

**ARCH:** Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the seventy-seventh day of the One Hundred Ninth Legislature, First Session. Our chaplain for today is Reverend Joseph Joseph from St. John Capistran Catholic Church in Elm Creek, Nebraska in Senator McKeon's district. Please rise.

**JOSEPH JOSEPH:** Dear Honorable Legislature, I thank you for this singular privilege of being here. I have the honor to stand here as your representative before our most powerful yet gracious God to do this prayer before you undertake your work of legislation and follow-up actions for the people whom you represent, for their physical, intellectual, and moral enhancement, and social well-being. I have adapted this prayer from the Vatican II document of the Church, *Gaudium et Spes*; that is joy and hope. All-powerful and merciful God, your son Jesus, the perfect man, entered the history of the world, taking it up into himself, and bringing it into unity as its head. He reveals to us that God is love, and at the same time teaches us that the fundamental law of human perfection and therefore the transformation of the world is the new commandment of love. He assures that those who have faith in God's love that the way of love is open to all men, and that the effort to restore universal brotherhood is not in vain. At the same time, he warns us that this love is not to be sought after only in great things, but also and above all in the ordinary circumstances of life, and at every nook and corner of the world. He suffered death for us all, sinners as we are, and by his example, he teaches us that we also have to carry that cross with the flesh in the world, and lay on the shoulders of those who strive for peace and justice. Constituted as Lord by His resurrection, Jesus, to whom all power in heaven and on Earth has been given, is still at work in the hearts of men through the power of his Spirit. Not only does he awaken in them a longing for the world to come, but by that very fact, he also inspires, purifies, and strengthens those generous desires by which the human family, especially selected members in the various states and nations, seeks to make its own life more human, and to achieve the same goal for the whole world. We ask this in the powerful name of Jesus, who suffered, died, and rose again to live forever and ever. Amen.

**ARCH:** I recognize Senator Dover for the Pledge of Allegiance.

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

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Floor Debate May 12, 2025

**ARCH:** Thank you. I call to order the seventy-seventh day of the One Hundred Ninth Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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

**ARCH:** Thank you, Mr. Clerk. Are there any corrections for the Journal?

**CLERK:** I have no corrections this morning, sir.

**ARCH:** Thank you. Are there any messages, reports, or announcements?

**CLERK:** There are, Mr. President. Notice of committee hearing from the Natural Resources Committee. In addition, new LR, LR166 from Senator Bosn; that'll be laid over. That's all I have at this time.

**ARCH:** While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR143. Mr. Clerk, we will now proceed to the first item on the agenda.

**CLERK:** Mr. President, on the agenda, Select File, LB261. There are no E&R amendments. Senator Clements would move to amend with AM1320.

**ARCH:** Senator Clements, you're recognized to open on AM1320.

**CLEMENTS:** Thank you, Mr. President. LB261 is the appropriations mainline budget bill. We heard most of it the other day, but the mainline bill that we've passed so far got us up to the point of the Forecasting Board decrease, but that was \$280 million we had to deal with. The General Fund financial status, then, up to-- before this Select File amendment was negative \$262 million dollars, and this amendment, along with the Cash Reserve transfer from the other bill, LB264, will bring us to a positive \$3 million General Fund status. There was a handout last week that had LB264 and LB261; the first page was the cash fund transfers for LB264, the second page had the Select File adjustments on LB261. The-- line by line, it has Supreme Court reduction of \$3 million-- I was looking at the Supreme Court and most agencies were held flat; this would still allow for an increase in the Supreme Court. Their current appropriation is \$232 million of general funds; this one would give them-- raise them to \$235,500,000, which would be a 1.2% increase, and \$240,000-- \$240 million second year, another 2.2% increase. So they had-- in the-- LB261 originally had \$16.8 million of increase for the Supreme Court; this will reduce this to \$13.8 million, but still is giving them an increase. The next line is ESU aid expansion, reducing \$528,000 each year; this brings them back to pre-COVID. This is a-- what we call a LIFO item. They had been

increased around COVID, and it brings them back to what they had been previously. Public Service Commission, lapsing some of the Broadband Bridge appropriation of \$5 million. The-- they had spent \$15 million of \$41 million of appropriation, so it's reducing a part of that. The Department of Agriculture, increasing their authority on a cash fund and decreasing the authority on general funds; that's \$1 million they'll still be able to spend, it's just they'll, they'll spend it out of a cash fund instead of general funds, so that helps general funds. Fire Marshal, similar: \$2 million Fire Marshal General Fund reduction but cash fund increase authority, so their ability to spend is the same amount, they're just spending more from cash. HHS, MCO's Excess Profit Fund, a \$10 million reduction, which the budget office tells us that-- excuse me-- the other bills that affect the MCO profit fund would be funded, but this would be excess money that would still be in there is used for General Fund purposes. The coordinating commission for higher education needed some more money to cover their salary and health, so this is reduction of their-- of our general funds and an increase to them because of agency requests; \$153,000 to make sure they can cover salary and health. The university, university had been proposed by the governor to hold them flat after the Forecasting Board, which would have reduced them \$16 million. The committee retained \$8 million in the second year and \$4 million in first year, but did reduce the first year by \$4 million, so the university will get-- go from a \$700 million appropriation to \$704 million the first year and \$708 million in the second year. So they're still getting the 1.25% in the second year, which will raise their base. Then, there's a-- Daugherty Water for Food (Global) Institute, \$500,000 each year reduction, which is again a LIFO item because of COVID, returning them to a previous amount. And the university getting \$4 million-- excuse me, \$12 million rather than being held flat is justification for that; the university is able to fund this Water for Food Institute separately, without having to have an earmark. State Patrol said they could be held flat and had had an increase in the previous budget, General File, so they could reduce \$797,000 the first year, 17-- \$1.7 million the second year. And there is a mural fund, a Wyuka mural fund that was coming out of a cash fund that had excess money, but because of the Forecasting Board, we needed to use that for General Fund balancing. Then, we have DED, LB650 reduction; the agency requested to keep that, and so we're restoring \$738,000-- 78-- yeah, \$738,000 to DED. The Crime Commission, reducing their carryover; they had an over \$10 million expected carryover in funds, reducing that to \$2 million. So an \$8 million reduction in their carryover appropriation; not reducing their appropriation amount, just reducing excess funds. There is-- the deaf and hard of hearing; we had funded

