way, you passed that bill overwhelmingly--that bill prohibited prepaid dental plans from forcing dentists to cap charges for dental services not covered under the prepaid plan. It was my intention with that bill to prohibit this practice by any insurance policy, I'll use the term "insurance" loosely, they're really prepaid policies, that offers dental. Since LB813 has been passed, we found out that many other types of insurance plans provide dental insurance and are not defined as prepaid dental plans as in the statute. LB810 will fulfill the original intention of LB813. Over the last year I met with the Department of Insurance to assist in casting a net broad enough so that we don't continue to have this problem and that it will cover all plans that offer... [LB810]

PRESIDENT SHEEHY: (Gavel) [LB810]

SENATOR GLOOR: ...some level of dental service. With their guidance in the insurance terms of art, I think is the vernacular, and terminology, LB810 was crafted. I certainly understand the negotiation that goes on between an employer and an insurance company on what services should be covered under these types of plans and at what level of reimbursement. However, I don't understand, I don't believe, neither did you when we talked about this two years ago, how an insurer thinks they can force dental providers to cap charges on services they don't even cover in a negotiated plan. You agreed with me two years ago when we passed LB813. Today's bill, LB810, makes sure that this prohibition covers all plans that offer any kind of prepaid dental coverage. The Nebraska Insurance Federation doesn't oppose this bill. There was no opposition at the hearing; passed the committee with a unanimous vote and there is no fiscal impact and I would ask for your support of LB810. Thank you, Mr. President. [LB810]

PRESIDENT SHEEHY: Thank you, Senator Gloor. You have heard the opening to LB810. Seeing no requests to speak, Senator Gloor, you're recognized to close. Senator Gloor waives closing. The question before the body is on the advancement of LB810. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB810]

ASSISTANT CLERK: 28 ayes, 0 nays on the motion to advance the bill, Mr. President.

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[LB810]

PRESIDENT SHEEHY: LB810 advances. We will now proceed to LB1039. [LB810 LB1039]

ASSISTANT CLERK: Mr. President, prior to that the Banking Committee would like to hold an Executive Session under the south balcony now; that's the Banking Committee under the south balcony. Mr. President, with respect to LB1039, the bill was introduced by Senator Brasch. (Read title.) The bill was read for the first time on January 17, referred to the Transportation Committee. That committee reports the bill to General File with committee amendment. (AM1796, Legislative Journal page 487.) [LB1039]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Brasch, you're recognized to open on LB1039. [LB1039]

SENATOR BRASCH: Thank you, Mr. President, and good morning, colleagues. First I want to thank Speaker Flood for designating LB1039 as a Speaker priority bill. The primary objective of LB1039 is to increase the penalties for violating school bus stop laws. In our district, the Washington County deputy sheriff and Blair school's transportation director, with whom I worked with on this legislation, can provide almost daily accounts of violations of our school bus stop laws, putting the lives of our children at risk as they board and depart a school bus. This is not only a District 16 concern. A recent article tells us of a near tragedy in Malcolm, Nebraska, as well. It is an increasing national problem. Currently, passing a school bus with an extended stop arm is a Class IV misdemeanor with a fine of anywhere from \$100 to \$500 and a driver is assessed one point on his or her driver license. LB1039 increases the penalty to a mandatory \$500 fine and assesses three points on a driver's license. I believe the increased penalty more appropriately represents the severity and risks associated with such a traffic violation. While I recognize that increasing the penalties may not cause a behavior change for all drivers who disregard the laws or who are simply ignorant on what our laws require and must do when approaching a school bus, with that said I do acknowledge that the other critical component to reducing stop arm violations and therefore jeopardizing the safety of our students is educating drivers of these laws and raising their awareness. My office has met with the Nebraska Safety Center charged with conducting driver education coursework and S.T.O.P. classes and they have expressed willingness to emphasize this in classes and use mainstream media to help drivers buy into the importance of following the laws and making sure drivers are informed of their obligation to stop. In addition to increasing penalties, LB1039 and the Transportation Committee amendment, AM1796, addresses several procedural changes, including clarifying language with regard to the respected uses of yellow and red lights on a school bus. Working with the Department of Roads and the Blair transportation director we address including proper signage when it is not possible for bus stops to be located where 400 feet of visibility is available, as is currently required.

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The minimum of 400 feet of visibility is, of course, ideal, however, our statutes do not address when this is not possible due to landscape or practicality of the student's age who is using the bus stop, as examples. This is consistent with the U.S. Department of Transportation's manual on uniform traffic control devices where there is no opportunity to relocate the bus stop to provide the necessary visibility. While the school bus is stopped with the proper lights and the stop arm extended, current law allows the bus driver to signal the stopped traffic to proceed. LB1039 strikes this provision. Because of those who I have worked with on this legislation, they believe it is unreasonable and inappropriate because of the liability concerns of the bus driver directing general traffic while also being responsible for the safety of students. As a technical change, LB1039 includes transferring students to or from school-sponsored activities as a purpose for which a school bus is not required to have a concealed school bus marking, just as with transferring students to or from school. Lastly, with the committee amendment, LB1039 makes a change to current law that is now considered inapplicable that school buses today have interconnected red stop signal lights and stop arms. Because these do not work independently of one another, the bus driver shall be required to turn on the hazard warning flasher lights when the school bus pulls off the main street and out of the flow of traffic for loading and unloading students. This is an important change to be consistent with bus operations today and to differentiate the lights and their application for drivers. This practice is not intended to cause traffic to come to a stop; rather, to signal that immediately off out of the flow of traffic students are being loaded and unloaded off the school bus. LB1039 was advanced by the Transportation and Telecommunications Committee with full support. And I encourage your advancement of LB1039 and the corresponding committee amendment. Thank you, colleagues. Thank you, Mr. President. [LB1039]

PRESIDENT SHEEHY: Thank you, Senator Brasch. You have heard the opening to LB1039. As was noted, there is a Transportation and Telecommunications Committee amendment, AM1796. Senator Fischer, you're recognized to open. [LB1039]

SENATOR FISCHER: Thank you, Mr. President and members of the body. The committee amendment, AM1796, attempts to further clarify the correct procedures when encountering a school bus on the highways. Specifically, the amendment references the flashing red light signals that school buses are required to be equipped with and used when loading and unloading children. The new language differentiates between the yellow and red light signals which helps clarify when a driver is required to stop when encountering a school bus. Additionally, the committee amendment provides an avenue for a bus stop when 400 feet of clear vision is not possible in either direction. Proper signage must be installed indicating the bus stop is ahead in such an instance. I would urge your favorable consideration of the committee amendment. Thank you. [LB1039]

PRESIDENT SHEEHY: Thank you, Senator Fischer. You've heard the opening of the Transportation and Telecommunications amendment, AM1796, to LB1039. Senator

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Fulton. [LB1039]

SENATOR FULTON: Thank you, Mr. President, members of the body. Would Senator Brasch yield to a question? [LB1039]

PRESIDENT SHEEHY: Senator Brasch, would you yield to Senator Fulton? [LB1039]

SENATOR BRASCH: I will yield. [LB1039]

SENATOR FULTON: Senator, I like this bill. I'm going to support it. I'm just going to try to establish a little bit of history, because I remember when I was younger, maybe second grade, third grade, which was just four or five years ago, that we would have these safety courses about what to do with the school bus and we, actually, would go out into the street with law enforcement and stage a scene at which a school bus accident occurred. And the idea was that we were trying to get the attention of the locals that you're supposed to stop for a school bus. At some time, I see what the existing law is now, but you've done some research into this, was there a time when...weren't we always supposed to stop for a school bus when a school bus is stopped? [LB1039]

SENATOR BRASCH: The current law will allow for the driver to put his arm out the window and perhaps signal a vehicle to come around the school bus. However, there is great concern that students may also put their arm out and signal cars to go around the school bus. And originally when the laws came out, the mechanics on a school bus did not have the stop arm connected to the stop light; today it is mechanically combined and impossible. So what we're doing is clarifying the language to today's school bus. But the laws and school buses need to change nationally. There have been 31 states increasing penalties. Drivers are more preoccupied today, perhaps, than when you were in third or fourth grade, that people are texting, people are e-mailing against the law and very busy. In Nebraska alone we had four incidents where school buses were rear-ended just within the last year. So I believe our drivers have, perhaps, changed. And we did get agreement that we will work with the Nebraska Safety Center on awareness and practices. [LB1039]

SENATOR FULTON: Has there been...what I'm trying to establish here, has there been a...have we...have we had a pendulum effect where at one point, say in the early '80s, you always had to stop for a school bus. I could be wrong, but I...that is...I vividly...I remember that, you have to stop for a school bus, period, when they're stopped to load or unload regardless of whether that stop sign gets flipped. So that was what I think was the law back in the '80s. At some point or another that seems to have changed because I'm reading existing law. And now with your bill, if we were to pass this into law, it seems we're coming back to you must stop for a school bus. And so what that seems to be chronologically is, we've experienced the pendulum where we're safe here and we're less safe here and now we're coming back to being safe again. Is there truth to that?

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Am I correct in that assessment? [LB1039]

SENATOR BRASCH: We passed the current law in 1987. You are correct, the law has changed. [LB1039]

SENATOR FULTON: Okay. I want to...what I want to establish here then is, for...we'll be gone from this place, but somewhere down the road there will be this temptation to move the pendulum back. If human nature is anything, it is predictable in that it's not predictable. And hopefully we can establish in the record that there has been some talk about this that we have come back to where we were some decades ago and when we're talking about the safety of children, particularly in this age where our attention span isn't what it may have been at one time, we shouldn't let that pendulum swing back. So I strongly support your bill; of course, I'll support the amendment to that effect. Senator, hopefully this...there will be no changes to this bill in the future that would compromise safety...public safety. Thank you, Mr. President. [LB1039]

PRESIDENT SHEEHY: Thank you, Senator Fulton. Seeing no additional requests to speak, Senator Fischer, you're recognized to close on AM1796. Senator Fischer waives closing. The question before the body is on the advancement of the Transportation and Telecommunications amendment, AM1796, to LB1039. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB1039]

CLERK: 30 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB1039]

PRESIDENT SHEEHY: AM1796 is adopted. [LB1039]

CLERK: Mr. President, Senator Brasch would move...I'm sorry, Senator Brasch, you had an amendment, AM1710. I understand you want to withdraw. [LB1039]

PRESIDENT SHEEHY: Senator Brasch. [LB1039]

SENATOR BRASCH: I did withdraw the original amendment to replace it with the committee amendment. [LB1039]

CLERK: Well, I'm... [LB1039]

PRESIDENT SHEEHY: Thank you, Senator Brasch. AM1710 is withdrawn. [LB1039]

CLERK: I have nothing further on the bill, Mr. President. [LB1039]

PRESIDENT SHEEHY: We will now return to floor discussion on LB1039. Seeing no requests to speak, Senator Brasch, you're recognized to close. [LB1039]

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SENATOR BRASCH: Thank you, Mr. President, and thank you, colleagues. This is an important amendment and LB1039 does address the safety of our children on school buses moving forward. I would encourage your support. Thank you. [LB1039]

PRESIDENT SHEEHY: Thank you, Senator Brasch. You have heard the closing. The question before the body is on the advancement of LB1039. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB1039]

CLERK: 33 ayes, 0 nays, Mr. President, on the advancement of LB1039. [LB1039]

PRESIDENT SHEEHY: LB1039 advances. We'll now proceed to LB995. [LB1039 LB995]

CLERK: LB995 is a bill by Senator Heidemann relating to medical facilities. (Read title.) The bill was introduced on January 12, referred to the Health and Human Services Committee, advanced to General File. There are Health Committee amendments pending, Mr. President. (AM1810, Legislative Journal page 595.) [LB995]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Heidemann, you're recognized to open on LB995. [LB995]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. LB995 updates and consolidates the statutes pertaining to county hospitals. By giving county hospitals some flexibility, the bill attempts to bring county hospitals more in line with their peer hospitals. Current law effectively prevents a county hospital from lawfully obtaining a line of credit or encumbering any of its assets. The only method by which the county hospital may independently incur debt is through an outdated warrant system which does not provide county hospitals with significant access to capital and puts them at a distinct competitive disadvantage when compared to their peer hospitals. LB995 authorizes the issuance of revenue bonds, thereby giving the county hospital board and the county board more latitude to help ease the burden on taxpayers. Even though the county hospital boards are authorized to sell, lease, exchange, encumber the hospital's property, LB995 contains requirements for the county board approval if the sale, lease, exchange or encumbrance is all or substantially all of the county hospital's property. Under LB995, county hospital boards would have to receive approval from the county board, but not a vote of the people, for any improvements or additions to the facilities if the cost is greater than 50 percent of the replacement cost of the facility. This would make it easier for the hospital to respond to the healthcare needs of the community in a timely manner. However, if general obligation bonds are to be used to build the new or replacement hospital, a public vote would still be required. LB995 clarifies that bond proceeds may be used to operate clinics and to initially equip and acquire property necessary for hospital operations. LB995 amends the County Purchasing Act to remove

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purchases of the personal property or services by county hospitals from the act, thereby allowing them to participate in group purchasing organizations. Group purchasing organizations consolidate the purchasing power of hospitals to negotiate volume discounts but require that all supplies be purchased through the vendors with whom the group purchasing organization has contracts, thus making them incompatible with the competitive bidding process. The bill authorizes the county hospitals to open clinics in communities outside of their jurisdictions as currently allowed for hospital districts and nonprofit hospitals. Typically, establishing clinics in other counties lacking access to health services generates additional referrals and additional revenues for a county hospital, thereby benefitting county taxpayers. LB995 reorganizes the statute pertaining to the establishment of a county hospital board of trustees, allowing such board to expand to nine members and requiring a dialogue between county boards and hospital boards of trustees regarding qualifications of potential appointees prior to the appointment of any new trustee. Late last year I was approached by a constituent who was a CEO of a county hospital in my district. He explained the need for this bill and I agreed to introduce it and we began working with a law firm that has represented most of all the county hospitals from time to time. Prior to drafting the bill, I met with the Nebraska Hospital Association, the Chair of the Health and Human Services Committee and legal counsel, as well as NACO, in an effort to work with interested parties. All the county hospitals have been kept up to date on the status of LB995. At the public hearing no one testified against LB995 and the bill was advanced from the Health and Human Services Committee on a 7 to 0 vote. If there are any questions, I would be more than willing to try to answer them. [LB995]

PRESIDENT SHEEHY: Thank you, Senator Heidemann. You've heard the opening to LB995. As was stated, there is a Health and Human Services Committee amendment, AM1810. Senator Campbell, you're recognized to open. [LB995]

SENATOR CAMPBELL: Thank you, Mr. President and colleagues. LB995 updates statutes regarding county hospitals, as Senator Heidemann has explained to you. The purpose of the committee amendment is to facilitate the oversight by county officials of the county hospitals. The committee amendment adds two items to LB995. First, it requires that any issuance of revenue bonds for which the revenue of the facility has been pledged shall be subject to approval by the county board. And number two, it requires that the board of trustees of the county hospital shall file bylaws, rules, and regulations with the county board. Colleagues, as Senator Heidemann said, there was no opposition to this bill and the committee unanimously put forward the amendment. I would like to personally add my endorsement of this bill. I was extremely pleased to see that we are updating the county hospital statutes and I appreciate all of the work that has gone into this by a number of parties because Senator Heidemann invited us all to the table to take a look at that. And with that, I would urge your approval of AM1810. Thank you, Mr. President. [LB995]

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PRESIDENT SHEEHY: Thank you, Senator Campbell. You've heard the opening to the Health and Human Services Committee amendment, AM1810, to LB995. Members requesting to speak are Senator Carlson and Senator Heidemann. Senator Carlson. [LB995]

SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. I would like to address a question to Senator Heidemann if he would yield. [LB995]

PRESIDENT SHEEHY: Senator Heidemann, would you yield to Senator Carlson? [LB995]

SENATOR HEIDEMANN: Yes. [LB995]

SENATOR CARLSON: Senator Heidemann, I'm pretty sure that I am in support of LB995 and the underlying amendment, but I have a question and I've got...looking on the intent that LB995 would...hospital would have to have a vote of the hospital board but not the vote of the people. And I'm looking here and I can't see five feet away from me, so I'm losing it. But you know what I'm asking about? [LB995]

SENATOR HEIDEMANN: And this was a part that at first there was no concern with the county officials with this, but then we actually...they started to show concern. We put it in that it always had to go back to the vote of the people but a vote of the board unless it's a full...a partial replacement or a full replacement of the hospital. Then it actually still has to go back to a vote of the people, which is the way it is now, the way I understand it. [LB995]

SENATOR CARLSON: On the portion that talks about the county board needing to vote, is that any different than it currently is? [LB995]

SENATOR HEIDEMANN: Just a second. The revenue bond part of this bill is new. That hasn't been allowed before under current statute and that is what goes to the vote of the county board and that's what we put in there to make sure that NACO and the county officials were comfortable with this bill. [LB995]

SENATOR CARLSON: Now most of the county hospitals we would classify as rural hospitals, wouldn't we, in the state, in terms of number? [LB995]

SENATOR HEIDEMANN: Most of them are. [LB995]

SENATOR CARLSON: And it's your belief this would be a help to them. [LB995]

SENATOR HEIDEMANN: Oh, very much so. [LB995]

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SENATOR CARLSON: Okay. [LB995]

SENATOR HEIDEMANN: They brought this to me. [LB995]

SENATOR CARLSON: All right. Well, I appreciate those answers and certainly I am in support of the bill. Thank you, Senator Heidemann. Thank you, Mr. President. [LB995]

SENATOR GLOOR PRESIDING

SENATOR GLOOR: Thank you, Senator Carlson and Senator Heidemann. Senator Heidemann, you are next in the queue. [LB995]

SENATOR HEIDEMANN: I just want to thank Senator Campbell and her staff. I want to recognize that we have worked with NACO. As I said, at first there was no concern, they showed a little concern, and to alleviate that concern we've got the committee amendment before us. I urge your adoption of the committee amendment. Once again, thanks to everybody who was involved. It is a fairly major rewrite of the county hospital statutes, but it's something that I think has been long overdue and I appreciate the fact that I could be a small part of it. With that, I urge your adoption of AM1810 and then initial support to LB995. Thank you. [LB995]

SENATOR GLOOR: Thank you, Senator Heidemann. Seeing no senators remaining in the queue, Senator Campbell, you're recognized to close to the amendment to LB995. Senator Campbell waives. Members, the question is, shall the amendment to LB995 be adopted? All in favor vote aye; all opposed vote nay. Record, Mr. Clerk. [LB995]

CLERK: 31 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB995]

SENATOR GLOOR: The amendment is adopted. We return to discussion on LB995. There are no senators wishing to be recognized. Senator Heidemann waives closing. The question is, shall LB995 be advanced to E&R Initial? All those in favor vote aye; all those opposed vote nay. Have all voted who care to? Record, Mr. Clerk. [LB995]

CLERK: 33 ayes, 0 nays, Mr. President, on the advancement of LB995. [LB995]

SENATOR GLOOR: The bill advances. Continuing with General File, Mr. Clerk. [LB995]

CLERK: Mr. President, LB1090, introduced by Senator Wallman. (Read title.) Bill was introduced on January 18 of this year, at that time referred to the Education Committee. The bill was advanced to General File. I do have committee amendments, Mr. President. (AM1823, Legislative Journal page 572.) [LB1090]

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SENATOR GLOOR: Thank you, Mr. Clerk. Senator Wallman, you're recognized to open on LB1090. [LB1090]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. LB1090 would provide up to \$140,000 in grants to Summer Food Service Programs in high-need areas in Nebraska with a preference to programs with educational and/or physical enrichment activities. These one-time grants will develop sites that could serve federally funded meals during the summer in an ongoing manner. Nonprofit, governmental, and other service organizations are responsible for serving meals at congregate sites for kids. Organizations range from summer camps to libraries to YMCAs. The Summer Food Service Program provides meals at summer food sites, but barriers prohibit school districts and nonprofit organizations from serving children these meals. These include one-time infrastructure and planning needs such as refrigerators, dishwashers, and outreach to families. This bill would allow for 80 grants of varying sizes. This program also provides priority to programs that provide physical and/or educational enrichment to kids in the summer. In Nebraska we rank 41st in the nation in providing summer meals to low-income children. If we served just four out of every ten qualifying kids in the summer, we could bring in \$2,335,710 in federal funds that will be spent in Nebraska on Nebraska kids to feed them. During the school year almost 100,000 children in Nebraska receive free and reduced lunch. During the summer months about 10,000 are able to access food assistance. That is only one in ten. This is about the children. Over 20 percent of our state children are food insecure. That's one in five, meaning that they do not always know where their next meal is coming from. Let's pass this bill and help more kids know for sure that they will have nutritious meals in the summer. Thank you. [LB1090]

SENATOR GLOOR: Thank you, Senator Wallman. Members, you've heard the opening on LB1090. As the Clerk stated, there are committee amendments. Senator Adams, as the Chairman of the Education Committee, you're recognized to open on the committee amendment. [LB1090]

SENATOR ADAMS: Thank you, Mr. President. Members, basically what the committee amendment does is very simple and you can see it there on the screen. What it says is, in effect, that if there are going to be grants that are made, those grants should be distributed on a priority basis, and we have listed the priorities in the amendment. First and foremost, if there are going to be grants, then they should go to those areas where there is 50 percent free and reduced lunch. I think that stands to reason that if we're going to administer a program like this, we're going to distribute money, it needs to go where it's most needed. Second on the list would be service institutions where health and education activities are emphasized, for instance, YMCA. And then finally, service institutions that currently participate in summer food programs, Boys and Girls Club, that kind of thing. That would be the order, priority order, and that is the committee amendment. Thank you, Mr. President. [LB1090]

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SENATOR GLOOR: Thank you, Senator Adams. You've heard the opening on Education amendment, AM1823. We now move to discussion. Senator Howard, you're recognized. [LB1090]

SENATOR HOWARD: Thank you, Mr. President and members of the body. I want to thank Senator Wallman for bringing this bill to us. I'm sure you all feel, as I do, that it's shocking to know that in this country there are children that don't have enough to eat; that don't know where their breakfast, lunch, or even possibly their supper is going to come from. And it's even worse for these children in the summertime when school isn't in session, when there is no breakfast offered to them, when they don't know if there is going to be a lunch. And we have the means to provide this. Senator Wallman has been on top of this issue and has brought it to the Education Committee. I'm very pleased to support him on this. There was no one that came in and spoke in opposition. We all have the obligation to stand up with him and say this is the right thing for this body to do, in this session when we're concerned about children more than any other session that we've had. This should be a unanimous vote to support Senator Wallman in providing food for children. Thank you. [LB1090]

SENATOR GLOOR: Thank you, Senator Howard. The Chair recognizes Senator Council. [LB1090]

SENATOR COUNCIL: Thank you, Mr. President. I rise, too, and join in supporting AM1823 and the underlying bill, LB1090, and commend my colleague, Senator Wallman, for bringing this bill forward. I had the opportunity over the summer to visit a number of cities across the United States and was surprised to find how low cities in Nebraska and the state of Nebraska, in general, how low we ranked in terms of providing meals to children who are eligible under the federal program to receive meals during the summer. We were ranked, I believe, among the ten lowest states in terms of utilization of this program. And when we have as many children in this state who the data shows are food insecure, not only during the school year but during the summer months, the need, the obvious need for this program presents itself. And so under the program, children who are in need of good nutritional meals during the summer months can obtain that food, the bulk of the funding comes from the federal government. Again, our underutilization of these funds means that other states are taking advantage of the program and serving children that should be served in the state of Nebraska. So I, too, join in urging an unanimous show of support in the children of the state of Nebraska by advancing LB1090 as amended by AM1823. [LB1090]

SENATOR GLOOR: Thank you, Senator Council. (Visitors introduced.) Senator Karpisek, you are recognized. [LB1090]

SENATOR KARPISEK: Thank you, Mr. President. Members of the Legislature, I support

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Senator Wallman's bill and the amendment. The reason I rise on this subject is a little bit the same, but a little bit different. I've been involved with our school cooks getting their state and federal supplies, I guess mainly the federal supplies coming in through the state. And they've been having a terrible time on what they order not coming in, but then they don't get a credit for what doesn't come in. They get so much money allotted every year. When it doesn't come in, they get shorted; they're not getting the credit for it. So when they get to the middle of the year, they've used up their allocation, but they haven't gotten the product. I've been working on this for at least two years now. When Senator Gay was Chair of HHS Committee we talked about it, and I don't think that it's gotten a whole lot better. So then the schools or the cooks, that usually fund their own cafeteria, have to go out on the market and buy their own supplies which, of course, cost a lot more because a lot of the things they get are pennies on the dollar. There's a very big problem here, folks. I've tried to work on it; I've gotten nowhere. I hear from my school cooks. I hope if anyone is listening who is in this problem contacts their senator and we try to get this straightened out because it just isn't working the way it should. We've heard that it's because of understaffing. We've heard that it just takes too much work to get the credits done. I've heard about every excuse that I could hear, but it just isn't working out. So in some places they've had to raise lunch costs because of this problem. There's no reason that we can't just get this done. If they need another person, let's give them another person. I will talk to Senator Campbell after this, but it just reminded me that there's this ongoing problem. Every time I talk to the cooks, they say, no, it hasn't gotten any better. So please contact your senators; and, Senators, I will be around talking to you. Thank you, Mr. President. [LB1090]

SENATOR GLOOR: Thank you, Senator Karpisek. Senator Schilz, you're recognized. [LB1090]

SENATOR SCHILZ: Thank you, Mr. President, members of the body. Good morning, everyone. As I was looking at this bill I see...and I have to tell you that I'm a little bit ignorant on this, and I was wondering if Senator Wallman could answer a question for me. [LB1090]

SENATOR GLOOR: Senator Wallman, would you yield? [LB1090]

SENATOR WALLMAN: Yes, I will. [LB1090]

SENATOR SCHILZ: Thank you, Senator Wallman. I see, as I read the statement of intent and look at this, that we're talking about \$140,000, can you tell me...or whatever that number is now. Can you tell me where that money will come from? [LB1090]

SENATOR WALLMAN: It comes from the General Fund. [LB1090]

SENATOR SCHILZ: Okay. And then is it...do we get any...do we get any matches from

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any federal funds or anything like that, or is that just on our own? [LB1090]

SENATOR WALLMAN: That's on our own. [LB1090]

SENATOR SCHILZ: Okay, thank you, Senator Wallman. You know as I look at this, I think it's always one of those things where we have to...I need to listen some more and understand a little bit more about what this bill will do. So I will be going around and asking folks. We moved a little quicker than I thought we would today and I haven't had a chance to really go over what this is. But I do appreciate the answer Senator Wallman provided and I'll be going around and talking to him more. So I'll see...I'm not necessarily in support of this right now, but I'll see if I can't work myself to get there. Thank you. Thank you, Senator Wallman. [LB1090]

SENATOR GLOOR: Thank you, Senator Schilz. The Chair recognizes Senator Nelson. [LB1090]

SENATOR NELSON: Thank you, Mr. President, members of the body. I would like to ask some questions of Senator Wallman if he will yield. [LB1090]

SENATOR GLOOR: Senator Wallman, would you yield? [LB1090]

SENATOR WALLMAN: Certainly. [LB1090]

SENATOR NELSON: Thank you, Senator Wallman. I'm looking at the committee statement here and I just have some questions about who is going to do this during the summer. Are the schools still involved, even though there is...I mean, it's during the summer? [LB1090]

SENATOR WALLMAN: Yes. [LB1090]

SENATOR NELSON: All right. So when we're talking about service institutions develop special summer or school vacation programs providing food service, can you give me an example of service institutions, who that would be for instance? [LB1090]

SENATOR WALLMAN: It would be like the YMCAs, Salvation Army, some of those that deliver food. [LB1090]

SENATOR NELSON: Okay. On the reverse side, under grants there, items 1-7, then below that said funds could not be used for food, computers, etcetera; total amount of the grants to be \$147,000. Well, who provides the food then for this? [LB1090]

SENATOR WALLMAN: That's the federal government, the federal government food program, and the grant money would go for like refrigerators and equipment so they

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could...because sometimes you get large amounts, so they don't have any place to keep it. [LB1090]

SENATOR NELSON: So if we don't have these service groups, then who distributes the food during the summer? [LB1090]

SENATOR WALLMAN: Well, the schools. And most people have schools in their area. [LB1090]

SENATOR NELSON: But is school in session during the summer? [LB1090]

SENATOR WALLMAN: Yes. [LB1090]

SENATOR NELSON: All right, then...and above that it says grants could be used for nonrecurring expenses incurred in initiating or expending services like acquisition of equipment, salaries of staff, training of staff, outreach, and all those sort of things, what equipment would you want to acquire if you're using school facilities and things of that sort? [LB1090]

SENATOR WALLMAN: Well, I used to be on the school district and if you get these large amounts, we had to put in bigger coolers in the summertime, we get some of these supplies. And so some school districts probably can't afford this. And so you have to have bigger coolers, refrigerators, things of this amount because they're going to come in larger amounts, we'd hope, from the federal government. [LB1090]

SENATOR NELSON: So we would be buying that equipment for the schools to enlarge their...? [LB1090]

SENATOR WALLMAN: Yes. [LB1090]

SENATOR NELSON: All right, thank you, Senator Wallman. I'll continue to listen, may have some other questions here about just what the money is going to be used for and the extent of what...I guess one other question. A hundred and forty thousand isn't going to go very far for equipment, things like that, and I'm wondering, can you tell me why it's necessary, why we need to get these grants and spend this money if we've got equipment in the schools and the food is available from the federal government? [LB1090]

SENATOR WALLMAN: Well, we have quite a few sites right now, but it expands their capabilities of accepting this food. And the coolers and that costs some money. And it would be miniscule compared to the amount of money of food we could take in. So, it's not exactly a matching grant, but we would leverage more federal food. And so that's why I brought this forth. [LB1090]

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SENATOR NELSON: All right, thank you very much. And as I say, I don't know where I am on this, but I'll sure continue to listen and perhaps get more input from what we're actually accomplishing here. And I agree that we need to feed children, but I'm wondering if we're adding on to things,... [LB1090]

SENATOR GLOOR: One minute. [LB1090]

SENATOR NELSON: ...perhaps, we already have. Thank you. [LB1090]

SENATOR GLOOR: Thank you, Senator Nelson and Senator Wallman. The Chair recognizes Senator Hansen. [LB1090]

SENATOR HANSEN: Thank you, Mr. President, members of the Legislature. I would like to ask Senator Adams a question if he would yield. [LB1090]

SENATOR GLOOR: Senator Adams, would you yield? [LB1090]

SENATOR ADAMS: Yes, I will. [LB1090]

SENATOR HANSEN: Thank you, Senator Adams. This program that we're talking about is a summer service program and that I understand what the use of the money...or use of the program is, but I'm not sure what the use of the money is, if it is awarded as a grant program and the amendment restricts what that grant can be used for, which I appreciate the shorter list of what the money can be used for, but it is still a grant program and at \$15,000 per site. So what happens when the grant program is over? What do we do with the...I mean, who picks up the \$15,000 if that grant is a one-time grant? Will it be an addition to the local school district? [LB1090]

SENATOR ADAMS: No, if I understand correctly what you're asking, and if I understand Senator Wallman's bill clearly, the federal government is the one that provides the money for the food. What this money would do is simply provide one-time money for infrastructure. So, for instance, maybe there is a neighborhood that falls within one of these parameters where they choose, maybe it is a church basement or maybe it's a YMCA where they want to hold a lunch program, but they don't have a freezer. They could apply for the grant money which could purchase the freezer. And so it's not really meant to be an ongoing, we need grant money every year for this same area or we won't be able to keep going. It's a one-time setup. [LB1090]

SENATOR HANSEN: That's what the amendment did, but in the original bill that you tried to fix, part of that was for salaries too, wasn't it? [LB1090]

SENATOR ADAMS: I'd have to look to see if salaries were included. [LB1090]

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SENATOR HANSEN: I think the amendment fixed some of that. So, one-time purchases is fine with me. I'd support the bill. Thank you, Senator Adams. [LB1090]

SENATOR ADAMS: Thank you. [LB1090]

SENATOR HANSEN: Thank you, Mr. President. [LB1090]

SENATOR GLOOR: Thank you, Senator Adams and Senator Hansen. Senator Wallman, you are recognized. [LB1090]

SENATOR WALLMAN: Well, I thought Senator Adams did a good job explaining how we can leverage these for equipment and the federal food...because we have 92,000-some children here, they struggle with hunger. And so if we can get equipment to various agencies what need storage capacity to keep these things, I think it's well needed. Thank you, Mr. President. [LB1090]

SENATOR GLOOR: Thank you, Senator Wallman. Senator Council, you are recognized. [LB1090]

SENATOR COUNCIL: Thank you, Mr. President. And I appreciate some of the questions that have been asked so that the significance of this piece of legislation can be put in perspective. As Senator Wallman stated in his opening, currently only 10 percent of eligible children in Nebraska benefit from this federal summer food program. What Senator Wallman is attempting through his legislation is to build the capacity and the infrastructure for more institutions to access the federal dollars that are available. During the hearing there was testimony to the effect that if we could increase from 10 percent to 40 percent the number of eligible children in the state of Nebraska who could access a nutritious meal during the summer under this program, it would bring into the state \$2.3 million in federal reimbursement for the food. And what the capacity and infrastructure does, I know there's been a lot of emphasize on the schools, but it's not dependent on a school having a summer school program. And lot of schools don't offer summer school programs and they're not open during the summer. And what the bill would enable is a service institution and those in the Omaha area, hopefully, are familiar with how the Salvation Army has taken advantage of this program. They have a mobile cafeteria that goes to sites that are eligible and would be eligible sites under the amendment because 50 percent of the children in the area are eligible for free and reduced lunch. And they take that mobile unit to those areas and provide meals for those children on a regular and coordinated basis. If there is a youth recreational program, a service institution that serves children who are eligible and qualified and may not have in their facility the necessary refrigeration required to store the food, the grant would enable that service institution to utilize these dollars to provide that infrastructure so that they could provide these meals to the children they serve during

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the summer at no cost to them because the food comes from the federal government. So the grants are intended to build the capacity and the infrastructure to enable more institutions, schools, and service institutions in this state to provide these lunches to eligible children. Again, by increasing from 10 percent to 40 percent, the number of children who access this federal program translates into \$2.3 million annually in food reimbursement coming into the state of Nebraska. At our current level of participation, again, we are among the lowest states and when we compare that to the number of food-insecure children we have in this state, the need for this program is greatly illuminated. So with that, I hope that answers some of the questions. The schools, it doesn't have to be linked to a school; and in many cases, the children who need this food program, the school in their area is not opened during the summer and therefore is not providing the nutrition program. This would allow that gap to be filled by a service institution who may have a brick-and-mortar facility in the area or is as creative and innovative as the Salvation Army and utilize their mobile canteen. It would allow them, perhaps, to acquire an additional canteen,... [LB1090]

SENATOR GLOOR: One minute. [LB1090]

SENATOR COUNCIL: ...mobile canteen to serve more children. But that's the intent of the legislation. And again, I would urge the body's advancement. [LB1090]

SENATOR GLOOR: Thank you, Senator Council. Senator Ken Haar, you're recognized. [LB1090]

SENATOR HAAR: Mr. President, members of the body, Sunday night I was at a banquet of the Nebraska Farmers Union. They're having their international meeting...or their national meeting in Omaha this year and I had the opportunity to hear Howard Buffett talk. Howard Buffett is the, of course, the eldest son of billionaire investor Warren Buffett and the way he describes himself, he is an American philanthropist, photographer and farmer. One of his, I suppose it is almost a pastime anymore, but one of his favorite activities is agriculture and farming. And it's interesting, he began farming in 1977 in Tekamah, Nebraska; his father had purchased the property for \$300,000 and charged him rent until he could pay it off. And now he owns...currently owns 400 acres in Nebraska that's being farmed by his son, and he owns 1,240 acres in Illinois and a large farm in South Africa. And one of his main themes right now in his life is feeding the world. And this is a theme that we've come up with now and again, especially my friend, Senator Carlson, has talked about feeding the world. And, for example, on his farm in Illinois every bit of his produce goes into the local food banks. And he was giving this statistic, and I think this is pretty close, that for every \$1 invested in food banks and this kind of activity you get \$7 in food, because food banks work with grocery stores and that sort of thing. But the thing he brought up that was surprising, and I guess I've heard this before, that one in six children go to bed hungry every night. That's in this country. And he said that there are parts of this country where the food shortage for children is equal

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to that of Third World countries in Africa and Central America where he's done a lot of work. And he said, I forget the word, maybe it was "shame", that we should be ashamed that in a country that produces food for the world, and especially in a state that produces food for the world, that we have children that go to bed hungry. And I was very moved by that. And I think that this program, LB1090 that Senator Wallman has brought to us, is one way that we can help feed the children in Nebraska who are going to bed hungry. It leverages some federal funding and some food for children who otherwise are going to bed hungry. He gave a personal story of a kid that he had visited, and I don't remember where it was, he had visited at Thanksgiving time and this young man had said that he never invites friends over for supper because there is usually no supper in his house. And in fact, he said that this young man related trying to get invited to his friends' homes for supper because he didn't have any supper... [LB1090]

SENATOR GLOOR: One minute. [LB1090]

SENATOR HAAR: ...at his house. Thank you. So I look at this program and I thank Senator Wallman for bringing this forward. It's one additional program that we can use, that we can fund--the funding is very small--that we can use to help feed the children in Nebraska. Certainly in an agricultural state, our children should not have a food shortage. Thank you very much. [LB1090]

SENATOR GLOOR: Thank you, Senator Haar. Senators in the queue are Wightman, Sullivan, Howard, Mello, and Council. Chair recognizes Senator Wightman. [LB1090]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the body. I guess I will ask at some later point some questions of either Senator Wallman or Senator Council. But I'm wondering if this \$140,000 that we're talking about, General Fund expenditure, is merely a pilot program rather than whether we can access all of the \$2 million of federal funds for food with this \$140,000 of expenditure. Just to give you some figures, as I understood from Senator Council's discussion a few moments ago, that right now we have about 10 percent of the children under some food program during the summer. And the idea would be to raise this to something in the neighborhood of 40 percent. And I think we started at 90,000 children going hungry. So if we went to 40 percent of that figure, 40 percent of that of that figure, right, it would be about 36,000 children, compared to 9,000 that we're now feeding, it looks like about a 27,000-person increase. So I guess what I'm really wondering, does this access all of that money? If Senator Council, she seemed to have some knowledge on that, would yield, I would... [LB1090]

SENATOR GLOOR: Senator Council, would you yield? [LB1090]

SENATOR WIGHTMAN: Thank you, Senator Council. I think you gave these figures that currently there are about 90,000 children going hungry, is that correct, in the state of Nebraska or at least without proper nutrition? [LB1090]

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SENATOR COUNCIL: Well, currently we have a statewide food insecurity rate of about 21 percent of the children in Nebraska are food insecure. [LB1090]

SENATOR WIGHTMAN: How many is... [LB1090]

SENATOR COUNCIL: That's about 47,000. [LB1090]

SENATOR WIGHTMAN: Forty-seven... [LB1090]

SENATOR COUNCIL: I think that's the number. [LB1090]

SENATOR WIGHTMAN: Is that the number that are presently not receiving assistance in some way on nutrition? [LB1090]

SENATOR COUNCIL: There are 42,000 who would be eligible. And we're only serving about 9,000. [LB1090]

SENATOR WIGHTMAN: Okay. So the 9,000 comes off the 42,000, we'd have 33,000 difference, approximately. With the \$140,000 funding, would we be taking care of all of the 33,000 that are short? Would we be able to provide infrastructure, which I understood would be probably cooking facilities and refrigeration, for that number of children? [LB1090]

SENATOR COUNCIL: No, and allow me to correct. There is a difference...I gave you eligibility numbers as opposed to food insecure numbers. The eligibility number is at 42,000. You're correct in your 90,000 children in the state are food insecure. But in terms of those who are eligible for the food program it's the 42,000. And, Senator Wightman, currently there are 224 sites across the state that participate in the program. I can't speak for Senator Wallman and the selection of the number. But the hope was that that would enable more sites to be developed to provide access to the summer food program. I can't say to you with any degree of certainty that the \$140,000 would get us up to 60 percent or 70 percent or 80 percent. But what I can say with some degree of certainty is that if we are able to reach 40 percent of the eligible children, that converts to \$2.3 million in federal food reimbursement coming into the state. [LB1090]

SENATOR GLOOR: One minute. [LB1090]

SENATOR WIGHTMAN: Okay, so that's based upon getting to the 40 percent figure, which maybe we could do with the \$140,000 or do you have an opinion on that? [LB1090]

SENATOR COUNCIL: Right. All I can say is I think it gets us close. It gets us closer

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than we are. And when you look at the map that shows the number of areas in the state where more than 50 percent of the children are eligible for free and reduced lunch, that gives you an indication of the impact we could have merely with the \$140,000. [LB1090]

SENATOR WIGHTMAN: So we don't know that we would access the full \$2 million whether we could get to the 40 percent. That's based upon 40 percent, is that correct? [LB1090]

SENATOR COUNCIL: Yeah, and these are estimates. If the money is...if the grants are distributed in areas where there's the greatest opportunities to reach more children, you get closer to increasing the percentage. [LB1090]

SENATOR GLOOR: Time, Senators. [LB1090]

SENATOR WIGHTMAN: Thank you, Senator Council. Thank you, Mr. President. [LB1090]

SENATOR GLOOR: Thank you, Senator Wightman and Senator Council. Chair recognizes Senator Sullivan. [LB1090]

SENATOR SULLIVAN: Thank you, Senator Gloor. And good morning, colleagues. And just to kind of follow up with the conversation that was taking place between Senator Council and Senator Wightman, you know, this isn't the end-all and the be-all. And it's not the perfect panacea. But it certainly takes a small amount out of the General Fund and leverages it for potentially some significant amounts of federal dollars. And I think it's also important to remember that we're talking about reaching out to virtually all areas of the state in all counties of the state. Sometimes unfortunately, since we are in the breadbasket of the country, we tend to think that perhaps hunger problems and food insecurity problems are located in our urban areas. But truly we have these food insecurity issues in all of Nebraska's 93 counties. And I think it's important to remember in this proposed legislation that it will leverage the work that is being done by service institutions all across our state. They are currently collaborating. And with the ability to leverage some of these funds through grant requests, they can do more of what they are already doing. And it's not necessarily pilot programs. They are simply using...would use these funds to reach out even more in particularly rural areas. For example, if they've got a program now, perhaps they need to meet health and food safety standards when it comes to transporting food to some of these rural areas. That might mean that using some of these grant monies they could purchase warmers or coolers to transport food safely. So again, I just remind us that, yes, we're all concerned about how we spend these precious dollars that we have available to us in the General Fund. But this is a small amount that particularly and more importantly leverages some federal dollars that can be used all across our state to alleviate food insecurity problems among our children. Thank you. [LB1090]

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SENATOR GLOOR: Thank you, Senator Sullivan. Senator Howard, you are recognized. [LB1090]

SENATOR HOWARD: Thank you, Mr. President, members of the body. Thank you, Senator Sullivan. You made such a good point. This is not only an urban problem. And, Senator Wallman, thank you for bringing us this bill. You're not an Omaha senator. I think people would be less surprised if I'd brought in this bill. They would expect it from me. But you realized there's a problem in the rural areas as there is in the urban. Many children spend the weekend with a minimal amount of food. The backpack program, which initially was started by the Camp Fire Association, provided food for children so they wouldn't be hungry over the weekend. And let me tell you a little about this program. It started in the schools and, as you would guess, involved packing backpacks with basic supplies for children to take home that they would have food over the weekend when they weren't able to get meals at school. These included things like juice boxes and fruit bars and granola bars and very elementary things that didn't require any particular cooling or means to keep them, to preserve them. But they helped children get through the weekend. And what they found with many of these children were that they were sharing it with other children in the family so that they wouldn't be hungry, younger children who didn't go to school. So make no mistake about it, children are hungry in this state. We sit down here, we have candy on the floor, we have chips on the floor. I don't think any of us could say that we come down here and we're hungry. But there are children, there are children that are growing up here in Nebraska, not only Omaha but across the state in Nebraska, who don't have enough to eat. It's as simple as that. And in the summer for these children it's worse. One in five children in Nebraska and western Iowa, under the age of 18, is at risk for hunger. The backpack program is designed to provide food for hungry children at times when other resources are not available. And that, as I just told you, would be the weekends, and it would be those school holidays. Christmas break is not always pleasant for every child. Staff members at local elementary schools identify the chronically hungry students and then Food Bank for the Heartland supplies bags filled with child-friendly, nonperishable food for those children to take home on Friday afternoons. I don't think any of us in this body would imagine our child being dependent on picking up a backpack with nonperishable food so that they would not be hungry, so they would have something to eat over the weekend. Each bag provides two breakfast meals, two lunch or two dinner meals. They are delivered to participating schools by volunteers from the Food Bank of the Heartland volunteers and the staff members. The volunteer backpack program was launched in the fall of 2006. And at that time only three schools were participating. And today, today nearly 3,900 backpacks are delivered each week and this is to 90 schools from 30 school districts across Nebraska, this is across Nebraska. Nationally, there are more than 3,600 backpack programs that provided much needed food to over... [LB1090]

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PRESIDENT SHEEHY: One minute. [LB1090]

SENATOR HOWARD: ...190,000 children. Thank you. This is a high number of our children in our country who are hungry. Thank you to Senator Wallman for bringing this bill so we can begin to address this problem here in our state with our children. [LB1090]

PRESIDENT SHEEHY: Thank you, Senator Howard. Senator Mello. [LB1090]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. I rise in strong support of LB1090. And I'd like to thank Senator Wallman for bringing the issue of hunger to the forefront of this Legislature. I know we've dealt with some hunger issues over the last couple of years. And what LB1090 is seeking to do is to try to provide a pathway for our state to continue to deal with hunger in the summertime for primarily low-income children. And a couple facts and figures, and I'm sure some of you have seen some of the fact sheets on this legislation, there's over 92,000 children, over 20 percent of Nebraska's children struggle with hunger. A bigger issue is Nebraska ranks 41st in the country. We talk a lot about rankings in our state, and Nebraska ranks 41st in regards to providing food assistance or food support to low-income children during the summer. What LB1090 seeks to do obviously is provide these small grants to school districts to provide the infrastructure needed to create a standalone program for their school districts. It's not lost on me that, yes, this does cost the state \$140,000 in General Funds for these competitive grants. But the amount of federal funds this proposal can bring in is over 200 percent times the amount of money we would spend on the program. We would receive over \$2.3 million in federal funds that would come from this \$140,000 in grants that we would give out to school districts. That's a good return on investment, colleagues, not just in the sense of seeing the food assistance program that we would get from the federal government through the USDA but the return on investment that we would provide low-income children in the summertime to provide them the needed food to remain nutritious, healthy, and prepare them for the upcoming school year. Another little bit more facts and figures, as many of you do remember getting the copy of the 2011-12 legislative planning document from the Legislature's Planning Committee, if you turn to page 9 in the appendix there's a chart, figure 8, that goes through the number of children under the age of 18 below the poverty level as a percentage in each one of our legislative districts. Unfortunately, the numbers are astounding in regard to the number of children who live in poverty, who could be affected by LB1090. My district, District 5, has 21.7 percent of children under the age of 18 who live in poverty, who would be affected by LB1090. Senator Avery's district, District 28, has 32.5 percent of children under the age of poverty (sic) who would be affected by LB1090. Folks like Senator Wightman, District 36, 19.8 percent of the children in his district under the age of 18 live in poverty and would be affected by LB1090. Looking at the chart here, there is more than half of our legislative districts that

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are over the Nebraska average, which means we have significant problems of children living in poverty, and we have significant problems of trying to feed these children who live in poverty. We know that LB1090 is not a silver bullet. But we do know LB1090 will help us start to address underlying poverty issues in our state as it affects children who are hungry, not just during the school year,... [LB1090]

PRESIDENT SHEEHY: (Gavel) [LB1090]

SENATOR MELLO: ...but when the school year ends and children are left to fend for themselves in the summer months. Colleagues, I urge you to adopt AM1823. [LB1090]

PRESIDENT SHEEHY: One minute. [LB1090]

SENATOR MELLO: And I urge you to adopt LB1090. Thank you again. [LB1090]

PRESIDENT SHEEHY: Thank you, Senator Mello. Senator Janssen. [LB1090]

SENATOR JANSSEN: Thank you, Mr. President, members. Sorry, I was a little bit tardy to the mike here. When Senator Council was bringing up some different programs, kind of made me think a little bit. And I would like to ask her some questions about some additional programs that may be available. [LB1090]

PRESIDENT SHEEHY: Senator Council, would you yield to Senator Janssen? [LB1090]

SENATOR COUNCIL: Yes. [LB1090]

SENATOR JANSSEN: Thank you. Senator Council, when you were going through the different programs, it got me wondering...to think, and maybe you mentioned it and I apologize if I didn't hear it, would like YMCA or faith-based groups that hold summer camps and whatnot be eligible for this type of grant as well? [LB1090]

SENATOR COUNCIL: It's my understanding that they are, yes, as long as they're serving eligible children. [LB1090]

SENATOR JANSSEN: And for eligible children, they come from an eligible district and the summer camp is in a place located outside of that, would they still be eligible for that? [LB1090]

SENATOR COUNCIL: I think the amendment changes it in terms of the service institution has to be located within the boundaries of a school district. I think... [LB1090]

SENATOR JANSSEN: Okay. That was just a concern I had because we have several at-risk camps located in and around my district. And I didn't know if that would follow

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them there and kind of...if that was something that was going to slip by the radar that I'd bring it to the attention of Senator Wallman and yourself. [LB1090]

SENATOR COUNCIL: And, you know, it certainly could be an opportunity to look at if further amendment needs to be drafted and applied, because the intent is if those children are eligible to receive these meals during the summer, then we should facilitate their access to that to the greatest extent possible. But I know that the intent of the amendment was that the service institution, and the way it's drafted it says the service institution within the boundaries of a school district. So that may be broad enough to cover the situation, if the service institution is located within the district, and it's...and that district has 50 percent or more free or reduced lunch children. [LB1090]

SENATOR JANSSEN: Maybe if we...after this has passed General File, we can look at it on Select. That was just a concern I had. [LB1090]

SENATOR COUNCIL: Sure. [LB1090]

SENATOR JANSSEN: I think it's Senator Langemeier's district actually that's close to my district that has these various camps that would serve several youth, I know, from Omaha to Fremont and all over the state. And I think they would qualify there. But outside of that district it may not apply. So I appreciate you answering the questions and looking into it as this advances along. Thank you. [LB1090]

SENATOR COUNCIL: Okay. [LB1090]

PRESIDENT SHEEHY: Thank you, Senator Janssen. Seeing no additional requests to speak, Senator Adams, you're recognized to close on the Education Committee amendment, AM1823. [LB1090]

SENATOR ADAMS: Thank you, Mr. President. Members, let me remind you again what the committee amendment does. And I will also try to answer specifically Senator Janssen's question at the same time. What the committee amendment does is to establish three priorities for the distribution of these grants. The first priority is that it would go to service institutions that are within the boundaries of a school district or, even broader, within the boundaries of a federal census tract where 50 percent are eligible for free and reduced lunch. So we go from school district, it gets pushed out. But the agencies have to be within those boundaries. Secondly, the institutions have to be...emphasize health activities and education activities, like a YMCA; and then third on the list, currently participating in a summer program, food program. Those would be the three. That's what the committee amendment does. Thank you, Mr. President. [LB1090]

PRESIDENT SHEEHY: Thank you, Senator Adams. You have heard the closing. The question before the body is on the adoption of the Education Committee amendment,

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AM1823, to LB1090. All those in favor vote yea; opposed, nay. Record, Mr. Clerk.
[LB1090]

CLERK: 26 ayes, 0 nays, Mr. President, on adoption of committee amendments.
[LB1090]

PRESIDENT SHEEHY: AM1823 is adopted. (Visitors introduced.) Mr. Clerk, you have an amendment on your desk? [LB1090]

CLERK: Senator Wallman would move to amend with AM2273. (Legislative Journal page 777.) [LB1090]

PRESIDENT SHEEHY: Senator Wallman, you're recognized to open on AM2273.
[LB1090]

SENATOR WALLMAN: Thank you, Mr. President. AM2273 simply changes, on line 2...on page 2, line 20, the words "school districts" to "schools." I had a group ask me to make this small change, that way it was clear that all the schools in Nebraska would be provided information about the summer foods program. Thank you, Mr. President.
[LB1090]

PRESIDENT SHEEHY: Thank you, Senator Wallman. You've heard the opening of AM2273 to LB1090. Member requesting to speak, Senator Conrad. [LB1090]

SENATOR CONRAD: Thank you, Mr. President. Good morning, colleagues. I rise in support of this very straightforward, technical amendment. And I didn't have an opportunity to speak previously so, before this bill went flying by, I wanted to rise in support of the underlying legislation and rise in support of Senator Wallman's efforts in regards to this very, very important issue. We all know that when we're looking at hunger issues and nutrition issues, these are really multifaceted. Number one, we're trying to help hungry kids out. And that is a laudable and important goal that we should all be focused on. But I don't want to forget some of the other positive policy impacts that come along with legislation like this. This is the exact kind of bill that we should be looking for where we can make a very minimal state investment to leverage significant and needed federal funds to expand the goals of this program all across our great state. Additionally, when we talk about these kinds of nutrition and antipoverty, antihunger programs, there has been a proven, well-established and significant impact when it comes to benefiting Nebraska farmers, when it comes to benefiting Nebraska businesses, most notably the grocery industry and otherwise. And when we can do more in this regard, it really has an important and dramatic economic impact, positive economic impact in our economy. Studies have shown that it's almost a two to one return on every dollar invested in programs like this in terms of jobs creation and overall economic activity within the state. So not only is this critical to ensuring that all families

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have the tools that they need to work on their path toward self-sufficiency, but it also has important economic impacts for so many other aspects of our state's economy. And finally, we do enjoy the good life here in Nebraska. We are consistently ranked as one of the best places to raise a family and we are so proud of that. But we can't forget for one minute that there are still some Nebraskans struggling, particularly during the economic turndown. And this is one small and important way that we can help those families and that we can help those kids. So thank you, Senator Wallman. Thank you all that have worked diligently on this legislation. And I look forward to seeing its passage. Thank you, Mr. President. [LB1090]

PRESIDENT SHEEHY: Thank you, Senator Conrad. Seeing no additional requests to speak, Senator Wallman, you're recognized to close. Senator Wallman waives closing. The question before the body is on the adoption of AM2273 to LB1090. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB1090]

CLERK: 25 ayes, 0 nays on adoption of Senator Wallman's amendment. [LB1090]

PRESIDENT SHEEHY: AM2273 is adopted. [LB1090]

CLERK: I have nothing further, Mr. President. [LB1090]

PRESIDENT SHEEHY: Returning to floor discussion on LB1090. Member requesting to speak, Senator Schumacher. [LB1090]