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a-- one position twice, so reducing 147-- re-- re-- removing a duplicate position there. The merger of DNR and DEE, there is no fiscal impact to that, but this bill changes the names and the numbers of the programs to the new Department of Water, Energy, and Environment. That's a, that's a cleanup item just to make sure that the merger is already-- is in the budget with appropriate program names. And the last item, the LB645 retirement bill passed, and this is adding to our General Fund amount \$83,900,000, which is the funding for the retirement bill. So those are the items in LB261; they are the ones that we used after the Forecasting Board. It's about \$135 million in this listing, and then in LB264, we had the transfer of the Cash Reserve of \$132 million, and these-- those two items together are what gets us to a balanced budget. And so I would ask for your green vote on AM1320 so that we can balance our budget. Thank you, Mr. President.

**ARCH:** Mr. Clerk, for items.

**CLERK:** Mr. President, Senator Clements, I have FA157 with a note that you'd withdraw.

**ARCH:** So ordered.

**CLERK:** In that case, Mr. President, Senator Holdcroft would move to amend with AM1379.

**ARCH:** Senator Holdcroft, you're recognized to open on your amendment.

**HOLDCROFT:** Thank you, Mr. President. Good morning, colleagues. I first want to reiterate my appreciation to the Appropriations Committee for their hard work and diligence in bringing forth a balanced budget. This amendment in no way-- is in no way meant to disrespect the committee or its processes. I rise today to introduce and speak in support of AM1379, which would restore the \$3 million cut to the Nebraska Supreme Court budget currently included in AM1320 to, to LB261. This amendment is about preserving public safety, fiscal responsibility, and core judicial services that are delivering results. The funding at risk supports problem-solving courts and probation services that directly reduce recidivism, stabilize high-risk individuals, and connect both youth and adults with the treatment and supervision they need. In Sarpy County, we have seen the impact firsthand. Our mental health problem-solving court serves more than 20 participants at a time; people who, without this court, would cycle through jails or emergency systems without getting real help. Our veterans treatment court, though newly launched, already supports 12 participants, many of whom are facing serious challenges after

serving our country. These are not theoretical programs; these are real people whose lives and outcomes are being changed through structured, accountable, and therapeutic court interventions. Graduates of Nebraska's problem-solving courts have a recidivism, recidivism rate of 19%, 19%, far lower than the 30% seen among those released from prison. And the cost difference is just as stark: \$4,400 per participant annually, compared to \$41,000 for incarceration. I know the budget is tight. Every senator in this room is looking for ways to control spending, prioritize needs, and fill a substantial shortfall. But we have to distinguish between cost saving and cost shifting. This \$3 million cut might reduce spending on paper, but in practice, it will shift far greater costs to county jails, emergency responders, the Department of Corrections, and to families and communities already under stress. The people served by these courts, especially those with mental illness or substance use disorders, don't disappear. If we cut these programs, they simply fall through the cracks into more expensive and less effective systems. If we let that happen, we are not saving the state money; we are making the problem worse, and paying more for it down the line. This is not a request to expand government; it is a request to maintain a proven, carefully targeted set of programs that promote rehabilitation, accountability, and long-term public safety. These courts are supported across the political spectrum because they work. If AM1379 is successfully adopted, I will ask for your support of another amendment on LB264 to provide a corresponding \$1.5 million Cash Reserve transfer in each of the next, next 2 fiscal years. I urge your support for AM1379 to restore this critical funding and ensure Nebraska continues to invest in the programs that protect public safety, reduce recidivism, and deliver real results for our communities. Thank you, Mr. President.

**ARCH:** Senator Clements, you're recognized to speak.

**CLEMENTS:** Thank you, Mr. President. I do not support this amendment. My information is that the, the judicial branch, Supreme Court agency has enough funding in the first year to maintain these programs, and that they might run short in the second year. They would be able to come in in January and let us know how the funding is going in the first fiscal year and request a deficit in the first year if they needed it, and then an increase in the second year if necessary. The recommendation we had from the governor was not to increase them any; it was flat; you can see that on page 82 in the blue book. But the committee increased them by \$16.8 million, then this \$3 million reduced them to \$13.8 million, so it's a 1.2% increase in the first year, 2.2% in the second year. And I-- it was just a result of the Forecasting Board, \$280 million. We had to find items here and there,

and thought that this was-- my information was that the Supreme Court was going to end with a \$3 million carryover at the end of the budget, and this was just using that amount. I know that they have a disagreement with that, and I do like the problem-solving courts, but I would hope that they are able to work within their budget to fund these items without this \$3 million today. Thank you, Mr. President.

**ARCH:** Senator Dungan, you're recognized to speak.

**DUNGAN:** Thank you, Mr. President. Good morning, colleagues. Excuse me. I do rise in favor of Senator Holdcroft's bill, AM1379, and I, I just wanted to say I really appreciate Senator Holdcraft's leadership on this issue, both here in the appropriation setting and also on the Judiciary Committee. This is one of the rare circumstances, colleagues, where I think you see a lot of agreement across the entire spectrum of perspectives when it comes to the courts. I've spoken with county attorneys, I've spoken with officials from the courts, I've spoke with defense attorneys, I've spoken with practitioners across the entire spectrum when it comes to this component of the budget, and what has been echoed each and every time is that it is absolutely essential that we continue to ensure the courts have funding for these problem-solving courts. So this amendment is, is not, in my opinion, a want; it is a need. And I know we've had a lot of conversations about wants and needs over the last couple of weeks, and I think we're going to continue to have that moving forward, but I wanted to speak as a practitioner about the benefit of these problem-solving courts. So, colleagues, for those who don't necessarily know what a problem-solving court is, it is essentially an alternative route that an individual can take in the justice system where they are screened using a tool or an instrument, and if they meet certain criteria and ultimately are accepted in by the county attorney's office, they get involved in a problem-solving court; that can be drug court, which is focused on substance use disorder; that can mental health court, which is addressing the highest-needs individuals who are in the criminal justice system specifically because of some mental health issues; and then, I think most recently, one of the ones we've talked about is it can include veterans court. So individuals that are justice-involved, who are in the court system, who served their country and meet certain sets of criteria where we say maybe the outcome of this doesn't need to be the normal court process, but you can go through this very intense program in order to essentially address the underlying problems that you have. And at the conclusion of that program, if you have followed a pretty prescribed list of things, then your case, ultimately, can be dismissed or reduced down depending on the court that you're in, and the outcome will be generally commensurate to the

amount of effort that you put in. So these programs, colleagues, are data-tested; they are absolutely shown to create safer communities; they are absolutely shown to reduce recidivism. And what we know is that they are a huge return on investment. If you get rid of these problem-solving courts and you end up with more people in custody who ultimately then are sentenced to custody for a longer period of time, you are going to be spending tens of thousands of dollars more on just one individual, where you could be saving that money based on their involvement in problem-solving courts, like what Senator Holdcroft has talked about. I understand the, the budget is a, is a really precarious situation right now, and I understand we find ourselves in a situation where we're pinching pennies here and there. But, colleagues, this part of the budget is essential. I have had an opportunity to speak with some of my friends in the county attorney's office here in Lancaster County and elsewhere. The elected Lancaster County Attorney, Pat Condon, at one point, I know, had reached out to individuals about the importance of these programs. And the thing is, colleagues, there are people who are in these programs right now, and they need to continue working through these programs because they have made a commitment, in a legal sense, to working through a program that may be upwards of 2 years long. And if we don't fully fund these programs, and if we put these programs' budgets in a precarious situation, we are doing a disservice not just to the individuals who are in that program, but the state of Nebraska as a whole. So, colleagues, this is a big bang for our buck, frankly. I think if we are going to continue to invest in these programs, it's better for the community, it's better on-- for recidivism, and it is absolutely a public safety issue. There is another bill, or an amendment, rather, that Senator Holdcroft has coming up on LB264 which seeks to offset the amount of money that we would be restoring to the Supreme Courts here, with the cash reserves. I know it's not ideal, but certainly, if you approve this amendment and Senator Holdcroft's amendment on LB264, the budget is in the same position, but we're not putting in peril these programs that are vital to the state of Nebraska. So, colleagues, again, I appreciate Senator Holdcroft's leadership on this issue. We need to be making sure that we're doing these kind of upstream investments in mental health care and substance use disorder treatment if we actually care about community safety and if we want to make sure that we're not just putting more people in prison with no real answer for making the streets safer down the road. So I do encourage my colleagues to vote yes--

**ARCH:** Time, Senator.

**DUNGAN:** --on AM1379. Thank you, Mr. President.

**ARCH:** Senator John Cavanaugh, you're recognized to speak.

**J. CAVANAUGH:** Thank you, Mr. President. Well, I also rise in support of AM1379. And I heard what Senator Holdcroft said, and obviously, the success rate is astounding when folks do go and complete these problem-solving courts. And I support that, of course, that we get folks to the problem-solving courts or into the problem-solving courts who are appropriate for that, but I did want to talk a little bit about the cost of both. So there was an article in the Lincoln Journal Star yesterday-- and actually I asked the, the pages to hand it out, so you should all get it pretty soon-- talking about the costs of the new prison that's being built, or planning to be built. So the article-- well, I'll go back a step. So the-- there's a letter of support from my county attorney, Don Kleine, who sent, I think to everybody, an email basically laying out just the difference in cost for somebody to go through one of these programs, which is about \$4,400 a year, and the cost of incarceration, which is about \$41,000 a year. And that is, of course, an important point, but I think the most important point is that if folks do these programs, problem-solving court, and are successful, that their likelihood of-- to re-offend is much lower than other options, and I think that's really the ultimate goal. But just as we're talking about the budget from a budgetary standpoint, this money goes a lot farther in terms of achieving the goals that we want to achieve than incarceration, and this is important especially right now in the context of that article from the Journal Star. So the state of Nebraska is planning to build a new penitentiary for 1,500-- with 1,500 beds. We've allocated about \$350 million for that penitentiary. So we've already allocated that money. The state of South Dakota is building a 1,500-bed penitentiary, and that price tag of that new facility is \$825 million. So South Dakota and Nebraska, two states very near to each other, similar markets, the cost of our penitentiaries that we are assessing against ourselves, theirs is twice as much as what ours is. So you, you have to assume-- and actually, in the article, once you get it, you can see Chair Clements says that the penitentiary will cost more than \$350 million to build. And so we already know that we're going to have to appropriate more money for this new penitentiary, and it could be as much as two times as much money. So we'll have to find the amount of money that we've already found and then some to build this new penitentiary. And so that's relevant for two reasons. One, this is a policy that will help us in the long run build fewer prison cells, and we'll save money, we'll have better outcomes, and, of course, that's a good idea. But the other problem is the way this budget is structured, where we are, we are scraping cash funds, we are taking money from the