SENATOR SCHUMACHER: Mr. President, members of the body, this is a bill that I am really, really conflicted on. Nobody wants a kid to go hungry. Everyone knows that malnutrition kids don't perform as well in school and have less of a chance of success and generally can have more problems. But underscoring this bill is a change in philosophy. It used to be that parents were responsible for feeding their children. It used to be that when you had a child you were responsible and there were consequences for not carrying out that responsibility. And this general drift that underscores this legislation seems to say it is society's responsibility, without placing a corresponding consequence or responsibility on the parents. And maybe that's okay, except that, you know, if we're going to feed some children, why not feed them all? What about the middle class people who feed their own children and do not have advantage of these who pay their taxes instead? You know, it isn't \$2.3 million of free money; it's \$2.3 million of money borrowed from the Chinese or printed over at the Federal Reserve. And pretty soon there's a good chance that some of these programs are going to have to be curtailed in order to avoid a fiscal disaster at the federal level. And when they are curtailed, once we have taught people to count on this service, where is the money going to have to come from? The monkey is going to end up back in this room and we're going to be facing things that we really don't like to face, like tax increases. And so I'm going to continue to listen a little bit to this debate. But I think there's a whole set of issues that have been

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presented here that we have not discussed. And we've got to find a balance, a way if we're going to take on primary responsibility for feeding the children of people who could not or won't feed them themselves, then we've got to figure out a more complicated answer to this puzzle. Thank you. [LB1090]

PRESIDENT SHEEHY: Thank you, Senator Schumacher. Seeing no additional requests to speak, Senator Wallman, you're recognized to close on LB1090. Senator Wallman waives closing. The question before the body is on the advancement of LB1090. All those in favor vote yea; opposed, nay. Senator Wallman. [LB1090]

SENATOR WALLMAN: Call of the house, please. [LB1090]

PRESIDENT SHEEHY: There has been a request for the call of the house. The question before the body is, shall the house be placed under call? All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB1090]

CLERK: 26 ayes, 0 nays, Mr. President, to place the house under call. [LB1090]

PRESIDENT SHEEHY: The house is placed under call. All unexcused senators please report to the Legislative Chamber. All unauthorized personnel please step from the floor. The house is under call. Senators, please record your presence. Senator Campbell, Senator Burke Harr, Senator Pirsch, Senator Smith, Senator Larson, Senator Cook, Senator Carlson, Senator Lautenbaugh, Senator Fulton, Senator Coash, the house is under call. Senator Campbell, Senator Burke Harr, Senator Cook, the house is under call. Senator Wallman, we are unable to locate Senator Campbell. Senator Cook is present. Would you like to continue? [LB1090]

SENATOR WALLMAN: Yes, roll call in reverse order, please. [LB1090]

PRESIDENT SHEEHY: Members, we are voting on the advancement of LB1090. There has been a request for a roll call in reverse order. [LB1090]

CLERK: (Roll call vote taken, Legislative Journal page 781.) 25 ayes, 0 nays, Mr. President, on the advancement. [LB1090]

PRESIDENT SHEEHY: LB1090 advances. The call is raised. Mr. Clerk, we will now proceed to LB1090A. [LB1090 LB1090A]

CLERK: Senator Wallman offers LB1090A. (Read title.) [LB1090A]

PRESIDENT SHEEHY: Senator Wallman, you're recognized to open on LB1090A. [LB1090A]

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SENATOR WALLMAN: Thank you, Mr. President. [LB1090A]

PRESIDENT SHEEHY: (Gavel) [LB1090A]

SENATOR WALLMAN: This is just a simple amendment (sic) to pay for this bill, the revenue for this bill. Thank you, Mr. President. [LB1090A]

PRESIDENT SHEEHY: Thank you, Senator Wallman. You have heard the opening to LB1090A. Member requesting to speak, Senator Lautenbaugh. [LB1090A]

SENATOR LAUTENBAUGH: Thank you, Mr. President, members of the body. I guess this is technically an explanation of vote because I was part of the 25 on the last one but I was an ambivalent 25th vote. And I took to heart what Senator Schumacher said. And I think he makes a good point that we can't lose sight of. It's not free; it just may not be coming from our taxpayers directly, but in a way it is. And it can't go on forever. I almost pulled back my vote and put it back down to 24 again. So times are tough and we're going to have to make some tough calls. And I don't know that we did one there but it advanced. Thank you, Mr. President. [LB1090A]

PRESIDENT SHEEHY: Thank you, Senator Lautenbaugh. Senator Conrad. [LB1090A]

SENATOR CONRAD: Thank you, Mr. President. And thank you, colleagues. Just to echo some of the concerns maybe that Senator Lautenbaugh and Senator Schumacher have identified this morning. I think a couple points are worthy of consideration at this stage of the debate. I heard from a very wise senator, when I first joined the Legislature, that even if you are indeed opposed to the underlying legislation, it's appropriate and necessary in many instances to then vote for the accompanying A bill in order to facilitate the process. So that is part of our tradition that I hope people consider when looking at LB1090A. And the other point that I wanted to make in regards to the budgetary implications that have been identified is that this and other legislation that does indeed have a fiscal impact doesn't just go flying through ahead of our budgetary process. But just wanted to provide a clear reminder to folks that legislation with a fiscal impact is considered in context with our overall budgetary proposals that will be debated on the floor. So we are careful in our rules and our practice to ensure that if there are financial considerations that must be dealt with outside of the mainline budget bills, those are done so after we deal with those mainline budget bills. And we have a chance to see what resources, if any, are still available for floor action so that there is a built-in pause button, so to speak, in regards to the financial implications on this legislation and others that will be competing for finite resources in the context of our decision making after the mainline budget bill and for other legislation with a fiscal impact. Thank you, Mr. President. [LB1090A]

PRESIDENT SHEEHY: Thank you, Senator Conrad. (Visitors introduced.) Continuing

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with floor discussion on LB1090A, members requesting to speak: Senator Sullivan, followed by Senator Wallman, Senator Lautenbaugh, Senator Carlson, Senator Council, Senator Dubas, Senator Ken Haar. Senator Sullivan. [LB1090A]

SENATOR SULLIVAN: Thank you, Mr. President. It's fair to say that we are not wild-eyed spenders in this body, and that's a good thing. And I can't dismiss and certainly always pay close attention to what Senator Schumacher says. And it does give us pause because actually I hope (laugh) that we will, down the road, not see federal dollars available as frequently as they are to us, because we do need to rein in spending. We cannot always expect that these dollars will be coming to us. And we have to be prepared to wean ourselves away from it. But I will also remind you, we are dealing right now with the here and now, asking for a little bit of assistance to leverage the current availability of federal dollars to help some kids that potentially go hungry during the summer months. I want to solve this problem so that we don't even need to have these programs available to us. But let's take a look at the here and now and what we can do with the here and now in helping to deal with food insecurity issues for some children in our state. Thank you. [LB1090A]

PRESIDENT SHEEHY: Thank you, Senator Sullivan. Senator Wallman. [LB1090A]

SENATOR WALLMAN: Thank you, Mr. President. I thank you for all that talked on this and appreciate you senators that are for it but also the ones that have apprehension. But this is a miniscule amount of money. And look how much of a break we gave to some of these angel investments, tax increment financing, lots of these issues. Folks, we affected our revenue. This is not about revenue, this is a small cost which can bring in a lot of food to our state. Do we have problems feeding our children, poverty in our rural areas? Sure we do. Backpacks in our local school districts, busier than ever. And we live in one of the wealthiest districts in the state but we have people that don't have a job, that can't pay for their house payments. And these children who you would never believe are on free and reduced lunch are. And I appreciated Senator Karpisek's comments and also Senator Council. Folks, the number one resource we have in this nation, not just Nebraska, is our children. And I thought Senator...one of them brought up about educating our children. When they're hungry it's just about impossible. And is this society going this way or this way? We know it's a changing. Folks, this country is a changing, for the better, for the worse, who knows? But we've lost so many jobs overseas to different countries on account of this and that, when we give incentives to lose jobs then this is part of our responsibility. And that's all. Thank you, Mr. President. [LB1090A]

PRESIDENT SHEEHY: Thank you, Senator Wallman. Senator Lautenbaugh. [LB1090A]

SENATOR LAUTENBAUGH: Thank you, Mr. President, members of the body. And I do appreciate Senator Conrad's comments. And I did want to make clear I wasn't intimating

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that I was going to vote against the A bill. What I was trying to explain was that I was definitely at sea at that last vote. And I don't even know if I made the right decision yet. But at some point you have to push a button or leave the room or whatever we do. So I pushed a button. Again, I'm listening to this and, you know, we'll see where it goes. I mean, I'm sure the A bill will advance, as it should because we advanced the underlying bill. And I would yield the rest of my time to Senator Burke Harr. [LB1090A]

PRESIDENT SHEEHY: Senator Burke Harr, you're yielded 4 minutes 15 seconds. [LB1090A]

SENATOR HARR: Thank you, Senator Lautenbaugh. And thank you, Mr. President. This is an important bill. It defines how we want to take care of our children. As Whitney Houston said, children are our future, teach them well. But in the summer we can't teach them. But that doesn't mean that they don't need food. And, you know, the most important thing in a family is your parents, and they can't always be there, unfortunately. We aren't lucky enough that everyone can provide free food to their...provide food for their children. And sometimes we do have to help these kids. They can't choose from whom they are born. And so I think we have a duty as a society to help these children. I understand Senator Lautenbaugh's reservations about the bill and that, you know, we do all pay taxes. And at the end of the day, if it comes from the feds, we're still paying for it. It's a valid argument and I think it's something we need to address as we go forward. I'm not sure if this is where we want to have that argument in that this is a great program to help kids to get food in the summertime so that when they do go back to school they're ready. They're not hungry, they're not malnourished. These are kids who then have summer activity, they can exercise, they can work. And I want to thank Senator Wallman for bringing this bill forward. And thank you. That's all I have. [LB1090A]

PRESIDENT SHEEHY: Thank you, Senator Lautenbaugh. Thank you, Senator Harr. Senator Carlson. [LB1090A]

SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. As we have listened to this bill and made votes on it, it comes to my mind what I think the primary responsibility of government is, and I believe that is to help those that are incapable of taking care of themselves. But we also need to help those who are capable of providing for themselves and their families to do so. They need to enjoy the feeling of accomplishment of making that provision. In our society there's nothing that's really free, somebody pays for it. And I don't think benefits should be free. Free benefits, I believe, are largely unappreciated. I went nonvoting on this bill. I don't like to go nonvoting. But many times I think the easy way out is to go ahead and vote for something, even though you're not convinced that it's the right thing to do. And unfortunately, it's difficult to speak about some things that I think periodically need to be spoken about, and this does not hit everybody that's involved in this category of people that we voted for, but where is

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parental responsibility? Where is the responsibility of the church? This is a benefit that could be a wonderful project for various churches to undertake. Unfortunately, they don't do it often enough. I really appreciated the speech that Senator Schumacher gave a few days ago talking about those that I believe were in their home that were exchange students that had a sense of purpose. And they knew they needed to accomplish something. They needed to use their time wisely. They needed to spend time in their studies. They needed to attain because they knew if they didn't they would end up being hungry. And sometimes hunger can be an incentive to take responsibility and do those things that need to be done, that give a person the satisfaction of being able to take care of themselves. And I take a risk in talking like this because I know it doesn't apply in every situation. And it's so difficult to vote not to provide things for children. But we're overboard in our society on making it too easy for things to be free that really aren't free. Thank you, Mr. President. [LB1090A]

PRESIDENT SHEEHY: Thank you, Senator Carlson. Senator Council. [LB1090A]

SENATOR COUNCIL: Thank you, Mr. President. I sit and listened to some of the comments about this particular piece of legislation and who it's designed to serve. And I hear a little doublespeak occasionally: Taking care of our most vulnerable is one of the highest priorities of government, except. Here's a bill where the data shows that 90,000 children in this state are food insecure, 90,000. This bill provides for \$140,000 annually, a little more than \$1 per food-insecure child. And we probably boast that we live in this state that literally feeds the world. We feed most of the livestock. But we have 90,000 food-insecure children. And then we want to generalize why they find themselves in that situation. Some even went so far as to say their parents don't or won't feed them. I'm surprised that people actually believe that to be the case rather than what is the reality. The people who are eligible for this program have incomes at 185 percent of the poverty level. I don't know how many of you in this room could afford to provide three square meals a day on 185 percent of the poverty level. And if we don't think that the bulk of the people who are in need of this are the working poor families in this state, then when we talk about the vulnerable we really don't know who they are, because we don't bother to check to see who they are. But we're talking about working poor families. And if we don't believe that, if we don't believe that there are families in this state who can't access jobs that provide the kind of income that would enable them to live above the poverty level, then there shouldn't be not one business incentive bill in this body, because every single one of those bills is built on creating jobs. And I find it interesting, most of them have an emphasis on creating jobs in rural areas of Nebraska. And why is that? Because we have rural poor, we have people in these communities where there are no businesses or industries to support them and their family. Yet we are willing to deny them access to food. That boggles my mind that we see that as a gift, a freebie. I think we would be ashamed or should be ashamed of the fact that 90,000 of our children in this state are food insecure and we boast of our agricultural economy. And, yes, the food is not free; it's supported by federal tax dollars. But of any programs that

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are funded by the federal government, those to prevent hunger should be among the top priorities. Yes, it would be great to extend because the middle class is suffering. And I remind my colleagues every time we try to raise that percentage of the poverty level for terms of eligibility, it's rebuffed, it's rejected. We have hardworking families... [LB1090A]

PRESIDENT SHEEHY: One minute. [LB1090A]

SENATOR COUNCIL: ...who work for minimum wage or slightly above, who are trying to provide for their families, and this program enables their children to have a nutritious meal during the summer. Most of the time when these children are at home unsupervised, because they're not in school, parents are out struggling to provide an income to provide for them. And this program enables them to access a nutritious meal. I trust that all of my colleagues see the necessity, the importance, and the value of providing for the hungry children in the state of Nebraska and are willing to devote, and I'll say, a mere \$140,000 a year to enable that to occur. [LB1090A]

PRESIDENT SHEEHY: Thank you, Senator Council. Senator Dubas. [LB1090A]

SENATOR DUBAS: Thank you, Mr. President. I would echo what Senator Council just said. And appreciate the comments that Senator Conrad made also about, yes, we're going to have some hard decisions to make, we need to have the budget out here. We need to understand exactly where we're at. And then we'll be able to come back and weigh out the remaining bills and where those priorities lie. So, you know, if this bill doesn't deserve to go forward and be a part of that consideration, I really don't know what bill would merit that type of consideration. We have advanced some other bills to Select File with the consideration that we'll wait for the budget to come out and then we'll weigh everything carefully. You know, this is about feeding kids. And so I think if for no other reason, if you can't muster support for any other reason, then this needs to be...this program needs to be at the table when we're making those types of financial decisions. I think there's been some comments made about, you know, parents being responsible. And I think we're making an assumption here that parents are being irresponsible. Yes, there's always that segment of the population who are looking for the free lunch, so to speak, and who are looking for ways to take advantage of the system. But I think those people are the exception rather than the norm. And when you look at the number of children who qualify for free and reduced lunches across our entire state, and that number is especially high out in rural Nebraska, I would say those are parents who are not being irresponsible, those are parents who are working but who are struggling to make ends meet and they want to be able to feed their children and they qualify for this program. I also know out in rural Nebraska there are a lot of families who do qualify for this program who won't take advantage of it because they want to be able to try to find ways to support their children, so more power to them. But we have to recognize that this is a real problem. When you're talking about the numbers of children

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like Senator Council just mentioned, it's a real problem. We've been talking in here about compulsory attendance for children and we've been talking about truancy, we've been talking about ways to keep the kids in school. We want school to be a great place that kids feel good about, that they want to go to. If they realize school...if kids realize that school is that safe place to land, that they'll be able to turn to school when they have a hungry tummy or they've got some other problems, they're going to be more inclined to want to stay in school. We have a lot of schools who are providing weekend backpack programs where, through the food pantries and other nonprofit organizations, they're sending food home with the kids over the weekends. And I couldn't agree more with the statement that Senator Carlson made, where are our churches, where are some of our community-based organizations? And I think they're really trying to be there. Putting this program in place I think could offer a great springboard for these...for our churches and these other community-based organizations. But we have to realize that their resources are being stretched to the max also. So I think by making this relatively small investment when you look at the big picture, we could really reap, not only just bringing federal dollars into the state and taking advantage of the programs that are already out there, as Senator Sullivan said, but maybe allowing our churches and the other community-based organizations to become more involved and maybe leverage some of their resources. It's all about making sure that the kids have adequate nutrition so that they are in the right frame of mind to be learning and moving forward and becoming educated, which hopefully pays dividends as they graduate and go on to school and become contributing members to our society. So as I said, if for no other reason, we need to advance this bill forward so it's allowed to be in the discussion when we're making those final, hard financial decisions as we look... [LB1090A]

PRESIDENT SHEEHY: One minute. [LB1090A]

SENATOR DUBAS: ...at the budget. Thank you. [LB1090A]

PRESIDENT SHEEHY: Thank you, Senator Dubas. Members requesting to speak on LB1090A, we have Senator Ken Haar, followed by Senator Nelson, Senator Krist, Senator Wallman, and Senator Lautenbaugh. Senator Haar. [LB1090A]

SENATOR HAAR: Mr. President, members of the body, I'm going to speak from my heart for awhile. And I'm going to start with Matthew 25:35, "For I was hungry and you gave me something to eat, I was thirsty and you gave me something to drink, I was a stranger and you invited me in." Now, of course, what this means is that when you feed the hungry you're feeding not yourself alone but you're feeding a higher power. In this case, Jesus said these words. He's not around right now in this room physically, but he's saying, when you're hungry and you give someone something to eat you are giving it to him. I am just astonished, frankly. We have talked longer on spending \$140,000 for children, to feed children, not their parents, to feed children than we spend talking about \$2.5 million in subsidy for a datacenter or whatever, whatever. And we had all these

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kids in the balcony this morning. If one out of six, and that may be low for Nebraska, one out of six kids go to bed hungry, and we would have one out of six of these kids in the balcony standing up this morning, just one out of six at random, that would have been a lot of children. And, you know, if we're going to be consistent at all I think we have voted for some programs that bring in federal dollars, those evil federal dollars. We vote for it when it comes to economic development, we vote for all kinds of things, but we won't vote for it to feed kids. There are a lot of things we do that we shouldn't have to. We give businesses big incentives to come to this wonderful state to share the good life. We shouldn't have to do that, but we do it. We shouldn't have to take federal money for all kinds of programs, but we do it. And the churches ought to be doing it. And a lot of churches are doing it, by the way. So probably somebody else should be doing this, should be feeding the kids; this isn't our business. And the suggestion was made that, well, parents ought to be feeding their kids. And wouldn't that be cool? But how do you penalize parents who don't or can't, especially in these economic times, who can't feed their kids properly? I went down to the Center for People in Need near Thanksgiving and they had a roomful of hundreds of people waiting in line for a ticket to go through the food line to pick up groceries for Thanksgiving. And I talked to a few of those people. And you know, every one of those that took the time to come down there wants to feed their children, some of them couldn't. So I'm astonished and I guess somewhat ashamed that we spend more time talking about feeding children with only \$140,000 than we do about incenting businesses with millions and millions of dollars. And again, I would just refer you back to Matthew 25:35. And I'll even read it from another version, but they're all about the same. The first one was from the New International Version. [LB1090A]

PRESIDENT SHEEHY: One minute. [LB1090A]

SENATOR HAAR: And here's another one: For I was hungry and you gave me something to eat. I was thirsty and you gave me something to drink. I was a stranger and you invited me in. We're doing this not just for the children but for Jesus. Thank you very much. [LB1090A]

PRESIDENT SHEEHY: Thank you, Senator Haar. Senator Nelson. Senator Krist. [LB1090A]

SENATOR KRIST: Thank you, Mr. President. Good morning, Nebraska and colleagues. I'm going to do my normal segue here and I'm going to tell you that the contracts that were designed, which had no financial or management oversight of our foster care and child welfare systems, wasted millions of dollars, millions of dollars trying to take care of kids. We know we're taking care of that or we're trying to take care of that. There's a group of bills coming up on Thursday that we'll try to structure that again and get it back into focus. But let me tell you what happens when you don't spend a little bit of money. We had a child age out of the system who was diagnosed with psychological problems.

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And we took away the drugs because we couldn't find a way to keep him on his medications. He's 19 years old, diagnosed in the system, his entire life in foster care. He was our son, he was our son because he was a ward of this state. He's a "tweener," he aged out of the system. We couldn't keep him on \$100 a month worth of drugs. You know the story? Location Omaha, Nebraska, United States; date, Wednesday, December 5, 2007, 1:43 to 1:49 p.m., six minutes; target, Von Maur at the Westroads; attack, mass murderer, murder/suicide; weapon, AKM 7.62x35 mm semiautomatic; nine deaths including the perpetrator, four injured, lives destroyed, family lives destroyed. You know the story. There's a time when you have to stand up and say we're going to spend a little money. We're going to take care of this state's best resource, greatest resource. I'm not talking about agriculture. I'm talking about our kids. Back to the subject at hand. We're talking about spending \$140,000, \$140,000. And what's going to be left on the table in federal funds is \$1,338,000. I'm not sure how that...I'm sorry. It just...it doesn't make sense to me. Think about that money that's going to come in from the federal government to subsidize. I hope that number is right. I hope that sinks in, because that food is going to have to be purchased from someplace here in Nebraska. It's going to have to be transported to those places, it's going to have to be transported and fed to those young people. Our trucks are going to deliver them. The drivers are going to get paid. They're going to pay taxes. The businesses are going to be reimbursed for the amount of money that they have spent on the food that's going to be purchased. And it's going to cost us \$140,000. Seems as ludicrous to me as not providing a medication to a young man so he didn't execute nine people one day in December a few years ago. I'd call this an economic development bill. We're going to spend \$140,000 and we're going to get a lot of money back. I wouldn't worry about the federal government staying... [LB1090A]

PRESIDENT SHEEHY: One minute. [LB1090A]

SENATOR KRIST: ...afloat right now. I would look at the amount of money that we are leaving on the table and the opportunity to feed our kids in the state. I'll vote green on the A bill. I voted green on LB1090. I'm going to stand here today for the kids, like I will stand on Thursday morning for the kids. And if anybody calls me a softie or a handout, then bring it on. I'm here for our children. Thank you, colleagues. [LB1090A LB1090]

PRESIDENT SHEEHY: Thank you, Senator Krist. Members requesting to speak on LB1090A, we have Senator Wallman, followed by Senator Lautenbaugh. Senator Wallman. [LB1090A]

SENATOR WALLMAN: Thank you, Mr. President. I want to thank the people who commented on that. Thank you, Senator Krist, Senator Council, some of the others. Here I got a letter, e-mail from a lady from Beatrice Public Schools. Beatrice began their Summer Food Service Program last summer. She helped start the backpack program because she was seeing kids come to school on Mondays who really hadn't had a lot to

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eat over the weekend. These kids couldn't wait to get their breakfast and lunch. Summer comes with the same crisis but more days that children go without meals. Peggy says, summer feeding prevents kids from scrounging around their cupboards trying to find anything to eat. So summer feeding ensures that kids are getting a good, healthy, balanced meal instead of only a bag of chips she heard of a student eating a whole day. It's also allowed Peggy to keep her staff around so they're more likely to return in the fall. She says with access to funding she'll be able to feed more children, get the equipment she needs to grow the program, and says it's hard to believe we're in a time where kids really don't have much to eat when school is out. But we are here and we can do something about it. And here's another one. The backpack program served a family where both parents were unemployed so receiving the basic necessities were very difficult. The backpack program helped these parents feed their children on the weekends when these children weren't receiving their school's free lunches. Parents have written thank-you's for that food. They have families coming and going all the time, so their lives are constantly changing. This program is one way to provide a constant for them, even if it's just a semester. So there's two cities currently do not operate a summer food program but would love to start one. It's called Bennet and Palmyra. So hunger doesn't go away in the summer, folks. It becomes even more important to make sure kids have access to nutritious meals. Becky knows that with funding help they would be able to start a summer program to help feed the kids each summer. And we had that happen in our church. He lost his job and they just had a little child, so she couldn't go back to work. The summer food program was my wife. She made sure they got everything to eat because they were too proud and she noticed something was going on. So we do have hunger in rural America. And I'm proud to be a farmer and proud to support this bill and the A bill as well because we all take federal subsidies. If we're in Ag Department, we get, or whether we travel down the federal highways, we all get some federal money somewhere. Thank you, Mr. President. [LB1090A]

PRESIDENT SHEEHY: Thank you, Senator Wallman. Senator Lautenbaugh. [LB1090A]

SENATOR LAUTENBAUGH: Thank you, Mr. President, members of the body. And I do want to make sure that I was perfectly clear on this, I do intend on voting for the A bill. I would urge you all to do the same. I just wanted to let Senator Schumacher know that he wasn't sounding hardhearted to me. He was raising valid points. And I didn't want him to think he was the only one who had those concerns. And I know that's not the case, as do all of you. But I would urge you to support this A bill. Thank you, Mr. President. [LB1090A]

PRESIDENT SHEEHY: Thank you, Senator Lautenbaugh. Senator Nelson. [LB1090A]

SENATOR NELSON: Thank you, Mr. President, members of the body. I won't speak long. I was called out. I haven't heard all of the testimony over the last 15 minutes. I did support the bill itself, but what Senator Schumacher said really resonated with me. It

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brought me back a little bit to the matters of policy. I guess one thing that bothers me is that I see here on what the money could be used for: outreach efforts to publicize new or expanded services under the program, which means some of this money could go for just encouraging more people to participate in this. I visited Liberty School a year or two ago and they have a breakfast program there, a lunch program, and they keep the kids there until 7:00 at night where necessary. I can understand if parents become unemployed or there's no income in the house. What I don't understand is where there are two parents working, why in the world they're not able to provide a breakfast for their children one way or another. And I think we have to take a stand somewhere. I don't know how many more kids we would feed to draw down \$2 million plus more from the federal program. But I just have to say I'm going to consider carefully how I will vote here to advance the A bill. Thank you, Mr. President. [LB1090A]

PRESIDENT SHEEHY: Thank you, Senator Nelson. Members requesting to speak on LB1090A, we have Senator Council, followed by Senator Lathrop, Senator Howard, Senator Wallman, Senator Ken Haar. Senator Council. [LB1090A]

SENATOR COUNCIL: Thank you, Mr. President. Again, I rise in support of the A bill associated with LB1090. And I listened to those who have concerns about this particular legislation. And I remind them of the eligibility requirements for participation in the free and reduced lunch program. We're talking about 185 percent of poverty. And while many don't want to acknowledge it, there are people who go to work every single day and don't earn enough money to place them above the poverty level. And we want to talk about when we have two parents in the home working, and that occurs, and many of those families are struggling to make ends meet. This is a program designed to provide meals for children, meals for children. And admittedly, adults sometimes make poor choices that impact the children. But this is about the most vulnerable population in our society, our kids, and providing them with a nutritious meal. And reminding you, colleagues, that these are the same kids, if it's during the school year, we don't hear a word about their access to free and reduced lunch. What this bill is about is to provide those benefits to those children when school is not in session. The very purpose for which the program was designed was to provide meals, nutrition so that these children are as best prepared to learn as possible. And certainly an investment of \$140,000 annually to access the amount of food that would be made available to children of Nebraska should result in unanimous approval of this A bill in and of itself. I certainly understand and appreciate the concern of those who talk about the need to cut federal programs. But I also hear those same individuals, when you identify their priorities of government, among those priorities listed, one of the highest is taking care of our most vulnerable citizens. And our children are our most vulnerable citizens. These programs are intended to provide a nutritious meal, meal from food, much of which is grown here in the Heartland. So we're providing meals, we're providing markets, we're not rewarding people for being irresponsible, and that's the suggestion that's left by the comments of many of those who have spoken against this particular piece of legislation.

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This is to provide for the nutritional needs of youngsters in the state of Nebraska, 90,000 of whom are food insecure for whatever reason. And I again direct your attention to the map that has been previously distributed in connection with this piece of legislation that shows that the over...the significant number, I don't want to say overwhelming percentage, because most of the population is in the eastern part... [LB1090A LB1090]

PRESIDENT SHEEHY: One minute. [LB1090A]

SENATOR COUNCIL: ...of the state. But if you look at that map and you see the counties in this state where more than 50 percent of the children in those counties are eligible for free and reduced lunch. And to say, by any opposition to LB1090A, that you don't want to see those children have access to nutritional meals during the summer, meals that they are otherwise eligible for during the school year, and would be available to them with some small financial assistance in terms of providing a refrigeration unit or a mobile unit with the funds that would be granted under LB1090, I think we need to question again our priorities. We can't keep mouthing that taking care of our most vulnerable is among government's top priorities and then not taking the requisite action to carry out that priority. LB1090A... [LB1090A LB1090]

PRESIDENT SHEEHY: Time, Senator. [LB1090A]

SENATOR COUNCIL: Thank you. [LB1090A]

PRESIDENT SHEEHY: Thank you, Senator Council. Senator Lathrop. [LB1090A]

SENATOR LATHROP: Thank you, Mr. President and colleagues. We seem to be getting squeamish about something. And I'm having trouble putting my finger on it, figuring out exactly why people voted for the bill and are now getting squeamish about the A bill that's following it. And it makes me wonder if our concern is with taking federal dollars. This involves a match, a considerable match, a terrific match. I will say, in the child welfare bills that we passed last week or moved last week, one of the things we instructed the new commission to do was to see how to take advantage of federal dollars in how we pay for care. We take and took every single, every single bit of money that was part of the federal government's stimulus. We may have demagogued it, but we took and spent every single dollar of that. So I'm having trouble picking up on just what we're uncomfortable with here, why this isn't a simple vote for some. Is it taking federal money or is it the kids? Do we have a problem with addressing the needs of the poor, the needs of the hungry with state and federal assistance? Is that the issue? Is that all the nonvotes? Is that...do the nonvotes, the people that won't vote no but that nonvoted, is that about helping the poor kids or is it about the federal dollars? Because I don't get it, I don't get it. Maybe we got one eye on the tax cuts. Maybe that's what we're doing is we're trying to save some money for some tax cuts. You know, I'm going to say

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this. You can tell what your priorities are in the budget. And if we're more worried about a tax cut or a business incentive for a data processing center than taking advantage of a federal program that brings an awful lot of money in to take care of very poor children who, by the way, can't work. These are kids that don't work, they can't work, they're not responsible for their own circumstance. They're not responsible for it. And if the churches weren't involved already, the number would be much bigger. We have fabulous food pantries across the state that help. This is a program that makes sense. There is in the grand scheme of things, when you look at what we've done, the money we've spent and given away to companies to come to this state, this is a small amount. It's a good investment and it's the right thing. Thank you. [LB1090A]

PRESIDENT SHEEHY: Thank you, Senator Lathrop. Senator Howard. [LB1090A]

SENATOR HOWARD: Thank you, Mr. President, members of the body. I took a little time and I went out into the Rotunda and I looked around to see if the kid lobby was out there standing up for this bill, because I figured they got a big stake in it, they should have a well-paid child lobbyist out there. And there wasn't any, no kids, no children. It's up to us, it's up to us today to make sure that the children in Nebraska who would go hungry have the opportunity to eat. It's as simple as that. All the breaks that we give, and we speed them right through here without even blinking an eye, and off mike I was sort of talking to Senator Nordquist about this. Well, maybe if we don't fund this, maybe there won't be any breaks and children won't move into Nebraska. (Laugh) We'll just keep them all out because we're not going to give them a tax break on having food for lunch. This is a critical matter and it really, it really defines who you are and what you see as important. And I look at the list of some of the people that chose not to vote, chose to sit on their hands, and these are people that claim to care about children, claim their heart is in the right place, claim they want, let's just say, school bus safety, because we don't want a child getting off a bus and getting run over, of course. But we're going to increase the fine on somebody that doesn't respect the arm on the school bus. Okay. I voted to support that. But it is about children. And we've got somebody else that didn't vote who claims foster care system is a big mess, a big mess. Children are caught in it, victims of the foster care system, but chose not to vote to feed children. Now this doesn't make any sense to me. I often say on this floor I'm just the average person. But I can tell you one thing that really gets to me is when people are hypocritical in what they define as important to them one minute and then they're entirely different the next. You don't have to be a politician to be accused of being hypocritical. But I think especially it is glaring for those of us that are doing the work down here. Another person I'm looking at who didn't vote, person with many children of this person's own. I'm sure that this person's children have not been hungry, but there are other children that are hungry, other children in this state who are hungry and we have an opportunity here and now to make a difference for those kids. No, they're not going to thank us. They're not going to write us little notes in crayon and say thank you, Senator, whichever of us voted to provide funding so that I would have lunch in the summer, so that I wouldn't go

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the weekend without something to eat. No, they're not going to call us on the phone. They probably won't send us an e-mail, but we're going to know. Each one of us is going to know. I say, think of who you are, where you want to stand and be here on this bill. Thank you. [LB1090A]

PRESIDENT SHEEHY: Thank you, Senator Howard. Mr. Clerk, do you have items for the record? [LB1090A]

CLERK: I do, Mr. President. Senator Burke Harr would offer LR453; that will be laid over. Revenue Committee, chaired by Senator Cornett, reports LB851 to General File; LB1106, General File with amendments; those signed by Senator Cornett. Banking, Commerce and Insurance reports LB1026 to General File. (Legislative Journal pages 782-783.) [LR453 LB851 LB1106 LB1026]

And, Mr. President, a priority motion: Senator Carlson would move to recess the body until 1:30 p.m.

PRESIDENT SHEEHY: You have heard the motion to recess until 1:30 p.m. All those in favor say aye. Opposed, nay. We stand in recess.

RECESS

SENATOR CARLSON PRESIDING

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

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

SENATOR CARLSON: (Gavel) Thank you, Mr. Clerk. Do you have any items for the record?

CLERK: I do, thank you. Government Committee, chaired by Senator Avery, reports LB1140, LB936, and LB953 to General File with amendments. That's all that I have, Mr. President. (Legislative Journal pages 783-785.) [LB1140 LB936 LB953]

SENATOR CARLSON: Thank you, Mr. Clerk. We'll proceed to the first item on this afternoon's agenda.

CLERK: Mr. President, LB1090A, a bill by Senator Wallman. (Read title.) The Legislature recessed, having discussed the issue this morning. At this time I have no amendments pending. [LB1090A]

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SENATOR CARLSON: Thank you, Mr. Clerk. We return to debate on LB1090A. Are there any senators wishing to speak? Seeing none, Senator Wallman, you're recognized to close on LB1090A. [LB1090A]

SENATOR WALLMAN: Thank you, Mr. President. Members of the body, I hope everybody has had something to eat and is full. And I can't imagine a child going to bed hungry or going through the summer hungry, and I think this is good legislation. And is it needed? We can always say...we can use excuses, government shouldn't do this, government shouldn't do that, but we are the government so we help out people to eat is our priority, and also education. So there's lots of issues here, but above all let's feed the children. Thank you, Mr. President. [LB1090A]

SENATOR CARLSON: Thank you, Senator Wallman. Members, the question is, shall LB1090A be advanced? All those in favor vote yea; all opposed vote nay. Are there others wishing to vote? Record, Mr. Clerk. [LB1090A]

CLERK: 35 ayes, 0 nays on the advancement of LB1090A. [LB1090A]

SENATOR CARLSON: The bill does advance. Mr. Clerk, next item. (Gavel) [LB1090A]

CLERK: Mr. President, LB962. (Read title.) Introduced on January 11 of this year, referred to the Revenue Committee, advanced to General File. There are Revenue Committee amendments. (AM2018, Legislative Journal page 548.) [LB962]

SENATOR CARLSON: Thank you, Mr. Clerk. Senator Pahls, you're recognized to open on LB962. [LB962]

SENATOR PAHLS: Good afternoon, Mr. President and members of the body. I want to let you know I introduced a bill this year dealing with tax exemptions and there were no opponents, so I think that sort of sets today's agenda. In this particular bill there were no opponents. I almost thought it was going to have consent calendar, but I missed it by one vote, so I hope you do keep that in mind as we go over this bill. I want you to allow me to give a brief history on different components of the bill. The history of the Tax Rate Review Committee: This committee was established in 1983. It didn't have a name but it went under the title Tax Rate Review Committee. And on this committee you would have the Chair of the Appropriations Committee, the Chair of the Executive Board, the Speaker of the Legislature, the Revenue Committee Chair, and also the Tax Commissioner. And I think you'll see a part of the amendment will deal with that particular composition of the board. The purpose of this committee is to meet during the interim to review tax receipts to determine if they are coming in at a rate relied on when the budget was adopted. Now the committee is staffed by the Legislature...the Fiscal department and they do release this to us electronically. In the past, it was on a paper

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copy, but as many different agencies are doing today, they are reporting things to us electronically. The second part I want to talk about is the history of the tax expenditure report. The Legislature required the Department of Revenue to tally all tax exemptions and report back to the Legislature. It was passed in 1979, and every two years they give that report to us. So that's basically what this bill deals. Number one, we're renaming...or we are officially naming the committee the Tax Rate Review Committee, and secondly what we're doing is simply appending to this document the tax expenditure report that comes to us from the Department of Revenue. And like this past year, if you know, they sent that to you electronically. But sometimes that gets lost in the shuffle. So what I'm trying to do is complete what I call a circle. We not only see what the Tax Rate Review Committee has to say, but it also gives us some idea what the report that is given out every two years, put that all together and that is what this is all about. It's that simple. We already have two pieces of information coming to us. I want to combine them so when you look at it you'll see the total picture. And somebody asked me the other day why I am insistent or I keep bringing back ideas about tax exemptions. Well, in 2006, this body created legislation to develop a Tax Policy Commission comprised of a number of senators, people in the private industry, and people in the government section. We met and we issued a report. So when people say that we do not utilize these reports, I question that. I think the other day Senator Lathrop said, hey, take a look at this blue report. He says there's an awful lot of good information in here. I think if we do look at those reports, it will cause us to think, and that's what this Tax Commission did. Because I happened to sit on what division of it? The sales tax division. We've already, since then, we have enacted legislation that has dealt with income tax, corporate taxes, but we've never done anything basically with sales tax except give additional exemptions. And I just want to say, just point out what this report indicated that we should do. The sales tax portion of the report contained two important recommendations. This is a recommendation from this group: Number one, every sales tax exemption should sunset and be reenacted if it can be justified. Now I did come up with a bill to do that. That is when at least 40 lobbyists, I woke them up. But what I was doing is what this report requests us to do, not to do away with tax exemptions but to bring them up on a regular basis and then reenact them if they were still justifiable. It's that simple. I have never said we need to do away with this exemption or that exemption. In fact, I have voted for a number of exemptions. And another recommendation was to tie this report, the tax expenditure report, with the Appropriations bulletin that they hand out every year that we look at our budget. I tried to do that last year and that did not--during the rules debate--and that did not meet with much success. Again what I want to point out is this creates...does not create or do away with any exemptions. Is what I'm hoping to do is make this clearer to all of us. I think there's...you would find an awful lot of interesting information in these reports, and I'll just point out one that when I collected the information in 2008 or, excuse me, 2010, just goes to show you what's happening in our industry. I'm just going to speak to one. Newspapers in that year paid \$6,260,000 on exemptions. This past reporting period it's down to \$2,727,000. That in itself should show you what that industry is doing. As you

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go along through the exemptions you'll start questioning some of them. And I'll just name one, not saying doing away with it, but if you take your clothes to a coin-operated place, you don't pay taxes on it. But if you wash your car, you pay taxes. As you go through all these, you'll see all these inequities. And you want to say, hey, why is that happening? Thank you. Another thing that we should take a look at is how we come...how they come up with some of these figures. If you take a look at them, I think you'll be amazed at what they use. For example, when they talk about meals and food products in schools, they take a look at the Lincoln and Omaha Public Schools survey. They look at agriculture. They take a look at a number of different agriculture surveys. There's an awful lot of good information in here. Again what I'm asking you is to me, like I say, this is a relatively simple bill. I'm hoping to keep the concept of tax exemptions alive. Thank you. [LB962]

SENATOR CARLSON: Thank you, Senator Pahls. As the Clerk indicated, there are committee amendments, and Senator Cornett, as Chair of the Revenue Committee, you are recognized to open on committee amendments. [LB962]

SENATOR CORNETT: Thank you, Mr. President and members of the body. The Revenue Committee amendment, AM2018, to LB962 is a white copy amendment of the bill which retains all provisions of LB962 as introduced, except that it removes the language in Section 2 of the bill that would have made the Tax Commissioner a member of the Tax Rate Review Committee. Concerns over a separation of powers issue prompted that change. The Tax Rate Review Committee is a committee of the legislative branch of government, whereas the Tax Commissioner is an executive officer of the executive branch of government. The Tax Commissioner can give advice to the Tax Rate Review Committee but he or she cannot be a member of the committee without raising questions about the constitutionality of the bill. I urge you to adopt the amendment, AM2018, to Senator Pahls's bill. On the underlying bill itself, Senator Pahls has worked for a number of years on these types of issues. He has been very persistent. LB962 is a good bill and I urge the body to support it. Thank you. [LB962]

SENATOR CARLSON: Thank you, Senator Cornett. The floor is now open for debate on LB962 and the underlying amendment, AM2018. (Visitors introduced.) Are there senators wishing to speak? Seeing none, Senator Cornett is recognized to close. She waives closing. The question is, shall AM2018 be adopted? All those in favor vote yea; opposed vote nay. Has everyone voted who wishes to vote? Record, Mr. Clerk. [LB962]

CLERK: 35 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB962]

SENATOR CARLSON: The amendment is adopted. We return to discussion of LB962. Are there senators wishing to be heard? Seeing none, Senator Pahls, you're recognized to close. [LB962]

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SENATOR PAHLS: Thank you. I'm just hoping you don't sunset this bill. Thank you. [LB962]

SENATOR CARLSON: Thank you, Senator Pahls. The question is, shall LB962 be advanced to E&R Initial? All those in favor vote yea; opposed vote nay. Record, Mr. Clerk. [LB962]

CLERK: 34 ayes, 0 nays on the advancement of LB962. [LB962]

SENATOR CARLSON: LB962 is advanced. Mr. Clerk, next item. [LB962]

CLERK: Mr. President, if I may, Business and Labor in Exec Session now in Room 2022. LB1079 is a bill by Senator Mello. (Read title.) Introduced on January 18, referred to the Education Committee for public hearing, advanced to General File. There are Education Committee amendments, Mr. President. (AM2055, Legislative Journal page 566.) [LB1079]

SENATOR CARLSON: Thank you, Mr. Clerk. Senator Mello, you're recognized to open on your bill. [LB1079]

SENATOR MELLO: Thank you, Mr. President. Members of the Legislature, LB1079 is the product of an interim study by the Education Committee and the Appropriations Committee that looked at possible funding streams for what are known as bridge programs. Generally speaking, bridge programs are educational partnerships that assist students in obtaining the academic and technical skills needed to enter and succeed in postsecondary education training and the job market. Typically, these partnerships are between nonprofit social service agencies and community or technical colleges. While the state of Nebraska has not faced the same economic hardships as our neighboring states during the great recession, we clearly are facing a skills gap. By 2018, 64 percent of jobs in our state will require postsecondary education, yet only 35 percent of Nebraskans currently hold such a credential. In order to fill this gap and continue to grow our economy, our state must find new strategies to train Nebraskans for jobs of the future. Investing in bridge programs, which have been established nationwide with great success, can only help keep our economy strong and create new opportunities for working families. In simpler terms, establishing and supporting bridge programs can be a smart strategy to not only increase our work force but also get improved outcomes from our current investments in adult education programs. During the LR206 interim study hearing, the Education Committee heard testimony from two existing bridge programs in Nebraska: the Pathways Out of Poverty Program through the Center for People in Need, in Lincoln, and the Customer Connect Program through Goodwill Industries, in Omaha, both of which were funded through the American Recovery and Reinvestment Act of 2009. Since that hearing, funding for the Pathway Out of Poverty

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Program has run out and the Customer Connect Program faces a similar fate. With the committee amendment, LB1079 would appropriate \$200,000 from the Education Innovation Fund in each of the next three fiscal years for a competitive grant process for bridge programs. These bridge programs, which would be able to leverage additional local, philanthropic, or federal funds, would be given priority under the competitive grant process, and the bill also contains a provision requiring the Department of Health and Human Services to assist bridge program applicants in drawing down additional federal funds. I would note that the committee amendment would negate the current fiscal note as the green copy did not specify the exact amount of money that would be appropriated in the pilot project. Based on conversations between my office and the Legislative Fiscal Office, the Department of Education feels that administration of the pilot project could be handled through existing resources. As a result, the only fiscal impact would be the transfer of \$200,000 per year from the Education Innovation Fund. I recognize that the Education Committee's work during the LR542 process did transfer several programs, which had been previously funded using General Fund dollars, to the Education Innovation Fund, and there may be some concerns still about not wanting to overutilize these lottery dollars. If you look at the handout that was provided to us by the Legislative Fiscal Office, even with the \$200,000 taken out from the fund in each of the next three fiscal years, the balance of the Education Innovation Fund is estimated to remain between \$3.5 million and \$4 million. In fact, it's worth noting that with the recent increase in the cost of Powerball tickets has resulted in an increase in projected revenues for the Education Innovation Fund. I want to thank the Education Committee for advancing the bill, as well as Senator Conrad for prioritizing it, and I'd urge the body to adopt LB1079 to Select File. Thank you, Mr. President. [LB1079 LR206]

SENATOR CARLSON: Thank you, Senator Mello. As the Clerk indicated, there are committee amendments. Senator Adams, as Chair of the Education Committee, you're recognized to open on committee amendments. [LB1079]

SENATOR ADAMS: Thank you, Mr. President. Members of the body, the committee amendment does two very fundamental things. As has already been pointed out by Senator Mello, if this bill passes, it will use lottery dollars that are committed to education. We already have several programs that receive lottery dollars by statute. We've already identified those. What the committee amendment does is to establish a priority for that funding. And typically we are looking at eight different categories that money is committed to, and if this bill were to pass and this committee amendment were to be added on, what would happen is the \$200,000 to the bridges program would be put second to the last on the priority list of the use of lottery dollars. It would be second to the last. So we would use those dollars down to that point. The lottery dollars would go out three years. In the year '15-16 there would be no more, but at the same time we would at that point, by statute, we have to relook at all the programs that lottery dollars are used for in the area of education. The other part of the committee amendment, what it does, it broadens language. Instead of specifically saying that the monies would go to

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a community college for bridge programs, it broadens that out and doesn't just say community college, so it opens it up to other programs that would be eligible to make application for the grant dollars. So in essence what the committee amendment does is to establish a priority and puts the bridges money, the \$200,000 a year, second to last on the priority list; takes the word "community college" out and broadens the concept of user, who can apply for the money. That's the committee amendment, Mr. President. [LB1079]

SENATOR CARLSON: Thank you, Senator Adams. Members, you've heard the opening on LB1079 and the committee amendments. The floor is now open for debate. Senator Conrad, you're recognized. [LB1079]

SENATOR CONRAD: Thank you, Mr. President. Number one, I'd like to start off by thanking Senator Mello for introducing this legislation and also thanking Senator Adams for his thoughtful commentary in regards to the committee amendment, and his hard work, and indeed the hard work of all members of the Education Committee who have had an opportunity to look at this program in greater detail and depth. I did, in fact, choose LB1079 as my personal priority bill this session for a variety of reasons. One of the programs that was mentioned at our interim study hearing and also again here today happens right in the heart of the "Fightin' 46th" in north Lincoln at the Center for People in Need. And so I've had an opportunity to become familiar with this program through the good work that's happening right in my district and that benefits our community as a whole. And whenever we see a program like this, as policymakers, that truly has the support of the private sector, being the business community and the nonprofit community, educational institutions, and a host of other disparate and divergent interests at times, come together in support with no opposition because of the well-established and proven results programs like this bring forward. If you look at your committee statement, indeed no one was opposed to this legislation when they came forward, and we know it works. We can talk to the businesses that have partnered with these nonprofits and educational institutions to see what's happening to the students who utilize these programs. And what is happening to them is that they're achieving self-sufficient wages in industry where there's a great need for these kinds of skills to be brought forward. That lessens these Nebraskans' reliance on public assistance, helps to break the cycle of poverty, and provides qualified workers for these industries and helps to meet their needs. These programs have been proven to be flexible to address the specific needs that exist in communities where they have operated. And my hope is, as they continue to grow and change, they will continue to do that. The skills gap is an issue that has received a great deal of attention nationally and even to a certain extent locally by the U.S. Chamber of Commerce, manufacturers, and otherwise, about one strategy that we need to think about in terms of moving our work force programs and education programs into the next phase of what's most effective strategically. From a fiscal perspective, I fully support the committee amendment and I fully understand Senator Adams' very specific concerns in relation to the pressure that might exist on this

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funding source. It is by no means my intent nor Senator Mello's nor I think anybody in this body's intent to in any way jeopardize the important programs that are already utilizing these funds. And, in fact, if that were the case, I make a full commitment to this body, as do others who are supporting this program, to come back and take a look at it. But I think that you will see, if you take a chance to review the updated fiscal information that Senator Mello has passed around for you, because of the increase in our lottery revenues due to an increase in price, we are seeing a positive improvement in regards to the funds available in this regard. So our intent is to hold harmless and support the other good programs that are operating based on this funding source, and to, you know, provide for a very small expansion into another very, very worthy program like the bridge program so that it can benefit from the use of these dollars as well. I think it's fair to say, if you look at the committee statement, NSEA has always been incredibly protective of expenditures out of these funds... [LB1079]

SENATOR CARLSON: One minute. [LB1079]

SENATOR CONRAD: Thank you, Mr. President...and they're in full support of this legislation and, I believe, have noted that this is the exact kind of program that these dollars were meant to benefit. So with that, we're happy to talk more specifically about the benefits of this program, but I do urge your thoughtful consideration and would appreciate your support. Thank you, Mr. President. [LB1079]

SENATOR CARLSON: Thank you, Senator Conrad. Those wishing to speak include Adams, Harms, Council, Fischer, and Wightman. Senator Adams, you're recognized. [LB1079]

SENATOR ADAMS: Thank you, Mr. President. Members, let me for just a moment walk away from the committee amendment and look at this bill as a member of the Education Committee and a fellow senator like the rest of you, rather than in promotion of the committee amendment. Conceptually...and I've shared this with Senator Mello. Conceptually, this is probably a good idea. Helping people get into the work force, getting the skills that they need, who can argue with that? I'm not. I'm not going to argue with it. Here's my issue, and if you look at the gadget you'll see that I did not vote favorably to move this bill out, and it's not because there may not be a need here. It's because of two things. First and foremost are the lottery dollars. And I'm going to begin by telling you that I am fully prepared for Senator Mello to get up, and properly so, and say, no, we can afford it, when I'm going to stand here and tell you I'm not sure we can. And the bottom line is, I think both of us are wrong and both of us are right. We don't have a definitive answer. Here's what we both know, and I guess I say that and if Senator Mello wants to contest that...or let me change it. Here's what I do know as Chair of the Education Committee: We have to maintain an ongoing balance in that lottery fund, because you know what is at the bottom of the list? Remember, if you pass the committee amendment the bridges funding comes in second to last. The last thing

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on the list are grants from schools for distance education. Now admittedly those dollars have fluctuated based on the number of grants. That's why it's down there at the bottom. But we've got to maintain a balance. Now if somebody wants to stand up and go to the mike and say, Adams, would you yield to a question: What's the balance? That's what I'm telling you, I don't know the exact number where the balance needs to be. But I do know this: A year ago the Education Committee, when we developed our LR542 plan, remember that under LB333 we moved a bunch of education programs out of General Fund and over to lottery dollars, and we all know why we had to do that. And at the time one of the things that the committee was very cognizant of is that every time we moved a program, the question to the Fiscal Office was, can we still fit this and maintain the necessary balance in that Innovation Fund, the lottery dollars? And we had reached a point...I cannot stand here and tell you I know exactly what that dollar amount was a year ago, but we had reached a point where we said we can't push any more over there, we're done; we've got to maintain this balance. And again I tell you, I don't know what that balance is, but that's still what I'm concerned about is that we maintain that balance. All right? Now if...the other thing that bothers me slightly about this is the good and the bad of it. If all we're going to do is to fund basic job skills, we can do that right now. The bridges program also...and correct me, Senator Mello, if I'm wrong. The bridges program is more than just job training. There are wraparound services involved, all right? And I'm telling you that, and Senator Mello can better describe that to you, because we're really looking at more than just training for job skills. If that's all it was, we've got a section in the Department of Ed for adult education; we have community colleges that... [LB1079 LB333]

SENATOR CARLSON: One minute. [LB1079]

SENATOR ADAMS: ...that focus on this. This is a bit more. But first and foremost, for me, is those lottery dollars. It's low-hanging fruit, and maybe there's still some fruit to pick. My gut tells me there isn't. And that's all I have to operate on is my gut right now. Thank you, Mr. President. [LB1079]

SENATOR CARLSON: Thank you, Senator Adams. Senator Harms, you're recognized. [LB1079]

SENATOR HARMS: Thank you, Mr. President, colleagues. Senator Adams, would you yield just for a little bit of dialogue you and I could have? [LB1079]

SENATOR CARLSON: Senator Adams, would you yield? [LB1079]

SENATOR ADAMS: Yes. [LB1079]

SENATOR HARMS: Senator Adams, when you talked about removing the community colleges and it opened this up, could you define that for me? I mean, who's actually

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going to be doing this? Are you talking about all of higher education? [LB1079]

SENATOR ADAMS: Well, I believe--and I think Senator Mello could probably better answer this--it would be even outside organizations that could provide service. [LB1079]

SENATOR HARMS: Well, let's talk about...then let's talk about the services. Would it be better off if I talk with Senator Mello? [LB1079]

SENATOR ADAMS: I think it would. [LB1079]

SENATOR HARMS: Okay. Thank you. Senator Mello, would you yield? [LB1079]

SENATOR CARLSON: Senator Mello, would you yield? [LB1079]

SENATOR MELLO: Absolutely. [LB1079]

SENATOR HARMS: Senator Mello, I do support this. I just want a little clarification, okay? I guess the one thing that I'm concerned a little bit about when I look at your amendment on LB1079, which we haven't had any discussion about, we start talking about basic skills. In role and mission, if you're going to open this up to higher education, you know, in role and mission, by law, it is the community college's responsibility to provide the basic skills, foundation education, remedial, developmental, vocational, technical, whatever terms you want to use. Can you help me better understand what you're attempting to do here, because I don't understand this for sure. [LB1079]

SENATOR MELLO: Absolutely, Senator Harms. And unfortunately, my amendment comes after the Education Committee amendment. And essentially after we drafted the bill and the more research we've done, as well as conferring more with the two pilot projects that have been done in Nebraska, nonprofit agencies or social service organizations are usually the lead agency, so to speak, on any kind of bridge program development. Community colleges in Nebraska have been the only two educational institutions, or education institution systems, so to speak, that has provided some of the adult education aspect as well as more of the contextualized career job training. But that doesn't mean in looking at what other states have done, for an example, a K-12 school district could qualify if providing some of that adult basic education, and then a community or a technical college could provide the contextualized job training. So with my amendment onto the committee amendment, we just clarify that there's an educational institution that ultimately is involved as a partner. It's not exclusive just to community college. But in the examples that we've seen, not only in Nebraska but other worthwhile noteworthy case studies, they have technically been community or technical colleges and/or K-12 school districts that provide adult basic education. [LB1079]