cash reserves, we're cutting our, our emergency rainy day, day fund to the bone. And then we know that there is a chicken coming home to roost on this, meaning that we've already allocated money that you can look at the picture in the article where the governor and the director and others are turning the dirt, the groundbreaking of this new penitentiary. We are committed to building this. But when it comes to actually paying for it, it's going to cost perhaps twice as much. We're going to have to find \$350 million, probably, to complete this project. And we have already, in this budget, we're filling all the holes with the places you would look to find that money in an emergency. So for this known potential increase in expense, we are not prepared, and there are others that we are predicting based off of federal action or other changes in the economy that we are also not prepared for. So I'm in support of Senator Holdcroft's amendment because it's the right thing to do, it's smart, it is forward-looking, it's an investment. So I support Senator Holdcroft's bill. But this budget overall is not prepared for these future unexpected and known to be expected increased expenses. We will not be able to fill these holes in the future because we have already taken the money that we would use to fill those holes to fill the holes in this budget. So I support AM1379, and I would encourage anybody to read that Lincoln Journal Star article that I circulated. Thank you, Mr. President.

**ARCH:** Senator Spivey, you're recognized to speak.

**SPIVEY:** Thank you, Mr. President, and good morning, colleagues and folks that are joining us online and in the Rotunda. I hope for all the folks that celebrated Mother's Day, whether you are a mom, you are navigating losing your mom, all the different variations of what Mother's Day means to you, that you were able to have just a nice, wonderful weekend. I rise in support of AM1379 from Senator Holdcroft, and I appreciate you bringing this amendment to LB261. As a member of Appropriations, very early on, when we were deliberating around what we would cut, what we would scale back, what we would hold flat at the same level, I had lots of concerns about the courts and what the budget looked like. Can I have a gavel, Mr. President? Thank you. I know, folks, it's Monday morning and there's lots of conversations, but I think this is a really important conversation that I hope people are listening and engaging with. And so as Senator John Cavanaugh has stated, we have a lot of choices in front of us, and the decisions that we make now impact what we do long-term, and our investment around our justice system is some of the most important decisions that we would make in this biennium that impact now and going forward. And so being able to restore these dollars to preventative services for people that are system-impact is, one, going to save taxpayers money,

and is really important to ensure that folks are not "recidivizing," and that they have a clear rehabilitative path that doesn't call for incarceration first. And so when we think about, again, the impacts that it saves taxpayers money on versus putting people directly in prison, and giving them an opportunity to get the services that they need while still in community, absolutely have strong return on investment that Senator Holdcroft already spoke to. I will have some amendments-- I don't know when-- that will come up that also complete this kind of comprehensive conversation that I have been asking folks to engage in since we've started making the decisions around this budget. There are-- there is an opportunity in front of us right now to address this new prison that we said that we wanted to build-- well, this body said that they wanted to build in previous sessions. I think if the canal is not up for revisiting and other things off-- are off the table, this cannot be off the table. There is an approach that we can take that allows for people to have accountability, that allows for people to get the services that they need, and that we do not go down this path of building a prison that, one, is-- this is not the actual cost. When this money was appropriated and set aside, building costs were different. So we know that the, the increased cost for construction is not the same. South Dakota is a great example. I know Senator McKinney shared that article originally that showed that they pulled the plug on that project because it doubled in cost, and there was a better use of their money to support folks navigating being system-impacted and the resources that they need. And so my amendment, I think, will complete this conversation and this picture around ensuring that folks are getting the services that they need, we are reappropriating the money for the prison to deferred maintenance at NSP. With LB50 and the Supreme Court opinion or ruling, we now can ensure that, as population decreases, that we're putting money into reentry programs, which my amendment also does, as well as inputs money back into the General Fund. And so I think this is a smarter approach to reappropriating and using taxpayer dollars in a way that aligns to community benefit. It ensures that we are using taxpayers' dollars wisely, we are fiscally responsible, and we're investing in evidence-based models that actually work. Putting people in a-- inside of a cage does not work. We have seen that data. These types of services, community-based services, are what actually move the needle and create better community, lower crime. And so I hope that this body will continue to wrestle with this today, and take serious consideration to AM1379 as well as my amendments that will be up on the board later today. Thank you, Mr. President.

**ARCH:** Senator Rountree, you're recognized to speak.

**ROUNTREE:** Good morning, and thank you, Mr. President. Good morning, colleagues. Good morning to all of those who are watching online this morning. Yes, we had a very good Mother's Day holiday. Great celebrations. So belated Happy Mother's Day to all the mothers. As we move forward into our legislation this morning, I do rise in support of Senator Holdcroft's amendment, AM1379, to this particular bill. As a felly-- fellow Sarpy County senator, I'm very much aware of these problem-solving courts and the great successes that we do have over in Sarpy County, and expanding those around the state. But I want to take an opportunity just to read a part of an email from a constituent. They write and talk about a lot of things that are going on, but from this gentleman says: Hi, I live and reside in our fine District 3. I am writing in regards to what I keep seeing and reading about in the local news and social media reports about this concerns juveniles committing crimes being released and continuing to commit more crimes. So I know people personally who have been affected, and I'm growing very frustrated seeing some of these things happen in our community. He issues a plea to say please help our district, city, state have a more firm and loud voice when it comes to matters of safety in our communities. And so I rise in support of, you know, restoring this funding to help restore safe communities. For one of the things, when we restore this money back, we find that we have a lot of taxpayer savings. Dealing with our adult, adult drug courts in Nebraska, they save between \$2.6 million and \$9.7 million in tax dollars annually; that's a lot of money in the budget. These cuts would eliminate critical probational services. As this one member spoke in the email, probation is a tremendous opportunity to restore safety in our community. If we lose these support services, then we don't have an opportunity to create that safety in our communities. So what happens if we lose those services? Transitional living reimbursements for adults on probation, post-release supervision, as well as services for juveniles on probation-- these are the ones we're talking about-- will be reduced or eliminated. So funding is greatly needed. This is a bipartisan issue. Nebraska's leadership recognizes the value of these courts. And I remember talking with our-- in our Chief Justice, the Chief Justice advocacy. In his 2025 State of the Judiciary address, Chief Justice Jeffrey Funke highlighted the importance of problem-solving courts, and called for increased funding to support their expansion and their effectiveness. But right now, in the courts, demand exceeds the availability, so we should be expanding and not cutting. We have limited access to these processes. Only about 4.2% of the individuals charged with felonies in Nebraska have access to the problem-solving courts, and that indicates that there is a significant unmet need, and we need to expand to try to meet that need. Growing

participation-- participation in these courts has increased by 27% since 2020, and that demonstrates to us their growing importance and the effectiveness of the courts. So we don't want to eliminate those. So restoring funding is a smart, nonpartisan investment. We have broad support across all of the community due to the effectiveness that we see in reducing crime, saving taxpayer money, and improving public safety. And I know that was one of the issues I ran on during the campaign, is improving our public safety because good, strong, safe communities are the backbone of all things in our state. So our community impact, when we strengthen these communities, we want to get down and address the root cause of all of the issues, the root cause of this criminal behavior. For a lot of the bills that we've introduced here in the Unicameral, we've talked about trying to get down to the root cause, get the wraparound services so we can prevent, make modifications that will increase the safety within our communities. So when we identify the root cause of the criminal behavior, we help individuals become more productive members of our society. And with that productivity, we can have a strong society which creates a great atmosphere for everyone who lives within it. So thank you so much, Mr. President, and I'll yield back the rest of my time, as I support this bill, AM1379. Thank you.

**ARCH:** Senator Fredrickson, you're recognized to speak.

**FREDRICKSON:** Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraskans. I rise today in support of AM1379 from Senator Holdcroft, and there's a number of reasons why I support this amendment. I think a lot of folks have already sort of touched on this, but I just want to put a finer point on some of the discussion that's already been had here. You know, last week we all got a copy, I believe, of the letter that the judicial branch had sent over to the Appropriations Committee as it relates to this specific funding. And in the letter, they pretty explicitly highlighted what impact this type of funding would have on their operations, and they, they, they explicitly said this would either immediately eliminate or cut, specifically, effective July 1, 2025, the DUI problem-solving courts, the mental health problem-solving court in Sarpy County, veteran treatment court in Sarpy County, drug court in Platte County, so a number of very tangible, specific services that are, are incredibly important to Nebraskans, so. I also want to highlight here, again, kind of going beyond this specific amendment, that we need to be really intentional when we consider how we are appropriating here, and the short-sighted nature of a lot of these cuts, and the impact that that will have on our state in the long term. You know, I'm thinking about drug courts, mental health courts, veteran courts in particular.

The, the-- they're not experiments, right? I mean, we all know that these are proven, they're evidence-based alternatives to traditional incarceration; they reduce recidivism, they cut correctional costs, and frankly, they, they promote lasting rehabilitation for Nebraskans. I was actually curious to see how much money these things possibly do save taxpayers, and especially when we're having these larger conversations about the importance of saving money and, and property tax relief, et cetera. These programs, the-- according to the National Institute of Justice, they report that drug courts save taxpayers between \$3,000 and \$13,000 per participant when you compare that to traditional prosecution and incarceration. So, again, these are obviously a, a fund that we appropriate early on, but in the long run, we're going to have significant cost savers for the taxpayers. So my concern is that, if we do slash this funding, that we are eventually going to be paying for this in more expenses down the line, higher incarceration rates, obviously, continued overcrowding in our prisons, and, and really, a missed opportunity to, to break some of the cycles of crime that we're seeing here. So I think this amendment is incredibly important. I know we're going to have a number of discussions today, I know there's a number of amendments that have been filed, but I would encourage folks to vote green on this, on AM1379. Thank you, Mr. President.

**ARCH:** Senator Dover, you're recognized to speak.

**DOVER:** Thank you, Mr. President. What is the job of Appropriations? It's really to do what? Manage our cash flow. And that's what we have attempted, with leadership of Chairman Clements, is to manage a diminishing cash flow with increasing expenses. And as all of you know, we had to make some really tough decisions, none of which we take lightly. And I would just say this, is I-- I'm a, a big proponent, a big supporter of problem-solving courts. There's no doubt, as many people are speaking to and probably will speak to, that they're very, very successful, and we do support those, and I personally support them. Analyzing that agency's financial situation, they have enough money to fund these. And they'll, they'll tell you they don't, but they can move some money around and they'll be fine. That's what we did; we made-- and, and it's just not this agency. We made some really tough decisions on other agencies looking-- can they, can they fund this to January, because who knows what the fiscal report's going to be-- that will-- for the next-- the second half of the biennium. And so they do have the money, they can fund this through the end of this year, and if they run into a situation, whatever, in January, they can come in and ask for a deficit spending. So they do have the money. We are looking, we are looking at cutting a

lot of programs, and this is going in the wrong direction. But they do have the money. I would encourage a red vote on AM1379. Thank you.