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SENATOR HARMS: Senator Mello, when we look at this and we analyze it carefully, what criteria will people use to determine who's going to get this money for the grants that you're going to propose that people could make application for? [LB1079]

SENATOR MELLO: Ultimately, the Department of Education is able to provide the oversight, I would say, and the disbursement of the grants through a competitive process and which they will develop based on the legislation. The underlying I think priority is given though to educational partnerships. So a partnership that may involve, for an example, a Goodwill Industries in Western Nebraska Community College is given priority, because it's a partnership, instead of just, for an example, a nonprofit organization coming in and trying to provide the bridge program by themselves, the thought being is that there's multiple entities that are involved in the development of this kind of work force development system. And it's no...and the underlying purpose is there's no need for us to reinvent the wheel to have one entity or one agency do it solely on their own when we know, through case studies and through the existing projects that have been done... [LB1079]

SENATOR CARLSON: One minute. [LB1079]

SENATOR MELLO: ...in Nebraska, that each entity has a certain role to see the success of the participants in the program. [LB1079]

SENATOR HARMS: Senator Mello, could you give me some idea or a thought...I know we're running out of time here, but could you give me some idea or a thought how this partnership actually works? I mean, here the community colleges can do just about everything we're talking about. I mean what other agencies are available outside of that, that could actually plug into this to make it actually better for the client? [LB1079]

SENATOR MELLO: Thank you, Senator Harms. And I know we're on your time and I have my time in the queue as well so we can continue this dialogue. As the lead agency, the nonprofit social service entity is in charge of essentially doing the client work of ensuring that the client meets any particular guidelines that has been created by the grant program. The other big component is of trying to utilize other existing federal funds that, in theory, your educational institutions, that's not their responsibility to do. And so the good...for an example, Goodwill Industries would be the ones who are the client managers. They provide the life skill development. [LB1079]

SENATOR CARLSON: Time. [LB1079]

SENATOR MELLO: Thank you, Mr. President. [LB1079]

SENATOR CARLSON: Thank you, Senators Harms, Adams, and Mello. Senator Council, you're recognized. [LB1079]

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SENATOR COUNCIL: Thank you, Mr. President. I want to begin by thanking Senator Mello for introducing the bill and Senator Conrad for designating it as her priority bill. These career bridge programs address a number of the issues that this body has directly referred to or has alluded to with regard to a number of other pieces of legislation that we have addressed. The bridge programs are designed to take individuals who are lacking not only hard job skills but soft job skills and prepare them for the work force. One of the beauties of career bridge programs--and I can't recall who referenced it--was the involvement of the private sector. I am proud to have been associated with one of the most successful career bridge programs that I'm aware of that was operated in conjunction with Metro Community College, and it was a customer service representative career bridge program where a couple of the major insurance and financial institutions in Omaha agreed to provide employment opportunities to the graduates of these programs. And a number of the participants in these programs were single mothers who, but for this opportunity, would have been relegated to working at minimum wage jobs, probably remaining on government assistance, being eligible for free food programs due to their income. And now through this bridge program, and as my recollection serves me, there were 26 graduates of this program who received employment at a couple of the major customer service representative-oriented businesses in Omaha--Blue Cross Blue Shield and Mutual of Omaha--where these graduates, as a result of completion of this program, a program that was designed to meet the customer service representatives' positions of these employers, began in positions starting at wages far above 185 percent of the poverty level. In addition, these positions are career pathway positions. These are not merely entry level, dead-end positions. They are positions that have career pathway opportunities. Another such example is a welding program that was also developed in collaboration with Metro Community College, and one of the additional advantages of that program was that it served not only individuals who were in need of hard skill and soft skill job-related skills, this program also accepted individuals with criminal records. And one of the problems faced by a number of individuals who are seeking employment, not only is there a lack of the hard and soft job skills but the fact that they have had an encounter with the criminal justice system. Through these career bridge programs the employers are provided the degree of security, I guess, that they need to know that they're getting good solid employees. It's giving these individuals who have had encounters with the criminal justice system a second chance. They're employed in positions that pay meaningful wages,... [LB1079]

SENATOR CARLSON: One minute. [LB1079]

SENATOR COUNCIL: ...we're not talking about minimum wage jobs, positions where they can provide for their families and reduce the likelihood that they would return and encounter the criminal justice system. These programs work. They serve to move people from dependency to self-sufficiency. We are talking about equipping people for

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jobs of the future. We have all of these business incentive bills in here where they're going to be needing people with specified skills, and through these career bridge programs we can position our labor force for the jobs of the future. And I would urge your favorable consideration of LB1079 and AM2055, the amendment. And the next time I'm on the mike I'll address the concern that my colleague and Chair of the Education Committee, Senator Adams, alluded to. But this takes us back to the issue of... [LB1079]

SENATOR CARLSON: Time. [LB1079]

SENATOR COUNCIL: ...the lottery. Thank you. [LB1079]

SENATOR CARLSON: Thank you, Senator Council. Those still wishing to speak include Mello, Avery, and Conrad. Senator Mello, you're recognized. [LB1079]

SENATOR MELLO: Thank you, Mr. President. Members of the Legislature, I'll try to finish up at least the explanation that Senator Harms asked, and it's actually on my amendment that would move after the committee amendment. Essentially what we have done is to not create I would say a, quote unquote, closed class of educational providers in this state in regards to who can partner to do bridge programs. As I mentioned, community colleges are well known to be usually the lead educational institution nationwide to provide this kind of work force development model. Well, we've also seen that K-12 districts in certain areas and certain case studies have also provided to be an educational partner depending upon the type of program, and usually that K-12 partner is exclusively almost on the adult basic education GED level where then you have a postsecondary institution which is either a community or a technical college who provides that contextualized job training and credentialing education that furthers the participants' postsecondary education. Once again we're not picking winners and losers, so to speak, with the amendment. I think that's the bigger...the underlying issue that I wanted to raise to Senator Harms's question. The model still works whether it's with a K-12 district who's partnering with a nonprofit entity who's also partnering with a community or technical college. But the reality is we wanted to provide flexibility for those who ultimately apply for this competitive grant process to see what kind of partnerships they could develop to create a bridge program model. Senator Adams, I appreciate his thoughtfulness in regards to his remarks, and the reality is there can be I think an agreement to disagree, so to speak, on what may be the appropriate level of funding for the Education Innovation Fund. As you all know, the Education Innovation Fund is a special fund that was created with the adoption of the lottery in Nebraska. These essentially are gaming dollars that go into the Education Innovation Fund that has been targeted and prioritized to provide funding for innovative educational programming. Obviously, with what we're discussing in LB1079 that I believe and others believe it is an innovative educational approach to provide Nebraskans the basic adult basic education GED skills and education level they need to then continue on to what

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Senator Council alluded to, which is more or a living-wage career pathways type of certification that they can get at a community or a technical college or any other postsecondary educational institution who partners, so to speak, in a bridge program. If you look at the handout that I provided you when I discussed and opened the bill, under current law you'll see that every year until the extinguishment, so to speak, of the Education Innovation Fund, the fund increases. Even with the adoption of LB1079, every year that fund continues to increase. And so I respect Senator Adams' concern of not fully understanding, and no one ultimately knows what needs to be the bottom line dollar amount, so to speak, in the Education Innovation Fund. But looking at the past history, we've seen the fund I would say very, so to speak, to the point of in 2009-2010 we actually transferred \$10 million from the fund to help plug the budget shortfall. That \$10 million was sent to the university in exchange for General Fund dollars. Even with that \$10 million transfer, we have seen that there is ample amount of funds available to prioritize and fund all of the existing priorities of the Education Innovation Fund, as well as adopting LB1079, and still providing a steady increase of funding for any other project that falls under the fund, which as Senator Adams mentioned, distance learning grants, which varies in any given year, which provides us no real concrete way of knowing how much money will be taken from the fund in any given year. With that, colleagues, I by all means will be more than willing to answer any other questions, but I think the underlying concept... [LB1079]

SENATOR CARLSON: One minute. [LB1079]

SENATOR MELLO: ...of the bill speaks for itself. With that, I'd like to yield the remainder of my time to Senator Conrad. [LB1079]

SENATOR CARLSON: Senator Conrad, 50 seconds. [LB1079]

SENATOR CONRAD: Thank you, Mr. President. Thank you, Senator Mello. I'll try and be brief. One key distinction--and I do have my light on in case I can't finish, colleagues--within a bridge program versus job training or services that are offered through adult basic education or otherwise through the community colleges is this: It offers a credential. Job training is specific to that job. What happens if that job goes away? Then that worker is left without. This provides a credential that goes with that worker forever. So as one example that's worked in Nebraska, we're creating a curriculum, we're getting skills, we're providing credentials for people who want to work and need to work in the customer service industry. They're providing a credentialed program that stays with that worker, that allows them to enter above an entry level job in a good job and to continue... [LB1079]

SENATOR CARLSON: Time. [LB1079]

SENATOR CONRAD: Thank you, Mr. President. [LB1079]

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SENATOR CARLSON: Thank you, Senators Conrad and Mello. Senator Avery, you're recognized. [LB1079]

SENATOR AVERY: Thank you, Mr. President. Good afternoon, colleagues. If you have looked at the committee statement, you see that I was present and nonvoting, and I feel like I should offer an explanation for that. To some extent my reluctance to vote for this bill in committee mirrors that of the reasons that Senator Adams has already given. I like the concept. I see the need. I think it's a creative way to address this need. My concern is and my concern at the time was that we had already in the committee voted for two or three other programs that were taking money out of the Education Innovation Fund, and I was concerned that we were dipping too heavily into that fund and that we were about to go so low as to put it in jeopardy. And like Senator Adams, I don't know how low we can go. I don't know how much money we can transfer out of that fund before it is too low or dangerously low, but I do know that we are required to have a minimum reserve in that fund. It is an important fund and it is appropriate to use it for programs like this. My only concern at the time, and I still have this concern, was whether or not we could continue to take from the Education Innovation Fund without concern for its long-term viability. I know that we have, since that discussion, we've gotten some additional information about the impact of the increase in lottery tickets on this fund. We don't yet know what that impact actually will be. We do think, however, that the impact will be positive; that with the increase in the price of lottery tickets, whether you have an increase in participation of the lottery or not, there will be more receipts unless, of course, fewer people play because of the increase. How much is that? We don't know. There are estimates being talked about. How much of that will wind up in the Innovation Fund? We don't know that. So I continue to struggle with whether or not we can continue to fund programs of this kind, worthy though they may be, whether we can continue to do that by transferring funds out of the Education Innovation Fund. So I will continue to listen to the debate in the hopes that somebody can provide me with persuasive information that will give me the answers I'm looking for. With that, thank you, Mr. President, and I will yield any remaining time I might have to Senator Mello if he'd like to have it. [LB1079]

PRESIDENT SHEEHY PRESIDING

PRESIDENT SHEEHY: Senator Mello, you are yielded 1 minute 40 seconds. [LB1079]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. And I'll do my best to give Senator Avery I think what I believe is a persuasive answer to his question. The Education Innovation Fund's purpose is to provide funding for pilot projects, to provide funding for unique educational opportunities for Nebraskans, since that was the reason Nebraska adopted a lottery and gaming in the early '90s. This is a unique educational opportunity to help provide what I was just explaining to another

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senator, a more comprehensive program to those Nebraskans who don't have the job skills they need to be successful in certain kinds of industries. At the hearing, we had... [LB1079]

PRESIDENT SHEEHY: One minute. [LB1079]

SENATOR MELLO: ...someone explain that they had a job, they had a GED. It was not a living-wage job, and instead they enrolled in the customer service Connect Program with Goodwill Industries. It helped them get situated in a postsecondary education setting, helped them be successful. Got them a job essentially at Mutual of Omaha in a customer service career which they can build upon, and it got them the credentials they needed to continue their educational development. Senator Avery's question ultimately deals with the Education Innovation Fund. All I have to do I believe is to point to the handout I provided you. The fund continues to increase even with the adoption of LB1079. Looking at past numbers, we somehow provided \$10 million to the university in regards to a lump sum transfer, and there was no questions asked then. I believe if that has been the precedent as well as the increased revenues we're seeing from gaming in this state, there should be no reason we can't provide \$200,000 a year in a pilot project for three years... [LB1079]

PRESIDENT SHEEHY: Time, Senator. [LB1079]

SENATOR MELLO: ...to train Nebraskans. Thank you, Mr. President. [LB1079]

PRESIDENT SHEEHY: Thank you, Senator Mello. Thank you, Senator Avery. Senator Conrad. [LB1079]

SENATOR CONRAD: Thank you, Mr. President. And thank you, Senator Avery, for those thoughtful questions. And just to follow up briefly on the answers that Senator Mello provided, if you do look at the handout that he brought around, you know, don't take our word for it. This wasn't generated by Senator Mello's office or myself. This is based upon projections that are conservative and well established and that are a product of the Legislative Fiscal Office. We didn't just pull these numbers out of thin air, so to speak, to help to buttress our case, but rather Senator Mello and I both wanted to be very, very sensitive to the concerns that the Education Committee members addressed. And as I noted in my first time at the mike, Senator Mello and myself want to be protective of the other very, very worthy programs that are being currently funded by the Education Innovation Fund as it exists today. It is not his intent, it is not my intent or any others in this body to in any way impact those other programs negatively. So I think if you look at the very, very conservative amount that we're talking about here, a little over \$100,000 per year for a three-year period in a fund that consistently carries a balance of \$4 million or \$5 million per year on it, that's a very, very reasonable request, considering the return on investment that we get in terms of moving families to

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self-sufficiency kinds of jobs and living-wage jobs. We lessen their reliance on public assistance. We help to break the cycle of poverty, and we get these families in the work force, and we get them paying taxes and we get them contributing, and we do so in a way that is innovative and that differs from other existing programs that may reside in the realm of vocational ed or that may reside in the realm of what community colleges offer or job training programs that are out there. This has supportive services like career coaching, preliminary matters to assist the family with self-sufficiency pathways, and it requires a credential to come at the end of these programs, and that may not be available to these recipients or participants prior thereto. And helps them to continue to bridge from their current educational deficit into a manner that is going to be of value to our economic system as it is today. So with that, I think that again I will make the commitment, Senator Mello will make the commitment, and others, if down the road we are finding that this in fact does cause some sort of potential negative impact to other very worthwhile programs, we should go back and look at it and we should reevaluate. In fact, that's what we do every single budgetary session. We're constantly evolving our funding streams and other budgetary mechanisms to ensure that we have a sound plan in place and that there are no unintended consequences that wouldn't be addressed otherwise. And so is there a magic number on where this fund is ultimately depleted to or set to remain at? Probably not. That's going to be a policy choice and a gut check for each individual senator. But I think if you look at the history of the fund and the projections forward from the Legislative Fiscal Office, knowing that this is nonpartisan, it's the best and most complete numbers that we have available to make these decisions, we can say with confidence that there will be remaining and existing funds to support the other worthy projects that rely upon the... [LB1079]

PRESIDENT SHEEHY: One minute. [LB1079]

SENATOR CONRAD: ...Education Innovation Fund, and that this small expenditure that will help to continue very important efforts that have been started that have benefited the business community and the economy as a whole in Nebraska should be worthy of this consideration. The Pathways Program I talked about briefly that I'm familiar with in my district has run out of funding. So after developing a curriculum, getting people trained and into jobs, now it's over. Well, maybe this isn't a long-term funding strategy, but it provides a band-aid so that we can figure out a way to help these go forward far into the future, and it's going to take a little bit of time to allow for that conversation to occur between the private sector and we as policymakers. Thank you, Mr. President. [LB1079]

PRESIDENT SHEEHY: Thank you, Senator Conrad. Members requesting to speak on the Education Committee amendment, AM2055, to LB1079, we have Senator Harms, followed by Senator Council, Senator Christensen, and Senator Heidemann. Senator Harms. [LB1079]

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SENATOR HARMS: Thank you, Mr. President and colleagues. I'm still struggling a little bit with this. Maybe I'm just a little slow today--or about every day. But in listening to Senator Council and Senator Conrad, who both these senators I have high respect for, they're very bright and articulate, when they...earlier in their testimony when they talked about this project they defined very clearly what the community colleges do. And what I don't understand is why are we wanting to put a bridge program in where the community colleges already fulfill this kind of requirement? It's the community college that steps to the door when a business comes here and they want training, they want basic skills. If they want to change directions in their company, they come to the community college. The underemployed, the unemployed, when they're looking for skills, where do they go? They go to the community colleges. So I'm struggling just a little bit about how this goes. I wonder if Senator Mello, my friend, would yield for some friendly conversation? [LB1079]

PRESIDENT SHEEHY: Senator Mello, would you yield to Senator Harms? [LB1079]

SENATOR MELLO: Absolutely. [LB1079]

SENATOR HARMS: Senator Mello, as I look at this I'm wanting to know how does the public schools fit into this? Because I think some of the very issues we have in regard to students leaving our public schools were created in that environment, how are they going to reach these clients to prepare them in this bridge program to go on? [LB1079]

SENATOR MELLO: Senator Harms, to try to answer that question and maybe the confusion that seems to be around community colleges' involvement, the bridge program doesn't happen without a nonprofit entity or agency serving as a case manager. Right now, K-12 districts provide K-12 education, community colleges provide postsecondary education, but they don't...neither one of those institutions provide a case manager for individuals to say here is what we think you need to do from point A to point Z. And so what this ultimately funds is that gap that exists between someone simply enrolling in a college course or enrolling in a GED, ABE, or ESL program. It provides those wraparound necessity services that come with a case manager to say here is what you're going to need to test into; here is everything you're going to need. You can go to your high school to finish your ABE GED, then we'll get you situated to transfer you over to the life skills development that you're going to need to go first at your foundational education of your community college. Then after you pass that, we'll get you situated in a career pathway, as what Senator Council was mentioning, towards a specific industry. Some of the examples Senator Council was mentioning, the actual Omaha Chamber of Commerce and Goodwill Industries served, quote unquote, as that bridge partner between the community college and the employer. At the end of the day, you don't have a bridge program without a nonprofit agency serving as the bridge between someone who has no education or very little education and someone who has finished a postsecondary education, associate's degree, or some kind of certificate.

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[LB1079]

SENATOR HARMS: Senator Mello, define nonprofit. Community colleges are nonprofit. And the other side of it is, I'm not being argumentative here, Senator. As you know, we both think... [LB1079]

SENATOR MELLO: Uh-huh. [LB1079]

SENATOR HARMS: ...along the same kinds of lines with services. But when you really look at this, the wraparound services are a natural thing for what community colleges do. When a student comes to the institution, they don't have a high school diploma, and they sit down and they counsel this student or someone who is in our community and says you're going to have to have a high school diploma; we have the GED program right here, or we have the ABE program, or we have English for a second language here. We have it all. That wraparound is a natural thing. So when we use the term "nonprofit," community colleges are nonprofit. And I'm still struggling a little bit. Now to move on to another topic. [LB1079]

PRESIDENT SHEEHY: One minute. [LB1079]

SENATOR HARMS: Oh, thank you, Mr. President. And we'll come back and continue this dialogue maybe a little bit later. Why does the grant go to the State Department of Education? So we have this money set aside and now we're going to send it to...we make application and right now the community colleges or higher education don't have to deal with the State Department of Education. So why would they want to make application for the State Department of Education? Why shouldn't it be in a setting, an environment that deals with higher education? Senator Mello, could you answer that for me? [LB1079]

SENATOR MELLO: Senator Harms, I think the reality is, is that there is a significant number of adult basic education programs that are based out of the Department of Education. And since a bridge program's foundational aspect is to provide people a GED or the equivalent of a GED through adult basic education, that the program resides within there because that is where all adult basic education programs start, so to speak, at the Department of Education... [LB1079]

PRESIDENT SHEEHY: Time, Senator. [LB1079]

SENATOR MELLO: ...from (inaudible) federal dollars. [LB1079]

PRESIDENT SHEEHY: Thank you, Senator Harms. Senator Council. [LB1079]

SENATOR COUNCIL: Thank you, very much, Mr. President. I certainly appreciate my

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colleague Senator Harms's questions and concerns, and hopefully I can allay some of them. There's a distinct difference in the type of wraparound services that are provided to individuals through a bridge program as compared to perhaps what may be your understanding of the kind of services that can be provided through a community college. Under career bridge programs, Senator Harms and others, we're talking about a case management model. We're talking about an individual who is, through the not-for-profit, assigned a case manager that works with that individual and all of the issues, concerns, barriers to that individual pursuing and completing a certificate or an associate's degree. For example, under the case management model, it's not the community college that's going to help an individual deal with their childcare issues. It's not going to be the community college necessarily that's going to work with them on all of the aspects of soft employment skills in terms of work ethic, in terms of attendance, in terms of supervisor-subordinate relationships. These are the kinds of programs and services that the not-for-profits provide to the customers, for lack of a better term, that come through these career bridge programs. We're talking about wraparound services in the sense of when we talk about individuals who are served by the Department of Health and Human Services and wraparound services. Those are the kinds of wraparound services we're talking about. And, Senator Harms, I can't disagree with him that, you know, our community colleges are designed and many of them provide specific training for employers, but the issue is identifying the potential labor pool. And while there are potential laborers or a lot of laborers, potential laborers who just simply don't lack...excuse me, simply lack the soft job skills and the hard job skills that these employers are looking for, and it's the not-for-profits who ordinarily serve that population and are prepared to assist that population in entering into this labor pool and to become the kinds of employees that these employers are looking for. I'm reminded that a government employer took advantage of a career pathway program. A couple of years ago there was a new requirement for certification in order to perform lead abatement work, and in order to perform any kind of renovation or rehabilitation on a structure that was built before 1968, you had to have a certification. Now there were a lot of individuals who may have possessed some of the hard skills to perform that lead abatement work but didn't possess the employability skills, and many lacked the hard skills. So the Environmental Protection Agency joined with a not-for-profit and Metropolitan Community College, and they developed a career pathway program that led to individuals being trained to receive a lead hazard abatement certificate...
[LB1079]

PRESIDENT SHEEHY: One minute. [LB1079]

SENATOR COUNCIL: ...and to provide them with an introduction into the construction trades. And that, Senator Harms, is where the bridge program really works, because it bridges those people who are deficient in a number of areas and couldn't pursue, without the services provided by the not-for-profit, an associate's degree in construction management. But through this bridge program, where they get the wraparound

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services, they reach that first level of success, which is the certificate, and then they're positioned to take advantage of the programs and services that our community colleges have available to them to pursue an associate degree. And that's why they're called bridge programs, because it bridges them into the associate degree and other degree programs that our community colleges have to offer. So with that, I would again urge your support of AM2055 and LB1079. [LB1079]

PRESIDENT SHEEHY: Thank you, Senator Council. Mr. Clerk, items for the record. [LB1079]

CLERK: Mr. President, first of all, an announcement: The Health Committee will have an Exec Session now in Room 2022; Health Committee in Room 2022. I have a hearing notice from Health and Human Services Committee. New resolution, Senator Fulton, LR454; that will be laid over. And Revenue Committee reports LB897 to General File, and LB822 to General File with amendments. That's all that I have. Thank you. (Legislative Journal pages 786-788.) [LR454 LB897 LB822]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Continuing with floor discussion on the Education Committee amendment, AM2055, to LB1079, member requesting to speak, Senator Heidemann. [LB1079]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. I was not able to be here for the first part of the discussion, so if I ask some questions that have been stated and asked before, I apologize for that. I do have some questions on LB1079. I was wondering if Senator Adams would be available for some questions. [LB1079]

PRESIDENT SHEEHY: Senator Adams, would you yield to Senator Heidemann? [LB1079]

SENATOR ADAMS: Yes, I will. [LB1079]

SENATOR HEIDEMANN: Can you tell me how long these programs have been in existence? [LB1079]

SENATOR ADAMS: Well, just checking a moment ago, Senator Heidemann, just within the last, what, four or five years, I believe it is. Was it? I don't remember exactly what that date was. [LB1079]

SENATOR HEIDEMANN: How have they been funded up to this point? [LB1079]

SENATOR ADAMS: They have been...well, at least one of the programs that I know of has been funded through ARRA dollars, stimulus dollars. [LB1079]

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SENATOR HEIDEMANN: So this is a replacement of loss...or stimulus money that's going away? [LB1079]

SENATOR ADAMS: I suspect it could be interpreted that way. [LB1079]

SENATOR HEIDEMANN: Lost federal funds. [LB1079]

SENATOR ADAMS: Right. [LB1079]

SENATOR HEIDEMANN: Okay. And we're going to get this from the lottery funds. [LB1079]

SENATOR ADAMS: Correct. [LB1079]

SENATOR HEIDEMANN: And do you feel uncomfortable with that? [LB1079]

SENATOR ADAMS: As I...yes, as I stated in my comments, I do. I feel uncomfortable about that. [LB1079]

SENATOR HEIDEMANN: But...and this is just going on, I think your words were, a gut feeling that we're pushing this too far? [LB1079]

SENATOR ADAMS: That's it. And as I said before, I'm not sure where the sweet spot is on the balance that we need to have, but I feel like we're there. [LB1079]

SENATOR HEIDEMANN: Do you recall a conversation that we had last year sometime in the hall that you said we cannot continue to go back to these funds time and time again? [LB1079]

SENATOR ADAMS: I...not only do I recall that, but I recall saying it multiple times to multiple folks. That's why I've taken the position that I have. [LB1079]

SENATOR HEIDEMANN: Okay. I appreciate it. Thank you very much. Could I ask Senator Harms a question or two? [LB1079]

PRESIDENT SHEEHY: Senator Harms, would you yield to Senator Heidemann? [LB1079]

SENATOR HARMS: Yes, I would. [LB1079]

SENATOR HEIDEMANN: Are there things that they do inside of these bridge programs--once again I apologize if this has already been stated--that the community

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colleges can do themselves? [LB1079]

SENATOR HARMS: Some of it they can, Senator. I think...I have a little bit better understanding after talking with Senator Council off of the mike. The kind of clients or the kind of students that we're talking about, most likely, if they came into the community college without some type of a caseworker, might get lost in the shuffle, get intimidated. Education frightens them to start with, and I think that's the kind of people we're probably...the kind of clients we're looking at. Community colleges could do that. But I tell you what. I think it would take a great deal of concentration and they're going to have to be tied to an agency of some form that can at least help them pick up the differences when that student starts to fall short. I'm starting to have a much better understanding about the bridge program. So they can, but yet, Senator, the kind of students they're going to get probably are going to need a little help. [LB1079]

SENATOR HEIDEMANN: So if a student comes to the community colleges and starts with some programs and does struggle, really you're saying that they're going to fall between the cracks and there's no help there for them? [LB1079]

SENATOR HARMS: No. They will not fall through the cracks in a community college. They'll be identified very quickly. They'll be flagged very quickly. The counselors will come on deck. The advisors come on deck and begin to find out what's the problem with what's taking place. But so often with a student who comes to a community college, sometimes comes from a background where there is absolutely no support from home or from a loved one about education or higher education. So, in fact,... [LB1079]

PRESIDENT SHEEHY: One minute. [LB1079]

SENATOR HARMS: So, in fact, they could be intimidated very, very quickly, and that's the real concern that you have to have when you're dealing with community colleges, is making sure that as they come through the door they're not intimidated, that we can find a place for them, and we can help them be successful in their life. Sometimes, Senator, that's not easy. [LB1079]