**ARCH:** Senator Holdcroft, you're recognized to speak.

**HOLDCROFT:** Thank you, Mr. President. First, last week I spent a lot of time on the mic talking about our overcrowded situation in our prisons and what we had done as a Legislature over the last several years to try and reduce that. The first part being, or-- was, of course, expanding parole opportunity in the prisons. And now, with Director Jeffreys' effort with Reentry 2030 and his 5-key program, that is also-- hopefully will reduce recidivism. But upfront, there's not a lot that we're doing to divert people from going into prison, except for probation and the problem-solving courts. So this bill, it, it certainly came from the courts, but it also came from county attorneys. I know County Attorney Lee Polikov contacted me; I know, as Senator Cavanaugh just mentioned, County Attorney Kleine contacted him. The county attorneys are very much in support of the problem-solving courts. And the letter that we got, which Senator Fredrickson already alluded to, is pretty specific on what they would have to cancel if they don't get the funding restored. And, and they're almost-- well, they're in Lancaster County, Sarpy County-- two in Sarpy County, one in Platte County, and a couple other things that would be eliminated. And I have to, I have to take the, the Supreme Court at its word that if they don't have this funding, then they're going to start cutting some of the, some of the programs that are kind of on the, on the out-- outset. I mean, they have, they have to support their own courts first, the Supreme Court, the district courts, the county courts, and these problem-solving courts are-- although they're extremely effective, they are not directly, you know, attributable to what the courts are intended to do. In fact, it takes-- a, a judge has to volunteer his, his time to be able to, to oversee these problem-solving courts. I've attended a number of graduations for the problem-solving courts. I highly encourage you, if you get the opportunities-- we typically get notices of, of them. There's, there's ones for DUI or alcohol, there's drugs, there's juvenile drugs, there's veterans courts, there's now mental health courts. These are not, you know, show up one, one Saturday for about, you know, 12 weeks and, and you're done. Most of these programs are at least a year, and some of them go on to a, a year and a half or 2 years, and you're kind of judged on your progress, how well you're doing. Certainly, the alcohol, the, the drug, they are tested on a regular basis. And so if they, if they fail a drug test, well, they, they put in jeopardy their probation; otherwise, they, they can continue on. But they-- they've been extremely successful, as already

been mentioned; a 19% recidivism rate versus a common of 30%. And then, was also commented was the savings in cost. It costs about \$4,400 a year for an individual candidate in these programs as opposed to putting them in prison, which is \$41,000 per year. So over the long run, we-- we're saving a significant amount of money. Finally, I just wanted to point out that just about every-- there are 12 court districts in the state of Nebraska, and every one of them has at least one problem-solving court. So most of you out there, us-- you know, this is not something that's just in Lancaster, Sarpy, and Douglas County; these are-- they're in every major city and in, in every, every district of the court system. So I highly encourage us continuing to support these problem-solving courts, and I request a green vote on AM1379. Thank you, Mr. President.

**ARCH:** Senator Dorn, you're recognized to speak.

**DORN:** Thank, thank you, Mr. President. Thank you for the conversation. Thank you, Senator Holdcroft, for introducing this bill. Wanted to get up and talk a little bit about the courts, and I guess, guess the budget process and what we've all gone through. I just want to really remind people, many years since I've been up here, we've had a budget surplus. We do have a budget deficit; did have a budget deficit when we came to the floor, was about-- or when we came to the session here in February [SIC], it was about \$400-some million. We whittled that down, different programs, different things we whittled down, not spending stuff. A couple bills that we brought to the floor, it was \$126 million-- a couple bills, and kind of made that up, so we thought we had a balanced budget. Then, the Forecasting Board here met again in late April and gave us an additional budget deficit. We've also had-- I think many times we've talked about the Medicaid and what that did to us, gave us an extra \$300, \$350 million in cost. We also had school-- the TEEOSA funding was an extra \$57 million that came out of general funds. Part of it, when you look in the blue book and you look on page 5, it shows, down there at the bottom, line 23, the increase in spending, the 2-year proposed budget is 2.2 and 0.7, or in other words, a percent and a half each of those years, the next 2 years of our budget. When you go look on page 82, which is where the Supreme Court's at, and it shows there, very top line, the general funding, \$232 million they are, in this fiscal year. Governor proposed holding those steady. As you can see, we put in there \$238 million, but that's a million and a half less, so it's \$237,087,083, and that's the first year-- that's a 1.8% increase the first year, which is a little less than everybody else got. But the second year there, over the first year, that increase in the budget is an additional \$5,330,000; puts it at \$242 million, or a 2.25% increase. So the court systems are getting

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a 4% increase over the 2 years, or about a 2.1% increase, whereas everybody else in the whole budget-- not just certain entities, in the whole budget-- is getting, I call it, the percent and a half. So the court systems, without this funding, without the proposal that Senator Holdcroft has for the amendment, are still doing, I call it, very good compared to everybody else. Brought it up before-- page 33, it lists the 20-year breakdown of general funds appropriation the last 20 years. Many of the agencies are listed there. I talked about it before, I think, when Senator McKinney had something. In the 20 years, in 2005 and '06, they were at \$59 million. This last year, or the proposed-- and I didn't break down the million and a half less-- they are proposed to be at \$238 million, or a 7.2% increase every one of the last 20 years. That's what's happened with the courts. That's what we were funding. There's only one that was funded more at 14.9%, and that was public health. There's two others that are right at 7, Developmental Disability Aid and Retirement Board. We still do have a deficit. We dealt with a deficit this year. We need to, I call it-- heard many senators talk about we need to control our spending; agree 100% with you. But we have to be mindful of everything, and the whole budget process. Part of when the court systems came and testified and they testified on their budget, Chief Justice Funke-- it was his first time there; Heavican had been doing it every other time I'd been here, but Chief Justice Funke came and testified on his proposed budget for what they needed, or what the funding they needed. Specifically asked him what they were going to cut. Problem-solving courts. Just so you know, there's over 30 problem-solving courts in the court system. I think it was 31 or 34; I don't remember the exact number. 30-some problem-solving courts. As Clements-- Senator Clements and others have mentioned, they have enough funding the first year to do this. It'd be the second year where they would not have probably enough, and they can come back and do, do this. Those problem-solving courts, I asked Chief Justice Funke, so who, who put those in place, was it the Legislature or who? And he said, no, it was not the Legislature. These are programs that the court system has come up with. Yes, tremendous return on the money. Tremendous return. Very, very successful.