SENATOR HEIDEMANN: Okay, thank you, Senator Harms. I do have concerns with LB1079. I will say I do agree with Senator Harms, we cannot continue to go back to lottery funds time and time again. Also, this is a replacement of loss of federal funds. And we struggle with this in state government at times that there are programs that are started and funded with the federal government and then they back away. And it's up to us to decide whether we want to continue on or not. Thank you. [LB1079]

PRESIDENT SHEEHY: Thank you, Senator Heidemann. Senator Council, this is your third time. [LB1079]

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SENATOR COUNCIL: Thank you very much, Mr. President. And admittedly this is a program that much of its funding originally was derived from the federal government. But the fact of the matter is that these programs have been successful in moving people from dependency to self-sufficiency. And if we're concerned, as was indicated by some of the debate earlier this morning, about continuing to have to provide from government sources for individuals who can't obtain that on their own, then these are the kinds of programs that we want to step in the gap and to continue to provide these opportunities for individuals to move from dependency to self-sufficiency. And I think Senator Harms took giant steps towards explaining the difference between a traditional student entering a community college setting and students who come through these career bridge programs. They are a nontraditional student in the purest sense of these terms. Many times they are single mothers who the issue is not so much their transition into the world of academia, it's taking care of their family, their children, dealing with the issues associated with being the primary breadwinner. And that's where case management comes into play. And that's why the not-for-profits are such a vital element in a career bridge program. I hear Senator Adams, I heard Senator Avery, and I hear Senator Heidemann's concern about the lottery dollars. I'm sure Senator Avery and Senator Adams will confirm that during the committee hearing I didn't share that concern. In fact, during the committee, we didn't even have current estimates of lottery revenues. At the time of the committee, we didn't even know and members of the Revenue Department did not know about the increase in the cost of a Powerball ticket. I take issue and question the basis for the revenue projections that we do have, particularly with the increase in the number of games that are played under the Nebraska Lottery and the number of days of the week. I find it interesting that the numbers, in terms of lottery fund revenues, really doesn't change that much from year to year. But all you have to do is go to the Nebraska Lottery Web site and see the number of games that have been added year over year over year. Both Senators Avery and Adams referred to a minimum reserve. Well, I don't know what that number is and I dare say that no one else in here knows what that number is. There hasn't been a mandated minimum reserve for the Education Innovation Fund. Should there be one? Perhaps. But if you look at the document that has been distributed with...including LB1079 and what I was hearing during the committee was somewhere between \$3.5 million and \$4 million being an appropriate reserve amount. If you look at the document, even including the \$200,000 a year for three years for LB1079, you have a low of \$3.6 million and a high of \$4.4 million. So in terms of the kind of reserve that's being maintained with all of the... [LB1079]

PRESIDENT SHEEHY: One minute. [LB1079]

SENATOR COUNCIL: ...LB333 commitments, we're still in a position where that fund, according to these revenue projections, and reasonable minds can differ on whether the revenue estimates are high, low or static, you're still looking at between \$3.7 million and \$4.4 million in reserve during the course of the time that LB1079 is scheduled to be in

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place. So with that, colleagues, I would again urge your favorable consideration of LB1079 as amended by AM2055. Thank you. [LB1079 LB333]

PRESIDENT SHEEHY: Thank you, Senator Council. Senator Avery. [LB1079]

SENATOR AVERY: Thank you, Mr. President. I went back and reconstructed what was going on in the Executive Session of the Education Committee that led me to abstain from voting on LB1079. Just prior to the consideration of LB1079, we had voted favorably on LB1020. That's Senator Nordquist's bill to create the Nebraska Coordinated School Health Act. This bill would establish school-based health centers. And the cost, which was originally \$200,000 annually from the Education Innovation Fund, later we adopted a committee amendment that would take only \$100,000 from the Innovation Fund and the other \$100,000 from the General Fund for a two year period, 2012 and 2013. I was concerned about the impact that having a second bill that would go in...that would be dipping into that Innovation Fund would cause difficulties that we could not predict, that is a fund with a balance too low to be solvent. I notice that LB1020, Senator Nordquist's bill, has a Speaker priority. This is a good bill and it has worthy goals, much like LB1079. I was faced with a decision in the Executive Committee of balancing these two bills, the impact they would have on the Innovation Fund, and I came to the conclusion that the School Health Act was a...had a higher priority for me than did this bill we are now talking about. That is not to say it's a bad bill, but we are often faced with choosing between two very worthy programs. And we have to make those decisions based upon what we consider to be the highest priorities. My point here is that if LB1020 passes, that is Senator Nordquist's bill, the Education Innovation Fund will be reduced by an additional \$100,000. Then if we add LB1079, under consideration now, that would be another \$200,000, and that would reduce the fund further. And I am concerned that we would be putting that fund in jeopardy. I don't know what is an adequate minimum reserve in that fund. I, like Senator Adams, kind of have a gut feeling that we're pretty close to it already without this bill and without LB1020 yet to be discussed. So I'm...I am having a tough time with this because I do see the value in this program and the value in LB1020. I will probably continue to support LB1020. And I'm still trying to make up my mind on LB1079. Thank you, Mr. President. [LB1079 LB1020]

PRESIDENT SHEEHY: Thank you, Senator Avery. Seeing no additional requests to speak, Senator Adams, you're recognized to close on the Education Committee amendment, AM2055. [LB1079]

SENATOR ADAMS: Thank you, Mr. President, members. The discussion has been good. And let me remind you very simply what the committee amendment does. It establishes a priority for the use of the lottery dollars and puts the \$200,000 request for the bridges program second to last in that list and it does that for three years. It also broadens the language so that not just a community college would be eligible for this

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grant but other providers of service. Thank you, Mr. President. [LB1079]

PRESIDENT SHEEHY: Thank you, Senator Adams. You have heard the closing. The question before the body is on the adoption of AM2055 to LB1079. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB1079]

CLERK: 27 ayes, 0 nays on adoption of the committee amendments. [LB1079]

PRESIDENT SHEEHY: AM2055 is adopted. Next amendment, Mr. Clerk. [LB1079]

CLERK: Senator Mello would move to amend, AM2249. (Legislative Journal page 742.) [LB1079]

PRESIDENT SHEEHY: Senator Mello, you're recognized to open on AM2249 to LB1079. [LB1079]

SENATOR MELLO: Thank you, Mr. President. Members of the Legislature, AM2249 is simply a technical amendment which makes a correction which was inadvertently left out of the committee amendment in both the green copy and the committee amendment. Bridge programs were defined in Section 2 but were described differently in Section 3. The amendment replaces the definition of bridge program to describe it as a program developed as a partnership among a provider of basic skills education and training, the adult education program in the Department of Education, and a nonprofit social services organization, and then removes the additional language in Section 3. AM2249 also removes the remaining reference to community colleges. The underlying bill was drafted to reflect the existing bridge programs in Nebraska which involved only community colleges, but the committee amendment clarifies that the educational component of a bridge program can be provided by other entities as well. I'd urge the adoption of AM2249, as well as the committee amendment to the underlying bill that we just adopted. Thank you, Mr. President. [LB1079]

PRESIDENT SHEEHY: Thank you, Senator Mello. You have heard the opening to AM2249 to LB1079. Member requesting to speak, Senator Mello. [LB1079]

SENATOR MELLO: Thank you, Mr. President. Members of the Legislature, I probably could have continued in my opening, but I did want to clarify a couple points, so to speak, that were raised. With all due respect to my colleague and friend Senator Heidemann, the adoption of LB1079 is not replacing anyone's funds. Those programs will end if they lose funding, which one program has ended because it lost its federal funding, and another program is slated eventually to end if they lose their federal funding. The point is this: LB1079 provides grant funding so we can provide a variety of these bridge programs across the state. So this is not in response, so to speak, to any one program losing their funds. It's in response to see that we as a state need to

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reevaluate our adult basic education programs as it relates to work force development in conjunction with our long-term economic development strategies that were laid out in the Battelle study. That's the response of the bill. As Senator Council so aptly mentioned and described on the floor, there is no set floor, so to speak, on the Education Innovation Fund. Senator Adams mentioned that we can have...we can agree to disagree on this issue because there is no set amount of money that needs to be in the fund to finance any distance learning grants after we finance other activities that are currently in statute in the Education Innovation Fund. I think the handout that I provided to you shows that with the adoption of LB1079 we still see an increase in the surplus funds that are in the Education Innovation Fund every year for the next four years. That's with adopting LB1079, which, as I would say, the money that has gone to distance learning grants to school districts after the fact fluctuates every year. And so there is no set amount of funds that need to be set aside for that because, as you've seen over the number of years, we always have surplus money at the bottom line of the Education Innovation Fund when programs are financed and funded. So the concerns that Senator Avery raises about whether or not we'll have enough funding, we've always had enough funding, we actually always have a surplus. And I guess that is my point, that we can agree to disagree on whether or not we think a \$5 million surplus in comparison to a \$4,400 surplus is where we need to be at. I argue that we currently have a surplus now. We will continue to have a surplus with the adoption of LB1079. And I urge the body to adopt not only AM2249 but the underlying bill. Thank you, Mr. President. [LB1079]

PRESIDENT SHEEHY: Thank you, Senator Mello. Seeing no additional requests to speak, Senator Mello, you're recognized to close. Senator Mello waives closing. The question before the body is on the adoption of AM2249 to LB1079. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB1079]

CLERK: 25 ayes, 1 nay, Mr. President, on adoption of the amendment. [LB1079]

PRESIDENT SHEEHY: AM2249 is adopted. [LB1079]

CLERK: I have nothing further, Mr. President. [LB1079]

PRESIDENT SHEEHY: We will now return to floor discussion on LB1079. Senator Karpisek. [LB1079]

SENATOR KARPISEK: Thank you, Mr. President. Would Senator Avery yield, please? [LB1079]

PRESIDENT SHEEHY: Senator Avery, would you yield to Senator Karpisek? [LB1079]

SENATOR AVERY: Yes, I will. [LB1079]

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SENATOR KARPISEK: Thank you, Senator Avery. I heard you discussing between this bill and another bill and which one...can you help me out? [LB1079]

SENATOR AVERY: Yes, the other bill is LB1020, that's a Nordquist bill that was discussed in the same Executive Session along with LB1079. [LB1079 LB1020]

SENATOR KARPISEK: Okay, thank you. Senator Avery, would you consider this a bailout of education? [LB1079]

SENATOR AVERY: No, I think both bills are good ideas and I said so. [LB1079]

SENATOR KARPISEK: Okay. Thank you. I'm just trying to make my normal point that we're arguing over gambling dollars. And I know we're going to hear about a bailout in the next bill. If this isn't considered a bailout, the next bill shouldn't be either. And I'm sorry to preface it that way, but I hate to miss a great opportunity when I hear about all the evils of gambling and how terrible it is and how it hurts everyone and it's so bad and we shouldn't have it and on and on and on. But here we are fighting over the money again. I don't know what else to say, members, other than, really? It happens time and time and over and over again. And it's just okay if it's good for me, not for anyone else. These are gambling dollars that are doing something good. I haven't heard anyone stand up and say, you know what, I think we should do away with this because it's gambling; I don't want this. We haven't heard that at all. And it does kind of boggle my mind that it depends when it is and what it is all those things. And why isn't Gambling with the Good Life all over this? Why don't they get a few lies out on this bill? Why don't we have Hal Daub sending e-mails about this bill? I think, folks, it's time to wake up and stop being the way we're being about these things. This is a lot of money that's doing a lot of good, but I didn't hear about the people that should rather be buying groceries for their kids, buying shoes, doing this or that on this bill. And I apologize to Senator Mello for blowing up on his bill, but I think that we need to think about it. And if anybody would like to talk about it off to the side, I'd be more than happy to. Thank you, Mr. President. [LB1079]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. Senator Avery. [LB1079]

SENATOR AVERY: Thank you, Mr. President. I think it's important for us to recognize that the lottery is a legalized gambling activity in the state. There's nothing in LB1079 or LB1020 that deals with expanding a legal form of gambling in the state. That is not the conversation. When we get to the next bill we're going to be talking about an expansion of gambling, and I think we have to understand that that is totally different from a discussion about a legal form of gambling but not expanding that legal form of gambling. We're not talking about adding different forms of lottery wagering. We're not talking about adding even legal forms of additional keno play. We have to be careful how we

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talk about these issues. An expansion of gambling is when you are adding a form of gambling or you're expanding an existing form of gambling. We're not talking about that with this bill and we're not talking about that with LB1020 that I brought up earlier. Those...that's simply how the funds will be used, not expanding the form of gambling that produced the funds. That's an important distinction. Thank you, Mr. President. [LB1079 LB1020]

PRESIDENT SHEEHY: Thank you, Senator Avery. Senator Schumacher. [LB1079]

SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. At one time the state lottery was an expansion of gambling and it turned out to be good. Thank you. [LB1079]

PRESIDENT SHEEHY: Thank you, Senator Schumacher. Seeing no additional requests to speak, Senator Mello, you're recognized to close on LB1079. [LB1079]

SENATOR MELLO: Thank you, Mr. President. Members of the Legislature, I thought we had a very engaging and enlightening debate in the sense of, one, the quality right now and the need of our work force of trying to provide Nebraskans who don't have the foundational educational attainment to be able to survive in our new, growing economy. LB1079 seeks to try to provide a statewide process for entities to partner with one another and apply for grants to provide that needed case management wraparound services that are not provided at a community college, that are not provided at a K-12 school district but is needed to ensure that those who don't have a high school diploma can be successful in our economy. Granted, the lone concern that I've generally heard about this bill is the Education Innovation Fund and the floor, so to speak, of where this fund needs to be at. There was no I think data that was provided, with the exception of the document I provided to the Legislature on behalf of the Fiscal Office, that shows that that fund is in threat of not being able to fund all of its priorities and all of the projects that it gives out grants for on a yearly basis. I think it only further emphasizes the point that the fund is going to continue to grow because the changes to the lottery which increased ticket prices from \$1 to \$2. So by adopting LB1079, one, we're not endangering the Education Innovation Fund, first off. There's been no argument that I believe has provided clear-cut data that shows that we're not going to be able to get our grants out to the existing priorities, as well as get those distance learning grants out to districts who may apply for them. I think we've seen that the fund will continue to grow over the next four years and as the Education Committee no doubt will continue to evaluate, look at that fund every year to ensure that we're meeting our priorities and that the fund is not running in danger of going to zero, which looking at the sheet I've provided you shows a \$3.5 million surplus minimum every year. The underlying policy issue though is this is not being done by a variety of entities right now. This is not a well-established program. And that, colleagues, is why it's a three-year pilot project. When we see good ideas or good models that yield good results nationwide, we have a

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tendency to take those models into our Legislature, discuss them, debate them, craft them to try to make them work, and see if it works in Nebraska. This is a work force development model that's been successful across the country and we have two small pilot projects that utilize federal funds and have yielded fairly good results for the little amount of money they've had, but we want to see if it can be done across the state. Just because it works in Omaha and just because it works in Lincoln doesn't mean it will work in Scottsbluff, doesn't mean it will work in North Platte, doesn't mean it will work in Grand Island, but we want to try. We want to see if we can create new work force development models to train those workers who don't have a GED or a high school diploma or a college degree across the state. We know we have many low-income Nebraskans as well as low-skilled Nebraskans who need further education and training to be successful in a changing global economy. We have a \$300,000-plus study that our Department of Economic Development and Department of Labor did two years ago that show that; that by 2018 we have a significant 64 percent skills gap in a number of Nebraskans who don't have the necessary skills to become employed in the jobs that we in this Legislature are passing policies to try to create. Colleagues, LB1079 is simply a pilot project that utilizes existing cash funds for the intended purpose of why we created the lottery and why we diverted lottery dollars to provide funding for the Education Innovation Fund. This is something innovative. It's focusing on basic adult education that, hopefully, then translates into postsecondary education, and we provide Nebraskans more taxpayers through higher wage jobs by providing them the skills they'll get through these pilot projects in LB1079. I urge the body to adopt LB1079 and move it to Select File. Thank you, Mr. President. [LB1079]

PRESIDENT SHEEHY: Thank you, Senator Mello. You have heard the closing. The question before the body is on the advancement of LB1079. All those in favor vote yea; opposed, nay. Senator Mello. [LB1079]

SENATOR MELLO: Could I have a call of the house? [LB1079]

PRESIDENT SHEEHY: There is a request for a call of the house. The question before the body is, shall the house be placed under call? All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB1079]

CLERK: 36 ayes, 0 nays to place the house under call. [LB1079]

PRESIDENT SHEEHY: The house is placed under call. All unexcused senators please report to the Legislative Chamber. All unauthorized personnel please step from the floor. The house is under call. Senators, please record your presence. Senator Campbell, Senator Janssen, Senator Larson, Senator Christensen, Senator Pahls, the house is under call. Senator Mello, all members are present or accounted for. How would you like to proceed? [LB1079]

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SENATOR MELLO: I'll take call-in votes. [LB1079]

PRESIDENT SHEEHY: Proceed, Mr. Clerk, with a call-in. [LB1079]

CLERK: Senator Avery voting yes. Senator Harms voting yes. Senator Pahls voting yes. [LB1079]

PRESIDENT SHEEHY: Record, Mr. Clerk. [LB1079]

CLERK: 26 ayes, 4 nays on the advancement of LB1079. [LB1079]

PRESIDENT SHEEHY: LB1079 advances. The call is raised. Items for the record, Mr. Clerk? [LB1079]

CLERK: Just one, Mr. President, a new resolution: Senator Carlson offers LR455. That will be laid over at this time. That's all that I have, thank you. (Legislative Journal pages 788-789.) [LR455]

PRESIDENT SHEEHY: Mr. Clerk, we will now proceed to LB806. [LB806]

CLERK: LB806, a bill by Senator Lautenbaugh. (Read title.) The bill was introduced on January 5 of this year, referred to the Judiciary Committee, advanced to General File. There are Judiciary Committee amendments, Mr. President. (AM1852, Legislative Journal page 439.) [LB806]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Lautenbaugh, you're recognized to open on LB806. [LB806]

SENATOR LAUTENBAUGH: Thank you, Mr. President, members of the body. This is an important bill. Let me say that at the outset. I've been...I think I rewrote my opening three times. When I get to the end of this you're going to think, that took three times? But, yeah, we are where we are. What this bill does is it authorizes pari-mutuel betting at racetracks only on what are known as historic horse races, races that have already happened. The details are removed that would allow anyone to actually recall how the race came out. You don't know the place, you don't know the date, you don't know the real names involved. But the information is provided just like in all other respects you would have if you were betting on a live horse race or a simulcast horse race. This is pari-mutuel wagering as we already have in Nebraska. Horse racing is part of our tradition and the whole industry surrounding it is part of our tradition here in Nebraska I believe. Some of the provisions are enshrined in our constitution. But time and technology have marched on, as they do, and we've allowed new and different forms of gaming that have been allowed to take advantage of technology, whereas horse racing has been handicapped, if you will, in that regard. This isn't like other gaming. And I'm

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not going to stand up here and decry other forms of gaming. I'll be honest, I don't support expanded gambling, I never have, you can look it up, and I don't see this as that. But this is different from those other forms that we discussed here on the floor from time to time, some recently, some in the past. We are talking about local jobs here. And make no mistake, we're not talking about a few. These are local jobs, these are in some sense agricultural-based jobs. And introducing this bill in committee I struggled with, you know, what the jobs were. I think I was talking about stable boys and whatnot with kind of a Medieval comment. That's not really what we call the people anymore. But I do have a listing of the kind of people who are involved by those who are licensed now to be involved in the industry through our Racing Commission. We have horse owners, owner/trainers, trainers, agents, jockeys, apprentice jockeys, assistant trainers, grooms, exercise riders, practicing veterinarian, veterinarian assistant, a planer, an outrider, a valet, a pony person, concessions operators, mutuel employees, concessions employees, medical and ambulance employees, security employees, video and photo finish employees, wagering system employees, and other employees. Those are just the licensed ones through our current Racing Commission, and they total 2,146 as of 2009. That's nothing to sneeze at. And that doesn't tell the whole story here. That does not cover all of the agricultural-based industries that are supportive of horse racing. So the impact is beyond those 2,000 jobs, I've heard estimates of 3,000 to 4,000 in this state. That's not the kind of thing we can afford to walk away from I don't think. It also has to be pointed out that the tracks that we do have are not-for-profit tracks. They are dedicated the promotion of horse racing and horse breeding and all the things that go with it. And they've suffered for years, as other forms of gaming have adopted new technologies. And what this bill would do is provide another source of revenue. These are not slot machines that we're talking about. I looked it up. According to Webster's, slot machine is a coin-operated gambling machine that pays off according to the matching of symbols on wheels spun by a handle. We all know what a slot machine is. It's random chance and you see which three fruit or whatever come up. I don't play slot machines but whatever they have on them. That's not what this is. This is pari-mutuel wagering, just like what we have at the tracks now. This is not like dog racing which is being phased out in Iowa. There is no attendant industry that you can tie to that. And you cannot say the facilities in Iowa existed for the promotion of dog racing or that they were not-for-profits, dedicated to the promotion of dog racing. It's a different model. It did not have the economic impact all the way back to the agricultural base in Iowa. And, yeah, Iowa is moving away from the dogs. That's fine, but that business model is entirely different from horse races. And if anyone tells you that somehow these machines will allow the nonprofits dedicated to the promotion of horse racing to move away from horse racing, well, that's nonsense. These are only authorized at licensed tracks, licensed tracks, excuse me. And again, these things exist and are run by nonprofits for the promotion of horses and horse racing. We need to build a new track in Lincoln, we find ourselves in that position now, and we need the revenue to do it. We took it away. Some of you were here, some of you weren't, I was. We moved the State Fair. We're building that information campus over there. We need a new track down

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here, that much is certain. Another certainty is that it won't happen if we don't do something to pay for it, which this would provide. This is about keeping horse racing alive, plain and simple, in Nebraska. If we lose those days, if we lose the track in Lincoln, as we are, the industry takes another blow, one that it's not equipped to bear right now. There will be an argument made, I'm confident, that this will somehow open the door to gaming...Indian reservation casinos. That is simply not true. It will open the door for them to have racetracks for horse racing, which they could do now, by the way. But this will not lead to casinos and slot machines on reservations. We circulated a legal opinion to that effect to you as well. That is a red herring. This will not be found I believe to be unconstitutional as it is not strictly a game of chance. We're talking skill here, much like horse racing, and pari-mutuel wagering is authorized in our constitution now. So the constitutional concerns, they may be tested, but I think this will be found to be constitutional ultimately. It's impossible to overstate the importance for the industry of this and the importance of this industry in Nebraska. I went through all the various jobs, the 2,000 licensed individuals. And there's 1,000 or 2,000 more that are depending on this. And it's frustrating, I'll be honest, because I was down this road once before. And we all talk about jobs. Jobs are our priority and we pass things to bring jobs to the state. And that's all well and good and I generally find myself supporting those because we need that. But this is a little different in that we're talking about existing jobs now that we are trying to preserve. These aren't hypothetical. These aren't if you build it they will come jobs. These are people who are here depending on us now. You saw a couple hundred of them today in the Capitol wearing green shirts from all over the place, coming here to tell you, help us, save this industry. They didn't come here because they didn't have anything else to do today. They came here because they need us to help them, and they wanted you to know how important it is and how it touches all of our districts throughout the state. These jobs exist now and we just can't turn our backs on them I don't think. I don't agree that this represents expanded gambling. I've been clear that I'm not a supporter of expanded gambling. What we're talking about, pari-mutuel wagering at racetracks, happens now; it exists now. [LB806]

PRESIDENT SHEEHY: One minute. [LB806]

SENATOR LAUTENBAUGH: Thank you, Mr. President. When I first went down this road a couple of years ago, I had someone tell me anything that increases revenue is expanded gambling. Well, by that extremist definition, a successful advertising campaign for the racetrack would be expanded gambling if it had the desired effect of increasing revenue. So everything isn't expanded gambling just because someone denounces it as such. I think there's a certain amount of extremism in opposition to this and I've been fighting it for a couple of years. The jobs, the growth, the investment in our communities, that's all secondary to the absolutist position that we cannot allow expanded gambling. Despite the fact that problem gambling associated with horse racing is almost nil, studies have shown that, but we're going to have that fight. And it's your time to choose. [LB806]

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PRESIDENT SHEEHY: Time, Senator. [LB806]

SENATOR LAUTENBAUGH: Thank you, Mr. President. [LB806]

PRESIDENT SHEEHY: Thank you, Senator Lautenbaugh. Members, you have heard the opening to LB806. As was stated, there is a Judiciary Committee amendment, AM1852. Senator Ashford, you're recognized to open. [LB806]

SENATOR ASHFORD: Thank you, Mr. Lieutenant Governor. First of all, I do want to acknowledge the opinion from Husch Blackwell that has been circulated. We did not have this opinion at the time of the hearing on LB806. I have read it, just have gone over it in the last five to ten minutes. And I think it is something you ought to read because it does address the issue Senator Lautenbaugh talked about on the constitutional issues. And it's well written and I think it's something that's worth looking at. On to the committee amendments: The...Section 2 of the committee amendments strikes the requirement that the county board of the county containing the racetrack where these machines are to be located must have adopted a resolution approving the form of wagering before gaming...before granting a license allowing historic horse racing. So it doesn't...the county board requirement is not there. It's been removed. This provision was stricken in exchange for the provision of funds to the city or county in Section 3. Section 3 revises (1) to change the opening statement in that section to read, in lieu of an addition to any other tax imposed under Section 2-1201 to 2-1242 to, quote, in lieu of any other tax imposed under Sections 2-1201 to 2-1242 to clarify that the tax provisions under this act will control the collection of tax revenue for pari-mutuel wagering at licensed racetrack enclosures. It also...Section 3 also adds a new distribution of funds to a city or county that contains a racetrack enclosure from the gross revenue wagered under this act in the following manner. If the racetrack enclosure is not within a city's corporate limits, one-tenth of one percent of the gross sum wagered is to be provided to the treasurer of the county in which the racetrack is located, to be credited to the county general fund. If a racetrack is located within a city's corporate limits the fund shall be divided between the city and county with each entity's general fund receiving five one-hundredths of one percent of the gross sum wagered. Section 4 is amended to provide that instead of a three-way split of any funds that remain after the costs of administering the distribution fund, there will be a two-way split with funds going one-half of all receipts...first, with one-half of all receipts remaining credited the Racing Commission Cash Fund to be used by the commission for the equitable treatment of equine species, and one-half of the remaining receipts going to the Compulsive Gamblers Assistance Fund. There was a concern in the original language that the distribution to the Probation Program Cash Fund raised constitutional issues as the Probation Department is under the control of the Supreme Court, and it raises the issues of the administrative control of the Governor of a fund that is administered by the court system and the separation powers constitutional issues.