**ARCH:** Time, Senator.

**DORN:** Thank you.

**ARCH:** Senator Dungan, you're recognized to speak.

**DUNGAN:** Thank you, Mr. President. Colleagues, I just wanted to highlight maybe a couple of additional points here, and to respectfully push back on some of the comments that have been made



from our friends on the Appropriations Committee. The problem with the funding right now for the Supreme Court's budget with regards to problem-solving courts is there has to be planning for the future. So if you're in these problem-solving courts, it takes years-- months, if not years, to work your way through the program. There are people who are in these problem-solving courts currently who are enrolled and are going weekly, if not bi-weekly, to these courts. If the court isn't able to plan on its budget moving into the future, they're going to have to start winding down these programs in the immediate near future, because that's how these programs work. You can't just say we're done on a certain day. There are people who you have to find alternatives for, there are people who are in these programs who are currently receiving benefits, there are people who work specifically for these solving courts. So, colleagues, it's not like the Supreme Court can just come in and ask for additional money later, because they cannot rely on that, which means they can't budget on it. And if they can't budget for the additional money, they're going to have to make the decisions in July of this year. So even if, even if we assume there is money for the near future, and the argument from Senator Dover and others is they can come in and they can ask for this money later, that is not how these programs or how any of us budget. We know how government budgets work; you have to know what you're going to have. And so if we do not appropriate the amount of money necessary to keep these programs running, then come July 1, a lot of these programs are going to have to make some decisions, and those decisions are going to look like terminating the program long-term, or at least winding down the programs, which is going to result in people who are already enrolled in these programs getting kicked out of them, essentially, and then not having any other alternatives. And so that is why it's necessary to ensure they have the funding now. If we do not properly fund them and we expect the answer to be them coming back and requesting more money during the deficit for the next half of the biennium, I, I don't trust that they're going to get that money, and they literally cannot budget on that because that's not how their budgets work. So the idea that they can just come back and ask for more if they need it is, is completely contrary to the way these programs are set up, it's completely contrary to way that they are established over a period of months if not years, and it is irresponsible of us, colleagues, to not listen to the people who are running these programs. Senator Holdcroft and others have talked about the letters from the county attorneys that we received. Don Kleine reached out to all of us, I know; I think Lee Polikov had reached out. Pat Condon from the Lancaster County Attorney's Office sent us an email last week when this was on general file, and County Attorney

Condon reached out specifically about the cost savings, and specifically, I think, pointed out the tens of thousands of dollars that, ultimately, we're going to be saving if we do this. But the point is, colleagues, this is not some wish list; this is not just a couple of people standing up and saying we would like this to happen. Your county attorneys, who are elected officials who believe in public safety as much as the rest of us, are saying we need this funding in order to keep these programs going. And, as a final note, I'll say these programs, colleagues, are really, like, the, the pinnacle of what these programs can look like. There are problem-solving court conferences that happen all over the country, and the way that some of these problem-solving courts in Nebraska are being run are being held out to be the gold standard. So if you're talking about, like, for example, the Lancaster County Drug Court, vets courts, some of the DUI courts, specifically in Lancaster county, where I know we're seeing incredible results-- these are being held out as the gold standard of what problem-solving courts can and should look like, and it's because we supported them as a Legislature, and we provided the Supreme Court the ability and the financial capability to plan for these. So it is incorrect to say that they simply can come back and ask for a deficit makeup of money. The, the, the Supreme Court has to budget for these in the near term, and if we don't provide them with that opportunity, it's going to result in tangible consequences come as early, possibly, as July. So, colleagues, I would encourage you to take that into consideration. If you don't believe me, please reach out to your local county attorneys, please reach out to your local law enforcement officials or representatives; they can talk to you about the importance of these programs, and they can talk to you about the benefit that they supply. Thank you, Mr. President.

**ARCH:** Senator McKinney, you're recognized to speak.

**McKINNEY:** Thank you, Mr. President. I rise in support of Senator Holdcroft's AM1379, primarily because we shouldn't be trying to cut funding from things that we say work, things that we say may help reduce our overcrowding situation in the state. A lot of people stand up and say they care about public safety, and if that is so, then you should care about problem-solving courts, you should care about funding for juvenile services and those type of things, because those things help, you know, keep people out the system and make sure that the right things are happening, you know? So I don't understand how anyone could stand up, especially when we're dealing with, you know, the reality that some people want to build a prison, which is going to cost more than \$350 million, as I've stated many times. And, you know, people like to ignore that, but, you know, I stand up and tell you all

the prison already is over budget than what it was originally proposed for, and it's definitely under budget for what it's actually going to take to build. But instead of building prisons, we could be investing in our problem-solving courts, we could be investing in juvenile services. We don't need to build a prison. You know, it's very convenient for people to say that the Nebraska State Penitentiary is in such disarray that we need to build another prison, but when I bring up any conversation of demolishing the prison, nobody wants to do it. If it's in such bad conditions, why are we saying we want to keep it open? You want to know why? Because all those buildings are not 100 years old. I think the church on the campus might be, but most of those other buildings were built in the '80s or early 2000s. So it's just real interesting. You know, we should be investing in things that work, not taking away from them and then saying, oh, well, we could just build a prison. Because that's what you're saying; you're saying we don't want to invest in problem-solving courts because we're, we're building or proposing to build a prison that is way over budget, is going to cost almost \$1 billion to complete, but nobody wants to have that conversation, that the prison is not going to cost \$350 million. It is going to cost probably close to what was in South Dakota, 800 and what, \$825 million or more. And the cost is going to keep going up with these tariffs, labor costs, and all those type of things. So instead of wasting away billions of dollars on a prison, we could get more property tax relief, we could get more investment into affordable housing, you know, things that people actually need. We could invest in those type of things, but nobody has the political will-- well, I ain't going to say everybody, but a lot of people don't have the political will to say, no, we should not be building a prison. It makes no logical sense. You can't stand up and make a strong argument, because if you could, I would have heard it already, especially if you're not trying to demolish the current one that you're saying is in such bad shape. Make the-- make it make sense. If we need a replacement prison-- is what they said-- because the current, current campus is such bad conditions that people shouldn't live there, why can't we just demolish it? Just answer that simple question. If it is, if it is in such bad conditions, why don't nobody want to demolish it? Because I've brought two amendments since I've been here to say, once the new prison opens, you demolish NSP, and it got struck down every time because nobody wants to demolish it. We just want Lincoln to be the prison industrial capital of the state of Nebraska. That should be Lincoln's logo: prison industrial complex. You'll have the RTC, you'll have NSP, the new prison, community corrections, men's and women's. Then, Lincoln even got they own county jail. So it's just the prison industrial capital of Nebraska, is what