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Section 6, this section was newly created to allow the Racing Commission to receive funds from this act into their cash fund for purposes of providing grant funds for the equitable treatment of equine species as provided under (3). And (3) provides that the amount of funds to be provided for this purpose are as required under Section 4 of this amendment, one-half of the remaining receipts after administrative costs and city or county distribution having been made. And that would conclude my remarks. Thank you, Mr. Lieutenant Governor. [LB806]

PRESIDENT SHEEHY: Thank you, Senator Ashford. You've heard the opening of the Judiciary Committee amendment, AM1852, to LB806. Mr. Clerk, you have an amendment on your desk. [LB806]

ASSISTANT CLERK: Mr. President, there are several amendments to the committee amendments. The first is offered by Senator McCoy, AM2229. (Legislative Journal page 741.) [LB806]

PRESIDENT SHEEHY: Senator McCoy, you're recognized to open on AM2229 to the committee amendment, AM1852. [LB806]

SENATOR McCOY: Thank you, Mr. President and members. Many of you may remember the discussion we had on this issue two years ago. A good many of us were here there that day when I found myself in the rare situation, as I do again today, of being on opposite sides of an issue with my friend Senator Lautenbaugh and others, but primarily Senator Lautenbaugh since this is a bill that he sponsored and in the case two years ago he prioritized. And a couple of things that I would mention from Senator Lautenbaugh's opening and then I'll get into a few issues, I may remind you it was circulated two years ago, I'll read from it again, that our Attorney General Jon Bruning provided Senator Fulton and I, upon our request two years ago, an Attorney General's Opinion on the constitutionality of what was then LB1102, in this case LB806. And I'll read from that. In our view, the Nebraska Supreme Court, like the Wyoming court, and I'll read from that court opinion in a moment, would be inclined to view instant racing terminals as "slot machines" that attempt to mimic traditional pari-mutuel wagering and the constitutionality of it as a prohibition against a game of chance and not a form of pari-mutuel wagering on horse races which may be authorized under Article III of the constitution. I'll read from that Wyoming opinion, where the Wyoming Supreme Court ruled that this was not pari-mutuel wagering and struck it down as unconstitutional. Members, there are two states currently where historic horse racing occurs, the state of Arkansas and the state of Kentucky. And I'm sure we'll hear a great deal of discussion over the merits and arguments against this issue. But the fact remains, there's been one state, members, one state in the United States, and that's the state of Arkansas, that historic horse racing has been approved through the legislative process. It currently is occurring in the state of Kentucky only after, only after it failed in their legislature and the Racing Commission in Kentucky went about it another way. But I would direct your

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attention to a January 5, 2010, opinion from the Attorney General in the state of Kentucky. Instant racing does not constitute pari-mutuel wagering as defined by the Kentucky Horse Racing Authority. I don't agree, frankly, with Senator Lautenbaugh that this even qualifies on its face as pari-mutuel wagering. And Senator Ashford mentioned a few minutes ago in his opening on the underlying committee amendment this opinion from Husch Blackwell that was provided to a Louis Cella. If you'll look at the committee statement on this issue, members, Mr. Cella testified in support of LB806 as the owner and operates, I believe, or the very least operates a company called Racetech. I'll, in short order, be providing a handout to all of you. It talks about and provides a clipping from the Thoroughbred Times, where Mr. Cella is quoted in the state of Kentucky saying that a constitutional amendment would be required, members, in the state of Kentucky to make historic horse racing work. Quite ironic that he requested this opinion from Husch Blackwell trying to circumvent that process. Ladies and gentlemen, we're not talking about a constitutional amendment here. We're talking about a legislative process. I don't believe that this qualifies as pari-mutuel wagering. I think that attorney generals in numerous other states have spoken, as has the Wyoming Supreme Court. Our Attorney General spoke two years ago on this issue. I don't know what's changed in two years. Let me also be clear on one other thing if I may. With all due respect to Senator Lautenbaugh, I've heard him now twice in recent days say that opposition to this issue is extremist. I take offense at that. I don't consider myself an extremist on anything. And I dare say the people of Nebraska that don't believe in expanded gambling don't consider themselves extremists either. Thank you, Mr. President.
[LB806]

PRESIDENT SHEEHY: Thank you, Senator McCoy. You've heard the opening of AM2229 to Judiciary Committee amendment, AM1852. Members requesting to speak: Senator Gloor, followed by Senator Fulton, Senator Nordquist, Senator Louden, Senator Harms, Senator Lautenbaugh, and others. Senator Gloor. [LB806]

SENATOR GLOOR: Thank you, Mr. President. Good afternoon, members. I hate expanded gambling. I hate expanded gambling and I support LB806 and AM1852. And one of the reasons that I've grown to hate expanded gambling and gaming is the fact that it has stained what I consider to be appropriate gaming, it's stained thoroughbred racing because we look at it now the same way we look at slots and blackjack and craps and keno. And once upon a time, we looked at gaming, like bingo and the thoroughbred racing tracks, in a whole different light. And this isn't just nostalgia for me. (Laugh) I wonder how many people here remember the name Van Berg and whether that means anything to them or Kemling. I knew Paul Kemling, he was a wonderful man, a community benefactor, contributor in a lot of ways, as were the Van Berg's. And you wonder now if those individuals wouldn't be seen as almost mafioso because they were involved in a form of gaming. I wonder how many people know the name Skunk Tail, Skunky. If you liked the Seabiscuit story, you'd love the history of Skunk Tail. This isn't just nostalgia. I recall being very young and watching buses roll into communities like

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Grand Island from areas like Kansas City, full of people who planned to spend the weekend at the track and shopping and eating and doing all the things that people that come into a community for a weekend do. And they came into Columbus, and they came into Lincoln, and they came into Ak-Sar-Ben, Ak-Sar-Ben, one of the crown jewels of racing in all the Midwest, and the whole social calendar that was built around Ak-Sar-Ben. And I find it fascinating that we have senators now who have no experience with the whole culture that evolved around thoroughbred racing in this state, that was considered to be good and wholesome and not gaming (laugh) but thoroughbred track racing. We paint it the same way. I can get comfortable with historic racing because it is historic racing and again doesn't fit into that same category. I remember all the people that had jobs during race season, second jobs or maybe it was their primary job to fill out income and help cover the expense of college tuition for a child. That still goes on. And I am so pleased that, unlike some of the past bills we've had, people showed up today wearing green shirts, a fraction of the industry, representing a fraction of the industry. This was considered great economic development years ago. In fact, for some communities it was their primary form of economic development, those buses, the jobs, the impact it had on everybody throughout that community from the gas stations, the car repair shops to the restaurants, the motels and hotels. It was considered appropriate and welcomed economic development, and now it's gaming and it's a casino and it's a riverboat and it's a craps table. Although it has ag roots, although it's something that for some of us... [LB806]

PRESIDENT SHEEHY: One minute. [LB806]

SENATOR GLOOR: ...was a wonderful, thank you, Mr. President,...was a wonderful, cultural impact on our community that brought a lot of good things, now we almost spit out the word when we talk about it. And that's why I hate expanded gambling and gaming and that's why I'm in support of LB806 and the Judiciary amendment. Thank you, Mr. President. [LB806]

PRESIDENT SHEEHY: Thank you, Senator Gloor. Mr. Clerk, items for the record? [LB806]

CLERK: Mr. President, I do have some items, thank you. New resolutions: Senator Larson offers LR456 and LR457. Those will be laid over. I have amendments to be printed: Senator Schumacher to LB239; Senator McCoy to LB1104; Senator Campbell to LB961, LB1160, LB820, and LB821. New A bill. (Read LB1079A by title for the first time.) And the Education Committee, chaired by Senator Adams, reports LB1038 to General File with committee amendments attached. That's all that I have. Thank you, Mr. President. (Legislative Journal pages 789-796.) [LR456 LR457 LB239 LB1104 LB961 LB1160 LB820 LB821 LB1079A LB1038]

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PRESIDENT SHEEHY: Thank you, Mr. Clerk. Returning to floor discussion of AM2229 to AM1852, members requesting to speak: Senator Fulton, followed by Senator Nordquist, Senator Louden, Senator Harms, Senator Lautenbaugh, and others. Senator Fulton. [LB806]

SENATOR FULTON: Thank you, Mr. President. Members of the body, good afternoon. First, I do stand in opposition to the bill, to be clear from the onset. AM2229, offered by Senator McCoy, I hope will be reviewed by my colleagues here and recognize that there is some substance being offered here and hopefully we'll be able to talk about that. But this is...I think it's an important amendment having to do with the racetrack enclosure here in Lincoln. Now the issue here, recognizing that Senator McCoy brought up what Senator Lautenbaugh talked about, this idea of extremism, maybe, maybe that can be argued. But that can be argued on any issue out there, in fact every issue. It's just politics. There's always 20 percent here, 20 percent there, and however many percent. But I come at this and I just use my mind and think through what it is that the people have said and what it is my position is, and that's how I'm going to explain what I've arrived at. I don't have an ethical aversion to gambling, per se. But I do know what the people of Nebraska have said in numerous votes. Now it's offered that what we are doing here is not the expansion of gambling. And I'm certain that we're going to get into whether it is an expansion, whether it's not. I think it's a pretty easy piece of logic to say that it has to be an expansion of gambling here. It certainly is not a contraction of gambling. But that in and of itself shouldn't cause you to say, ah, well, then I'm going to be against this or for this. Here's what cinches it for me. I'm willing to sit down and listen to the arguments for and against this and gauge this against what has been said. I go to this Web site, parimutuel.net, and this actually is something that was brought to me...brought to my attention by an e-mail that Gambling with the Good Life sent out. And I look on the front page, and there in the upper left-hand corner is a picture. I invite you to do the same. And I ask you, is that a picture that more resembles horse racing or a slot machine? And if you are honest, you're going to answer the latter; that's what it looks like to me. Now one can argue, ah, but it doesn't behave statistically in the same way that a slot machine behaves. And that may well be true. But what it looks like to me is a slot machine. And I'll entertain the arguments to the contrary, that's fine. But what cinched it for me was the visual aspect of who I am as a person. And, boy, that does not look like horse racing to me; it looks more like a slot machine. There is something else that has been said to this effect, that we'll get into the statistical argument, the argument as to whether this is pari-mutuel betting or whether this is a game of chance or what have you. And when we get into statistics I like this, this is good. Senator Lautenbaugh indicated earlier that this is not a game of chance, it is a game of skill. And I'd like more to that argument. So if Senator Lautenbaugh, who I'm going to ask in a second here to yield. Well, we'll just do that now, Mr. President, if Senator Lautenbaugh would yield. [LB806]

PRESIDENT SHEEHY: Senator Lautenbaugh, would you yield to Senator Fulton?

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[LB806]

SENATOR LAUTENBAUGH: Yes, I will. [LB806]

SENATOR FULTON: Can you elaborate on that a little bit? What skills are we talking about here? [LB806]

SENATOR LAUTENBAUGH: Well, I think we're getting into the decision on the recent bank shot machines which we were pressured to do something about a couple years ago. And the court found that, as there is an element of skill involved in them, they are not prohibited gaming machines. What we're talking about here with... [LB806]

PRESIDENT SHEEHY: One minute. [LB806]

SENATOR LAUTENBAUGH: ...these machines is that you are betting on horse racing. And you have the odds, the past history of the jockey, the past history of the horse, all of those things to make a decision based upon how you believe it will come out, much like a regular horse race. So it cannot be described as purely a game of chance because there is that element of skill and handicapping and judgment brought to bear on it. [LB806]

SENATOR FULTON: Would you say there has to be some element of chance involved? [LB806]

SENATOR LAUTENBAUGH: Not if you're good at it. [LB806]

SENATOR FULTON: Okay. Well, thank you. The point here is that if indeed there are skills involved, what skills are to be employed? And how should the skills be employed? If indeed these historic horse races are put forward and they have to be done in such a way so as to not apprehend information that you would want to know how the race is going to turn out, how were skills employed? [LB806]

PRESIDENT SHEEHY: Time, Senator. [LB806]

SENATOR FULTON: Thank you, Mr. President. [LB806]

PRESIDENT SHEEHY: Thank you, Senator Fulton. Senator Nordquist. [LB806]

SENATOR NORDQUIST: Thank you, Mr. President and members. I rise in strong support of the underlying bill for a number of reasons. First, I did pull up the Web site parimutuel.net and Senator Fulton is right that they look like slot machines. And those are slot machines. I was recently in Vegas and that is a Double Diamond machine and some other ones that have three wheels, spinning wheels. Those aren't what we're

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talking about here. And for this Web site to put that on there and say that's pari-mutuel betting, that is completely off base. But that photo is photos of true slot machines that have nothing to do with historic horse racing. You know, I rise...the main reason I rise in strong support of this bill is because of the predicament of this industry and the jobs associated with it. And we cannot...if we do not move forward with this, we are turning our backs on the thousands of Nebraskans, many of which, probably most of which are in rural Nebraska, that have jobs associated with this industry. And you can't think any different. We've been told time and time again because of a decision of this Legislature they lost one of their largest markets. And the only way they're going to be able to restore that market is to move forward with legislation like this. They're not asking for a handout. They're asking to be able to sustain their industry and grow their industry. And at the hearing, at the hearing we heard of the success that has happened in other states, in Arkansas, the testifier was from Arkansas, said they employ over 1,200 full-time employees because of this, specifically talking about instant racing. In Kentucky which, as Senator McCoy talked about how they recently authorized it last September, they've already hired 120 full-time employees and already expanded their live racing season, that means jobs. And in Nebraska we know Senator Lautenbaugh talked about the specific license positions, the thousands of jobs that are on the line. And again, they wouldn't be in quite the predicament if it wasn't for a decision that this Legislature made by moving the State Fair and causing them to potentially lose the Lincoln market here in the near future. It's a decision we made. We tied a hand behind their back. It's time to give them both hands back, give them the ability to grow this industry again and keep those jobs alive in rural Nebraska. With that, Mr. President, I'd yield the rest of my time to Senator Lautenbaugh. [LB806]

PRESIDENT SHEEHY: Senator Lautenbaugh, you're yielded 2 minutes. [LB806]

SENATOR LAUTENBAUGH: Thank you, Mr. President. Thank you, Senator Nordquist. I would like to point out, as I ran a little long on my opening and got cut off before some important points were made, where the tax revenue would go on this. Senator Ashford referenced half of it going to the counties and cities if the track was within a city and the rest of it going to a county if the track was located in the county. But there's another element to that, that I want to point out. Of another portion of the tax revenue taken from this, half of it goes to prevent and address problem gambling, treat the people who actually have a problem, which is important. Again, I don't think that problem is really caused by horse racing. But they're willing to pitch in and do their part. The other part of that particular portion of the tax, the other half of that goes to a fund that would aid charitable organizations and horse rescue organizations... [LB806]

PRESIDENT SHEEHY: One minute. [LB806]

SENATOR LAUTENBAUGH: ...and that kind of thing. Thank you, Mr. President. The one I had in mind was the Heartland Equestrian Therapeutic Riding Association or

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HETRA. I have a good friend who has a special needs daughter who benefits from the equestrian therapy. There is Take Flight Farms that does sort of similar things, as I understand it. But this is to preserve horse racing, preserve the industry and preserve horses, if you will, and it's important. And that's what we're looking to do with part of these funds, preserve that industry and preserve all the good things that come with having the industry of horse breeding and horses in this state. That's what we're about here trying to do, that's why this is so important. I would point out that our Attorney General never said this was not pari-mutuel wagering, he never got to that conclusion in his prior position paper. I believe that was a misstatement. So you have to decide. [LB806]

PRESIDENT SHEEHY: Time, Senator. Thank you, Senator Nordquist. Thank you, Senator Lautenbaugh. Senator Louden. [LB806]

SENATOR LOUDEN: Thank you, Mr. President and members of the body. As I look at this bill, to me gambling is gambling. We have keno, we have bingo, and I don't see where this historic racing in this machine is much different than a keno or a bingo operation. Some of these operations are quite large. We have a small town next to Lincoln there that literally runs the town on keno and that doesn't seem to bother anybody. Some of the places where I live out there have bingo. And that's one thing I found out that when you go into a bingo parlor and you see a television camera up in the corner of the room that records the numbers on the balls that are rolled out of there for the bingo, that means that they're taking in over \$100,000 a year. And so that's one way of telling how much your local church or your local fraternal organizations or somebody is taking in. So it's big time. What I'm wondering about on this bill as I look at the amendments and as I look at the bill, the first thing I notice, that the amendment took out the part on page 3 of the bill that said that unless the county board of the county in which a licensed facility is located has, by resolution, approved the adoption of wagering on historical horse races within the county. There's something I think was a key issue that should have been kept into the committee amendment. And then as we go through the committee amendment, some questions I have telling about the percentage of what should be given to each one. And I don't have a problem with that until you get to the part where it says that one-half of all such receipts be credited to the Racing Commission's Cash Fund to be used by the State Racing Commission for equitable treatment of equine species. Now are we going to see some outfit that is going to start giving money to the United States Humane Society to start buying feed and pasture for these wild horses that they can't find what else to do with? Is that where that money is going? I think we need to have that clarified on what they're going to do with it. Personally, I don't see why that money doesn't go back, a lot of that goes back into either the General Fund of the state or to one place so you can see where it goes. Some of it goes to the counties and the towns that have these racing, historical racing facilities. Then one-half of all such receipts be credited to the Compulsory Gamblers Association (sic) Fund. Well, if I remember correctly, we're already giving \$500,000 out

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of the lottery fund to the Compulsory (sic) Gamblers Fund. And I...if that hasn't been sufficient then I guess we need to have that discussion. And again, on the last part of it, on page 6 of the amendment it starts again, for equitable treatment of equine species. So I'm wondering why that's in that amendment and why they're concerned about giving part of that money for the treatment of equine species, because let me tell you, if you have a racehorse you're probably going to take good care of him anyway. And I'm wondering what that money will be used for. Is it going to be used to help facilitate, build some horse slaughtering facilities in the United States, which has caused more problems for horses than anything else we've probably ever done for them? So there are several things in the bill that I question and also in the amendment. As far as having...whether it's gambling or what's going to happen, we already got gambling all over the place. And I don't see any difference between having whether it's historical horse racing on a television set or whether it's a bingo parlor or... [LB806]

PRESIDENT SHEEHY: One minute. [LB806]

SENATOR LOUDEN: ...keno, keno is something I never did understand. I don't spend any money at it because I always like to think that I'd rather work at something that I can at least take a chance. I'd prefer to see horse racing in real horses racing and I always have supported quarter horse racing in Nebraska. And I think whatever we do, somewhere along the line in this bill that ought to be mentioned, that we should, instead of sending this money to support whatever it is they're doing for the betterment, I think we should probably have something in there to try to support horse racing in the state of Nebraska. Thank you, Mr. President. [LB806]

PRESIDENT SHEEHY: Thank you, Senator Louden. Senator Harms. [LB806]

SENATOR HARMS: Thank you, Mr. President, colleagues. Senator Lautenbaugh, would you yield for a few questions? [LB806]

PRESIDENT SHEEHY: Senator Lautenbaugh, would you yield to Senator Harms? [LB806]

SENATOR LAUTENBAUGH: Yes, I will. [LB806]

SENATOR HARMS: Senator Lautenbaugh, I want you to understand that this is nothing personal with me. It's just a matter of what you believe in and what you support. So what I'd like to ask you is, what kind of fiscal conditions is horse racing, not the machines, in today? What kind of financial conditions are they in, in this great state? [LB806]

SENATOR LAUTENBAUGH: Without being able to provide specific numbers, the answer I'd give you is poor. [LB806]

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SENATOR HARMS: It's...pardon me? [LB806]

SENATOR LAUTENBAUGH: Would be poor. [LB806]

SENATOR HARMS: Yeah, I think it's almost dead. And the last survey that I saw and the last time we had this conversation on this floor and they showed what people liked in gambling and what they would choose in gambling was not horse racing. In order to even get it off the scale they had to throw in dog racing. So what kind of condition then, if horse racing is poor, almost dead, what kind of condition is the horse racing by slot machines today? What kind of benefit is this and how much money are they actually bringing in? [LB806]

SENATOR LAUTENBAUGH: I'm not sure I understood your question, Senator. [LB806]

SENATOR HARMS: Well, from what I've seen it's pretty high. And it's a fairly large, healthy sum of money. And what this is all about as I look at it, you may disagree, that it's really expanding horse racing in a lot of different areas. So let me ask you this then. How does the pari-mutuel concept actually work? [LB806]

SENATOR LAUTENBAUGH: Well, again, without going into an excessive amount of detail, you're not playing against the house, you're talking about a pool where other people wagering are entering in the pool, so to speak. [LB806]

SENATOR HARMS: Well, as I look at this, Senator, I think what you do is you take pari-mutuel wagering and turn it into a slot machine session that makes gambling a complete interactive experience. And if you want to go a little further with that, if you were betting up to, let's say, 1,000 races an hour, you've just revolutionized horse racing and betting industry by one penny at a time and one person at a time. And in my books we've expanded it. And looking at racetrack gaming machines, according to an article that appeared in the Associated Press on September 7, 2011, Senator, they raked in \$594,000 in just five days. So it is pretty lucrative. So, Senator, here's another question I'd just like to pose to you if I could. Are these slot machines? [LB806]

SENATOR LAUTENBAUGH: No. [LB806]

SENATOR HARMS: Can you explain that to me? Is it still on the Web site that this is slot machines? [LB806]

SENATOR LAUTENBAUGH: On my Web site? [LB806]

SENATOR HARMS: This is slot machines in Nebraska that talks about horse racing, pari-mutuel betting and in Nebraska is it considered on their Web site as to

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mean...declared as slot machines? [LB806]

SENATOR LAUTENBAUGH: Well, I think there's certainly a visual similarity, but I don't think that's the end of the story. They don't function the same way. The odds aren't the same. You're actually betting on a race that has happened. A slot machine is a game of chance where the wheels spin and you don't know how it's going to come up and there's no way to control it, so you just sit there and feed quarters in and hope for the best. That's not what we're talking about here. So, no, I don't believe these are slot machines. [LB806]

SENATOR HARMS: Okay. So then are we saying that these machines are legal in this great state? [LB806]

SENATOR LAUTENBAUGH: You know, I believe they actually...I think the last time we went...second to the last time we went down this road, there was a decision I think from the Racing Commission that said we need the Legislature to authorize these. And then last time we received an opinion from Denny Lee on the Racing Commission saying, yes, it's constitutional, but you should pass statutory authority. [LB806]

PRESIDENT SHEEHY: One minute. [LB806]

SENATOR LAUTENBAUGH: And there's a reason for that, but I don't want to chew up all your time. [LB806]

SENATOR HARMS: Thank you, Mr. President. Senator, when we look at Nebraska and this great state and looking at expanding gambling, how many times has this question come up in this great state and we voted on this? [LB806]

SENATOR LAUTENBAUGH: Well, this particular question not at all. [LB806]

SENATOR HARMS: I know, but just in general of expanding gambling. [LB806]

SENATOR LAUTENBAUGH: I don't have the faintest idea. [LB806]

SENATOR HARMS: It's been three times that we've had this issue. And this is exactly what I think we are now is that we are expanding gambling. And there's a lot of social issues here. And I'll be back with some of those with some later questions for our Senator. And, Senator, since I know...I think you're next up on the queue, I would yield the rest of my time to you... [LB806]

SENATOR LAUTENBAUGH: Oh, thank you, Senator Harms. [LB806]

SENATOR HARMS: ...and give you a little more time to talk about some of these

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issues. Thank you, Mr. President. [LB806]

PRESIDENT SHEEHY: Thank you, Senator Harms. Senator Lautenbaugh, you're yielded...you're recognized, Senator Lautenbaugh, on your time. [LB806]

SENATOR LAUTENBAUGH: (Laugh) Thank you, Mr. President. Thank you, Senator Harms, anyway. What I was referring to and what I meant by the fact that there's sort of a mind-set that is extremely opposed to discussing this and considering that this might be currently authorized. And what I was touching on with Senator Harms, without trying to chew up all of his time, there is an argument in place that a track could install these things right now in Nebraska. But the problem is without our authorization that person could be criminally prosecuted and would have to defend himself against a criminal violation. And that's asking an awful lot of a track manager. And by the way, this leads kind of lockstep to what I was talking to about the closed-mindedness, perhaps, of some outside the glass on this is that one opponent of this was told, you understand these are not-for-profits. And the response was, well, why does that track manager get paid then? So (laugh) not-for-profit must mean there's no money at all. Everybody there is a volunteer. Well, that's not what not-for-profit means. These are not-for-profits but they paid all these people that you saw here today in the green shirts and a few thousand more in our state. But they do it again to promote horse racing. I predicted in my opening, and now you've seen it, the memo going around about the dogs, how Iowa is getting away from the dogs. Well, who wouldn't? That's a completely different animal, so to speak, than what we're talking about here. There is no, what I would call, appreciable trickle-down in Iowa from the fact that some greyhounds pass through there from time to time. This is a different deal. This is part of our heritage, this is trickle-down all the way to the ag sector and all the way up through the tracks and all the attendant people who rely on this for their livelihood. And we heard that, well, these must be slot machines because I looked at it on the Web page and it looks like a slot machine. You know, I have a cigarette lighter that looks like a gun. It's not a gun; it's a cigarette lighter. We heard, well, these...I saw this thing, it looks like a slot machine, that's not horse racing to me. Well, simulcast to me looks like a television, but it's still horse racing. We need to actually get beyond the surface and the fear and what you're being told, oh, this will lead to slots everywhere. These aren't slots, they don't function the same. This would not open the door to them on casinos, slot machines in casinos on reservations. That isn't happening here and that's not what we're talking about. But I sympathize with Senator Karpisek when he gets frustrated that sometimes some distracting and possibly not correct information is put out there whenever we start talking about any kind of gaming. And here we are again. One of the arguments is, this isn't...this must be expanded gambling because it's not contracting gambling. Well, those aren't the only two choices here. And that's not what I would call a rational, considered way to look at this. Again, if it brings in more revenue, that doesn't make it expanded gambling. Anything that the track would do to try to promote attendance then would be expanded gambling by that broad definition. And I again think that is an extreme way to look at this. And I don't think

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that's justifiable and I don't think that's what our laws are meant to prohibit. So again, I would urge you to support this. I'm sure I'll have plenty more chances to talk about this today, a few days from now, several times. But this is important. And I say this as someone who I think I've been to Horsemen's Park two or three times. I used to go to Ak-Sar-Ben, when it existed, for opening day and get the free T-shirt when I was a kid. But that's the extent of my connection... [LB806]

PRESIDENT SHEEHY: One minute. [LB806]

SENATOR LAUTENBAUGH: ...to the industry. Thank you, Mr. President. But I can look at this and I can step beyond what has been my traditional, steadfast opposition to casinos and anything of the kind and say this is different, this has a basis in Nebraska, this has a clear economic effect in Nebraska. And I'm always uncomfortable when people start saying, well, gee, people are trending away from horse racing. How can you get them back? How can you bring them back? We spend a lot of time in here learning what people are trending away from and trying to figure out how to reverse the trend. People might be moving from one place to another. How do we stop that? Well, by that argument you just can't, because that's what people want. I think this provides a venue and an avenue towards saving this industry and increasing attendance at the tracks. It's only at the tracks and it isn't opening the door to everything else. I would urge you to support it. Thank you, Mr. President. [LB806]

PRESIDENT SHEEHY: Thank you, Senator Lautenbaugh. Continuing with discussion on AM2229 to AM1852, members requesting to speak: Senator McCoy, followed by Senator Dubas, Senator Avery, Senator Schilz, Senator Wallman, Senator Fulton, and others. Senator McCoy. [LB806]

SENATOR McCOY: Thank you, Mr. President, members. I, too, share Senator Loudon's concerns over the vague nature of the phrase "equitable treatment of equine species" that's found in AM1852, which is why my amendment, AM2229, strikes that. I think that's a...there's no definition of that term, there's no discussion or intent of that term. And I believe it's very vague and could provide problems down the road, as Senator Loudon articulated, with certain national groups that may see to do harm to the livestock industry and the agriculture economy of our state. You know, it's been talked about that this is about the jobs. Well, my amendment, it's a serious amendment. I've spent and I believe Senator Karpisek, who had a bill to try to do something about providing the means for a new track here in Lincoln, he and I have spent a great deal of time over the last year trying to find a solution for that because, however it may be characterized by some, I do care for this industry, I do care for these jobs. Many of you know I'm fourth generation ranch kid. I can say with a pretty great deal of credibility that I grew up around horses, on horses. And this industry means something to me. But it's got to make sense. And I think this amendment provides a way to provide a racetrack for Lincoln. It's got a sunset provision. If we're going to go down this road, and I don't think

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that we should, but if we are it ought to have a sunset provision. And this amendment says that a good portion of these funds are devoted to allow city of the primary class to build a horse track. The Legislature made a decision before my time, some of you were here, to move the State Fair to Grand Island. Probably still some discussion about the merits of that decision. I wasn't here to take a vote on that. But the Legislature made a conscious decision to do that, knowing full well that the decision...that a by-product of that decision would be that the racetrack in Lincoln would cease to exist eventually. Well, this amendment provides a way out of that, I think a better way out than the underlying committee amendment, in my personal opinion. Ultimately, that will be up to you to determine that as members. I was going to ask Senator Lautenbaugh a question, but I don't see him in the Chamber at the moment. He talked about let's get beyond the surface, let's dig down deep on this. Well, I would like to do that when he returns to the Chamber. And perhaps I'll get an opportunity at a later time. But I'm looking at the United States patent for these machines, from Racetech LLC, a company that testified as a proponent on this legislation. I have in front of me the patent for this particular machine. I'd like to read a couple of things from it because I think it's a pretty salient point to this discussion. At least some patrons prefer a more immediate reward and higher frequency wagering than customarily offered at racetracks. For example, a typical racetrack offers one race every half hour. Casinos having slot machines, however, offers a patron the opportunity to place a wager that can be won or lost every few seconds. In order to remain competitive, the racing industry is in need of a gaming system that satisfies... [LB806]

PRESIDENT SHEEHY: One minute. [LB806]

SENATOR McCOY: ...the preferences of many different types of patrons. Thank you, Mr. President. This very company that came and testified in support of this legislation, in their very own U.S. patent paperwork, talks about these being a form of slot machines; I think it's important to note. Now are there other companies out there? Are there other types of machines? Sure. This happens to be the company that came to testify in support of this legislation. I'm sure we'll have the opportunity to talk a lot more about this. There's, as you can see on your gadgets, quite a number of amendments on this legislation. And there's a lot of material to cover if we get there. But I think there's a lot of holes in this underlying legislation. I think my amendment, and it's a serious one as I said, makes it better if we're going to go down this road. [LB806]

PRESIDENT SHEEHY: Time, Senator. [LB806]

SENATOR McCOY: Thank you. [LB806]

PRESIDENT SHEEHY: Thank you, Senator McCoy. Senator Dubas. [LB806]

SENATOR DUBAS: Thank you very much, Mr. Lieutenant Governor. Good afternoon,

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colleagues. I'd like to speak a little bit to the racetrack that is in my area of the state. Fonner Park has had a very long, strong and proud presence in Grand Island and the surrounding area for decades. The contributions that they've made to the area tally into the millions. The ripple effect that is felt from Fonner Park and the supporting businesses can be visibly seen as well as felt throughout the surrounding area of Grand Island: restaurants, hotels, shopping centers, feed stores, hay farms. I mean the list is long. Businesses are frequently told that you must change with the times if you want to survive. And that's basically what the horse racing industry is facing right now and being told right now, they have to find a way to remain competitive. And I think through the bill that Senator Lautenbaugh has introduced, that is their way of making themselves competitive in this very, very competitive industry. Fonner Park has not negatively impacted the quality of life in the Grand Island, Hall County area. On the contrary, it has enhanced it in so many ways. As I stated earlier, it's a real economic driver in that area. I know there's been talk about the negative social impacts that come with gambling. And I'm not going to dispute those, but I do know and understand from a very personal perspective what happens to families who are impacted by addictions. Addictions in and of themselves are cunning and baffling. But it's not...for that person who is addicted it's not about removing access to that specific cause of their addiction. For that individual it's about admitting a powerlessness over that addiction. It's about changing the way you live your life. And ultimately, it's about yielding your powerlessness, your will to a higher power. And that...those things don't come about because you removed access to whatever the particular addiction is. Again, it's about that individual's decision and choice and the support that they will receive from others who have experienced similar addictions. As has been referenced before, the people who are out in the Rotunda this morning, I know many of them. And I've had the opportunity to get to know many of them better over my course of service in the Legislature. And I know them to be very honorable and hardworking people who are asking for and want nothing more than to keep their way of life viable, profitable, and a way to continue to make a positive impact and contribution to their community. I think Senator Lautenbaugh has done a great job of outlining why this particular bill is different than some of the other expanded gambling that we have talked about. I especially appreciated Senator Gloor's comments about when we talk about expanded gambling that the horse racing industry has got kind of sucked into that more seedy side of that discussion. And, you know, horse racing is...it's the sport of kings. It's been around for a long, long time. And it always has been a... [LB806]

PRESIDENT SHEEHY: One minute. [LB806]

SENATOR DUBAS: ...in my estimation, it's been an honorable sport. It's been a sport that many people have gotten enjoyment from. And so I hope that we can advance this piece of legislation forward as a way of giving this industry a way to be viable and be competitive into the future. Thank you. [LB806]

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PRESIDENT SHEEHY: Thank you, Senator Dubas. Senator Avery. [LB806]

SENATOR AVERY: Thank you, Mr. President. We've heard a good bit of talk about whether we are proposing here the expansion of gambling. I believe it is an expansion of gambling, and that is one of the main reasons why I oppose it. I don't oppose horse racing. I think horse racing is great fun to watch. It's a legal form of gambling and we have some very clear parameters in law already as to what is the legal parameters of horse racing. Let me address the question of expansion of gambling. I think that there are two ways gambling is expanded. One is the introduction of additional forms of gambling opportunities in a currently existing legal form. You have a currently existing legal form of gambling but you introduce additional forms of gambling opportunities within that legal form. Another expansion of gambling is, of course, the introduction of an entirely new mode of gambling. Casinos would be an example of this latter type of expanding gambling. LB806 is an example of the former. The bill expands gambling because it introduces additional gambling opportunities within a currently existing form. That's an expansion. It doesn't take a whole lot of thought to figure that out. Two years ago I opposed this bill largely because I saw this as an expansion of an undesirable form of economic activity. And let me say again what I mean by that. There are a number of economists who have written on the economics of legalized gambling. One of those is Nobel Laureate Paul Samuelson, who argued in his famous textbook Economics that gambling is a net negative. It is a negative form of economic activity. And if you recall, two years ago, we debated LB1102. I had...most of what I had to say about that bill was based upon the economics of gambling. What Samuelson said is that gambling involves sterile transfers of money between people, creating no new money and no new goods. Gambling does not create a product. Gambling does not add value to an existing product. Gambling is a sterile transfer of money between people. Usually money is transferred from those who don't have it to those who already do. Although it creates...this is again going back to Samuelson: Although it creates no output, it does absorb time and it absorbs resources, the time and resources that could be devoted to other more productive positive economic activity. When pursued beyond the limits of recreation, where the main purpose is to kill time, gambling actually subtracts from the national income. It promotes inequality and instability of incomes. He goes on to say that legalized gambling consists primarily of a transfer of wealth... [LB806]

PRESIDENT SHEEHY: One minute. [LB806]

SENATOR AVERY: ...from the many to the few, accompanied by the creation of new negatives in the economy. I think we have to be concerned about that. That doesn't mean that we shouldn't be concerned about the social pathologies that are created by gambling. I can talk about that and I probably will before this debate ends, but I think we need to focus right now on the economic impact. What is the product created by gambling? If you expand gambling are you adding value to an existing product? No. What are you doing? You are absorbing time and resources on an essentially negative

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economic activity. You are transferring money in a sterile fashion, a sterile transfer of money from those who don't have money to those who do. And I submit to you...
[LB806]

PRESIDENT SHEEHY: Time, Senator. [LB806]

SENATOR AVERY: ...that is not the kind of activity we ought to be promoting. Thank you. [LB806]

PRESIDENT SHEEHY: Thank you, Senator Avery. Mr. Clerk, items for the record.
[LB806]

CLERK: Mr. President, the Business and Labor Committee reports LB1005 to General File, and LB959 and LB997 to General File with amendments. And a confirmation report from the Business and Labor Committee. That's all that I have. Thank you. (Legislative Journal pages 796-802.) [LB1005 LB959 LB997]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Continuing with floor discussion of AM2229 to AM1852, we have Senator Schilz, followed by Senator Wallman, Senator Fulton, Senator Harms, Senator McCoy, and Senator Gloor. Senator Schilz. [LB806]

SENATOR SCHILZ: Thank you, Mr. President. Members of the body, good afternoon. Well, here we are again talking about an industry that some might say is dying...that it is dying, and that's extremely unfortunate. You know, horse racing has a very storied history in the state of Nebraska. Many families have made their livings training horses, racing horses. Even if it was just a hobby, an expensive hobby but a hobby nonetheless, a lot of families were involved in this, good families. So when I hear people demagoguing the issue and talking about this and saying how the industry is almost dead, well, let's ask why it's that way. Has it been because we've pressured them to this situation? Is it because people aren't showing up? Is it because they don't have the tracks to race at anymore? Well, that will be the case coming up here. We know that. My father-in-law used to own racehorses, and so my wife would invite me down and we went to Fonner Park, and we got to go behind the scenes to the barns and the stables. And I tell you what, you learn so much about what an industry really is than just what you see over the fence. And I'm telling you this, there's grandparents, there's grandkids, there's aunts, there's uncles, and it truly is a fantastic community that's out there. You know, we hear about the social ills of gambling, and I'm not going to dispute that, that it's there. But what about the social ills for these folks, if they're not able to continue to do what they have done for their whole lives because nobody in the state cares enough or everybody is letting the people get in the cross hairs of this nebulous thing called expanded gambling? We have to remember, folks, that we are talking about people. We are talking about gainfully employed people that are coming into this state. If you think that these trainers and stuff just train horses in Nebraska, no, a lot of them are from

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Kansas, from South Dakota, from Iowa. They bring their money to Nebraska and they spend it while they're here, while they're training the horses and they race. So to say that it's a drain economically I think is a misnomer and I think we can throw that argument out. Senator Lautenbaugh mentioned quite a few of the jobs that are at the racetracks. I think we need to remember that there's many other jobs that come along with this as well. We're talking about hotels. We're talking about restaurants and bars. We're talking about veterinarians that people hire to take care of the horses. We're talking about people that sell tack and outfitters and things like that for these horses; feed producers, including a lot of agriculture that's done here in Nebraska with producing hay and having it available for sale to these folks while they're here at the racetracks. All of those people will be negatively impacted. When an industry folds, it's not just the 2,000 jobs that are sitting there that are directly affected. It's the effect that it has on the periphery industries that are out there, and that will be a negative effect. We know that. When you lose jobs, you have a negative effect on the economy. That we can say for sure. [LB806]

PRESIDENT SHEEHY: One minute. [LB806]

SENATOR SCHILZ: Thank you, Mr. President. So in 1935, when the good people of the state of Nebraska, in their wisdom, decided to put horse racing within the constitution, I contend to you that if this is expanded gambling and this is an industry that wants to help themselves, then somebody bring the bill next year to put it on the...to have the vote of the people to erase gambling from the state of Nebraska for good. Because quite honestly, that's where I'm at right now, because I want to see whether people care about people or just care about demagoguing an issue. Thank you very much. [LB806]

PRESIDENT SHEEHY: Thank you, Senator Schilz. Senator Wallman. [LB806]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. It's tough to follow Senator Schilz's act, but he makes good points. Horsemen, you have coffee with them in my small town of Adams, these people have horses. They're good, good people. Are they going to move to a different state if we keep treating them like we do? You betcha. They'll move to Texas. He's told me that already. Why do we want to treat a segment of our society that spends money, buys hay--they call them hay burners--buys oats, all these...buys fuel. All these things are bought in the state of Nebraska. Do they need help keeping it going with a different form? Well, the way we've been treating them, I would say so. We, you know, took the racetrack away from them here in Lincoln, and they want to fund something to get it going again. Is that expanded gambling? I say to you, when they doubled the price of the lottery cards, that was a huge expansion. Did anybody say anything in here? No. If we're against gambling, I'm with Senator Schilz, just do away with everything--keno, everything. Then we won't be considered as hypocrites, myself included. Because, folks, these are good people. They have good horses. They bring revenue. Is it against the law? I don't think so, because

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our forefathers, in their infinite wisdom, decided to put it in the constitution, we can race horses. So is this bill perfect? No. But I want to tell Senator Lautenbaugh thank you. And I once had an 806 tractor. It was one of the best tractors I ever had. So maybe this is a good bill. Thank you, Mr. President. [LB806]

PRESIDENT SHEEHY: Thank you, Senator Wallman. Senator Fulton. [LB806]

SENATOR FULTON: Thank you, Mr. President. Members of the body, when I last was speaking, I was on the question of whether this is what is being envisioned here is indeed a game of chance or a game of skill. And if it's a game of skill, what skills? And if indeed certain skills are to be utilized in playing these games, how would these skills be applied? To the argument as to whether this is a game of chance, I would direct you to the fiscal note, and there is...these fiscal notes actually are...when there's writing on them, there's usually a pretty good amount of research behind them. And we're talking about the fiscal impacts. We're at the bottom of the fiscal note, and we read that the department also indicates that the expanded wagering on historic horse races is expected "to reduce current charitable gaming receipts by 15 percent for keno and pickle cards in counties with licensed horse tracks resulting in a decrease to the General Fund." So if you're looking at your fiscal note and wondering why there is actually a decrease in revenue in the outyear of fiscal...in fiscal year 2012 and 2013, and then again in 2013-14, it is because of this assumption. So if we are to employ these devices, then we're going to pull a certain percent--in this case the estimate is 15 percent--of charitable gaming receipts that would have been conducted otherwise with keno and pickle cards in counties with licensed horse tracks. So in determining whether I was going to put that argument forward, I thought to myself, well, I suppose that could be an argument for weaning people off of pickle cards and keno. It probably wouldn't be a good argument but just strictly in a logical sense that could be argued. People who are playing games of chance, it is expected at least 15 percent of those revenues are going to come over here to utilize these devices. Game of skill or game of chance, we have that stubborn figure to deal with. Now I've heard my friend Senator Schilz and some others have stood and defended this industry, and I respect that, but want to point out that this isn't an attack on the industry. The industry is not facing a revenue problem. It's facing a problem, a consumer problem. Fewer people are engaging in horse racing, and so this is simple...this is free...this economics. This is...it's simple. It's free market. There are less people who are engaging in this endeavor, and so we have to come up...that industry needs to come up with other ways to apprehend more dollars from the fewer people who are utilizing it or, as is evidenced by this fiscal note, go out and attract new users. So this is not on an industry. This is about whether we should change our statute to employ a practice which I contend has been vetted by the people of Nebraska, at least ostensibly, if one disagrees whether indeed that is the case, at least on its face. That's what's in question here. If we were to employ these devices today in the horse racing arena, it would be illegal. It can't be done. [LB806]

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PRESIDENT SHEEHY: One minute. [LB806]

SENATOR FULTON: And so we have to change the law in order to allow it to be done. And that's the question before you. This is not a question about whether you like the horse industry or not. I think if you took a vote on this, probably 49 senators would say, yes, this is something of which Nebraska should be very proud. That's a different question. And so in logic...in the "practition" of logic, that's a red herring to say that I am against X; aha, Senator Fulton is against X, and I tell you that Y is much...is something that we should all be very much in favor of. They're different things. Let us be clear and precise in our contemplation and, dare I say, our logic, and recognize what it is that we're voting on. We are going to change the law. If we pass this we will change the law to allow that which was disallowed previously to be allowed tomorrow. [LB806]

PRESIDENT SHEEHY: Time, Senator. [LB806]

SENATOR FULTON: Thank you, Mr. President. [LB806]

PRESIDENT SHEEHY: Thank you, Senator Fulton. Senator Harms. [LB806]

SENATOR HARMS: Thank you, Mr. President and colleagues. The questions that I have today in regard to this issue, when we look at electronic gaming and gaming machines, you know I heard Senator Schilz talk a little bit about what we need to do to save this. This industry, colleagues, is dead and I don't think we can change that. It's dead. It's gone. A lot of the jobs are gone. And so what's happened to this industry is that the very thing we're wanting to put in is a factor when you look at the research that makes it very clear that's one of the factors killing this part of gambling, horse racing in the real world. It's the machines that we're putting in because it's more convenient for people. Actually this kind of gambling has created a new class of tracks that are not providing overall benefits for the horse player, for the individual who makes his living out of that. In fact, as I said earlier, it's just killing it, and it's going to continue to kill it. And I don't know if we can pull it out or not, and I have no interest in seeing that done. So what have we done with horse racing in general? We've said, well, let's increase the payouts so that we can attract maybe some new people to the tracks, a new...race fans. Colleagues, it hasn't worked. Instead, it's not attracting anyone to this. In order for horse racing to survive, when you look at the research it makes it very clear that you're going to have to attract young people to horse racing. They're not coming. We have trouble actually attracting young people to the tracks because there's other sorts of gambling that they prefer, and they prefer to go into a casino. They prefer to play the machines. They prefer to play the lottery. That's what they prefer. And so no matter what we do, no matter what debate you have on this floor, if it's now or five years from now when some of us are gone, it's the same issue. This industry cannot be saved. We are already giving them such great tax breaks, it still hasn't helped them. Nebraska has already done more than I think it should in regard to the kinds of tax exemptions that it gives,

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and I don't think we should go any further. I don't believe that that's the answer for us. I believe the answer simply is that we don't want to expand the gambling, that it is a dead industry, we're not going to be able to pull it out and the debates we're having today, no matter what happens, if Senator Lautenbaugh is successful, it's just one more nail in the coffin. That industry will truly go away. And the research is really very clear. You just have to look at it and read it. It's very clear of where we're headed. It's not going to get any better. Thank you, Mr. President. [LB806]

PRESIDENT SHEEHY: Thank you, Senator Harms. Continuing with floor discussion on AM2229 to AM1852, members requesting to speak: Senator McCoy, Senator Avery, Senator Fulton. Senator McCoy. [LB806]

SENATOR McCOY: Thank you, Mr. President. Members, I would have liked to direct a few questions to Senator Lautenbaugh, but I don't believe that he's present, and I don't believe Senator Larson is either, as the prioritizer. Unfortunately, I don't believe Senator Ashford is here either. And I am certainly in no way trying to put him on the spot, but would Senator Lathrop yield for a moment? [LB806]

PRESIDENT SHEEHY: Senator Lathrop, would you yield to Senator McCoy? [LB806]

SENATOR LATHROP: Sure. [LB806]

SENATOR McCOY: Thank you, Senator Lathrop. As Vice Chair of the Judiciary Committee--and again I'm not trying to put you on the spot here--do you know, when you guys talked about this in the committee, when it talks about equitable treatment of equine species--and again not trying to put you on the spot--do you remember was there a conversation...because it's not on the green copy of the bill. It is in the current amendment, however. Is...would you mind shedding some light on that if you'd be so kind? [LB806]

SENATOR LATHROP: Well, I'm not sure I can shed a lot of light on it, but I can tell you what I remember of what happened. When we were "execing" and there was an amendment tendered and I think it came from Senator Lautenbaugh, these uses of the proceeds were delineated, but I don't know that it generated a lot of discussion and exactly a clear definition of what that means. [LB806]

SENATOR McCOY: Thank you, Senator. And my second question to you would be I know the amendment took out the fact of the county board taking a vote, an affirmative vote, on instant racing before it would be allowed. And again that also was not in the green copy. Was that something you discussed? I know that became part of the committee amendment. Was that discussed in any great detail? [LB806]

SENATOR LATHROP: I'm going to cop out a little bit and just tell you that we have so

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many bills that go through there, that committee, and so many people ask us to exec on their bills, and we try to move a great number of bills through there thoughtfully, but I just don't have a recollection, Senator McCoy. [LB806]

SENATOR McCOY: I appreciate it. Thank you, Senator Lathrop. And again, I didn't want to put you on the spot, but as Vice Chair of the committee I didn't have any other of the proponents of this legislation that I could ask those questions to as it related to the committee amendment. Thank you, Mr. President. [LB806]

PRESIDENT SHEEHY: Thank you, Senator McCoy. Senator Avery. [LB806]

SENATOR AVERY: Thank you, Mr. President. I think it's ironic that the senator who prioritized this bill has not been here to answer any of the questions or to speak on behalf of the bill. I have some questions for Senator Larson, and I will ask them rhetorically, since he is not here. I remember when we approved simulcasting. The debate was not unlike what we're having today. We were talking about a dying industry, live horse racing, and we were concerned about saving the industry. And we have simulcasting, and here we are some years later trying to find a way to save the industry again. So my question to Senator Larson is, how do we know that this bill will save live horse racing? It didn't work with simulcasting; why will it work with this? Good questions to get an answer. How many machines will be authorized in the state per track? And I don't know about that. Why has this not been addressed? Unlimited number of these video slots with historic racing images on them to bet on--instant betting? If the county agrees to house these slot machines through a resolution, can they limit the number of slots per track, or is that decision left up to the Racing Commission? We don't know the answer to that either. There are many other questions of that kind that I would like to ask of the person who prioritized this bill. I was doing some reading the other day on this, and I came across some work by Thomas O'Brien, formerly director of gaming enforcement for the state of New Jersey. And he had some really interesting comments to make about gambling generally. And I want to share some of his arguments. He said that gambling "is not entertainment or recreation or leisure," per se. It really is adrenaline: a biological substance capable of producing excitement--highs, and generally...or generate usually anticipation or expression of a future event, especially when the outcome of that event is in doubt. It's the adrenaline. Gambling is, in his argument, a mind-altering drug. Mind-altering drugs must not be administered recklessly. Limits come with prohibition, or through personally imposed controls. And we know that not everybody can impose those controls themselves. When government does not prohibit, the majority can exercise self-control; that is, most people who gamble can in fact control it. Seventy-five percent of the people who gamble do so responsibly. They find it an entertaining diversion. But another 20 percent overindulge. They incur debts that impair ability to support their families, unless they stop. Usually they can. Four percent cannot stop without intervention of others. Then there are the one-half to one percent who fall into destructive behaviors when exposed to gambling.

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Families are destroyed, friendships are broken, employment is disrupted. Cycles of deception and crime lead to ruined lives and, in many cases, suicide. So three-fourths receive the benefits of the medicine, but one-quarter of the population feel very uncomfortable with the side effects from this untested drug. [LB806]

PRESIDENT SHEEHY: One minute. [LB806]

SENATOR AVERY: Up to 1 percent become destroyed human beings. Imagine a drug that would kill 1 percent of its users. Of course, we have those: crack cocaine, for one; heroin comes to mind. But do we legalize them and permit their unrestricted use? No, we do not. I think that's a really interesting argument that is made by Mr. O'Brien, and I think we need to think about the broader implications of what we're proposing here. And you can, in fact, go beyond the economic arguments I made the last time I was on the mike, although I still think that essentially negative economic activity is not something the state of Nebraska ought to be encouraging. Thank you, Mr. President. [LB806]

PRESIDENT SHEEHY: Thank you, Senator Avery. Senator Fulton. [LB806]

SENATOR FULTON: Thank you, Mr. President. Well, we do have before us AM2229, and while I understand that a lot of people have checked out, this is not simply a delaying tactic. This actually is an amendment that makes some sense. On what we would be adding to the committee amendment would, if Senator McCoy's amendment here is adopted, would be to strike the terms...the words "equitable treatment of equine species," which is...Senator Loudon brought up in questioning, and insert "construction of a racetrack enclosure for horseraces in a county which contains a city of the primary class." In addition, a new amendment would be added to the committee amendment: The authorization to license and require (sic) pari-mutuel wagering on historic horse racing under this subdivision, Sections 2 to 4 of this act, and Sections 2-1215 and 2-1222 terminates when the racetrack enclosure referred to in (3) of Section 2-1222 is constructed. So basically what we have here is if indeed this legislation is adopted, and I maintain it's bad legislation, but as you have heard put forward from myself and from others, we are in the process of making legislation, and if we can improve upon a bad piece of legislation, we ought to do that. From my vantage, this is an improvement on a bad piece of legislation. And so if indeed LB806 has the votes to move forward and indeed become effectual through our statutes, then what this amendment would say is that the monies collected...half of the monies collected that would otherwise have gone to equitable treatment of equine species, which I think we can agree is somewhat of an ambiguous term, would be utilized for the construction of a racetrack enclosure for horse races in a county which contains a city of the primary class. So that's Lincoln. So we would say we would apprehend dollars in this way to build the racetrack in Lincoln and then this provision would sunset. So if indeed we are about saving the industry, then it seems that AM2229 would be an amendment we adopt, for certainly building a new racetrack in Lincoln would go a long way to that end of providing some support for

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the industry. And so AM2229 is something of substance and hopefully we can take a vote on it such that we are able to see whether it's an idea supported by the body. But regardless, if LB806 goes forward, this is a mechanism where we can see the end of the tunnel...the light at the end of the tunnel. It's a sunset. We've got one of those coming up with Senator Campbell later on. I joked to Senator Campbell that she could be Butch Cassidy; I'd be the "Sunset" Kid. (Laugh) So this is AM2229. I wonder if Senator McCoy would yield to a question. [LB806]

PRESIDENT SHEEHY: Senator McCoy, would you yield to Senator Fulton? [LB806]

SENATOR McCOY: Yes. [LB806]

SENATOR FULTON: Did you consult with anyone when you put this amendment together, or is this something that you had as a substantial idea on your own? [LB806]

SENATOR McCOY: Well, Senator, it was developed over the course of a lot of conversations that were had, as I mentioned earlier in previous comments, with Senator Karpisek and others, that really was borne out of discussions last year over what we could do for a racetrack here in Lincoln to replace the one at State Fair Park. [LB806]

SENATOR FULTON: Okay. Very good. [LB806]

PRESIDENT SHEEHY: One minute. [LB806]

SENATOR FULTON: It seems to me, Senator...thank you, Senator McCoy...that there are other ways that this industry could receive some support. Now as with all cases, we will adopt principles. Each of us will take principles from which we make our decisions and from which we get guidance. One operative principle here is that this is an industry; it is declining. And as it's declining, it's declining freely, because people are not choosing to frequent the industry. That being true, I do think that it is legitimate to come up with ways, ways acceptable to the people of Nebraska, ways acceptable to this body to provide support. So if indeed LB806 goes forward, and as I maintain I don't like the bill, at least AM2229 would provide a mechanism where one could realistically say the industry is being buttressed. Thank you, Mr. President. [LB806]

PRESIDENT SHEEHY: Time, Senator. Speaker Flood, you are recognized for an announcement. [LB806]

SPEAKER FLOOD: Thank you, Mr. President. Members, a reminder tomorrow that we're going to move on Select File to the child welfare division, tomorrow, first thing. As you recall, there was a bill at the end of the child welfare division on General File, LB961. It concerned case management. Senator Campbell has filed an amendment to that, and I assume that will take a majority of our time tomorrow on Select File. After

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that, we're going to move to the Sullivan division, which includes LB998, and it regards the Foster Care Review Office and makes changes as specified in the bill. That's what the beginning of our day looks like. The day will be backfilled with some General File as well. So that's where we're going. Just wanted to remind everybody, child welfare division, first thing up tomorrow on Select File, complete with the amendment to be considered to LB961; followed by the Sullivan division continuing our conversation on child welfare into the Foster Care Review Board. Thank you for your work today.

PRESIDENT SHEEHY: Thank you, Speaker Flood. Mr. Clerk, items for the record.

CLERK: Senator Lathrop, amendments to LB821 to be printed; Senator Krist to LB998. (Legislative Journal pages 802-803.) [LB821 LB998]

A priority motion, Mr. President: Senator Gloor would move to adjourn the body until Wednesday morning, March 7, at 9:00 a.m.

PRESIDENT SHEEHY: You have heard the motion to adjourn until March 7 at 9:00 a.m. All those in favor say aye. Opposed, nay. We are adjourned.