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Lincoln is going to be. And it doesn't have to; we could actually invest in real things that people need instead of prisons that don't solve or make us safer. So it's just something to think about, you know, we should be investing in our problem-solving courts and juvenile services,--

**ARCH:** Time, Senator.

**McKINNEY:** --and not taking them away. Thank you.

**ARCH:** Senator Spivey, you're recognized to speak.

**SPIVEY:** Thank you, Mr. President. So I wanted to provide some more context to the conversation, and I appreciate the dialogue that we are having this morning. So, as a freshman senator coming onto Appropriations, one of the first things that I asked was, what is our approach? Like, what is our strategy when we talk about what we are looking at from an investment standpoint? Like, what does that look like for us, and what are those guardrails that we are using in order to make decisions? And there is not one. There is not a philosophy around appropriations, there's not an approach to say, here are the key areas that we are investing in based on interim studies, based on work that was done before. Like, the-- that foundation does not exist in that same way. And so I think it's really difficult for us to say that we have priorities and choices when no one has ever said here is our framework for priorities and choices. We have not, as a body, talked about it. Folks don't engage in that dialogue, and I think it puts us in this type of position where it becomes a zero-sum game around evidence-based practices and programs and agencies, and creates this competing priority space that doesn't always need to exist in the way that it is now. And so I think we really have to address that when we look at this budget. And because there is not that foundation, it has to be equitable. It's not going to be equal. And so I respectfully disagree with some of my Appropriations Committee members around that, you know, this agency got this cut, or they got this amount, so we need to look at it for the others because it needs to be equitable. We need to at each agency, what they're actually needing, the impact of those programs-- bless you, Mr. Clerk-- the impact of those programs, and how do we ensure that they have the resources needed to do what is in front of them. And I think the courts-- the Supreme Court and what we are seeing from problem-solving courts specifically with AM1379 is a really good example of that. I passed out a letter from Corey Steel so that folks can read about the impacts of the cuts from their words. Again, I think a lot of the times, we don't have full information when we're making decisions. Yes, Appropriations has hearings, but we are

not embedded in that agency. And so I think it's really important that we uplift the voices of those that are navigating this budget and that have to implement, and what they are saying that they need and the impacts of our decisions here, and that's what that letter outlines. The last bullet on that page is around juvenile probation services. And right now, based on the current cuts that we have proposed, those services, for example, will go from 120 days to 90. So we are already not funding services that we know are important for rehabilitation, and we know that juveniles especially see the most success when they are not inside of an institution but are getting the services they need through a program like supervision or probation. And so that is already being cut. Then, we have LB530 which has LB684 embedded inside, which, currently, we are in conversation, but currently as is, creates a superpredator category, more extreme services needed for the superpredator category, gives them one chance to complete it; if not, then boom, you're going to be detained. That's going to cost someone money. This is-- that is an unfunded mandate. So if we are already not appropriating and covering the services now that we know are actually working, if LB530 passes in its current form with LB684 inside, that means we're going to create a, a bigger budget issue for the courts. And so when they come back in in January, if they have to, we are going to have a mess on our hands that we created by not listening to people closest to the issue to be able to invest in evidence-based programs that we know have a strong return for our communities and for the people that we are serving. So I see my light is on. I, I want to touch base a little bit more on the prison and what's going to be in front of us with my amendments. But, again, I think this is such an important conversation that we have to sit in and that we have to navigate. And, and what Senator Holdcroft is proposing, I think, is common sense, it uses the taxpayer money wisely, and it continues to create community betterment as well as address the incarceration issue that we have across Nebraska. Thank you, Mr. President.

**ARCH:** Senator Jacobson, you're recognized to speak.

**JACOBSON:** Thank you, Mr. President. Well, I rise opposed to LB1379, and I do, not because I oppose problem-solving courts. I think problem-solving courts have been very effective and they need to be funded, and they are being funded. I rise because the Appropriations Committee spent a commend-- considerable amount of time going through all of these cash funds. Have you wondered where all these cash fund balances came from? What-- where they came from is we allocated money to those agencies, they didn't spend it all, and it went into their cash fund, and the cash fund grew every year. So now we've reached in and we've reduced the cash funds, but we have not swept clean the cash

funds. So this particular allocation of funds is in the main budget for the courts. Their budget is increasing this year by, I believe, \$13 million, and they have still remaining cash funds. They have the funding available to fully fund this, even though they may go into deficit spending and have to reach into the cash fund to complete it. And, as Senator Clements articulated earlier, they can come back in January-- they have plenty of money to get till then-- and request an increase if it's needed. If we start looking at every bill or every fund that's being reduced and saying the sky is falling, we absolutely, positively can't make this work. Remember that we're seeing budgets increasing in the dollars that are allocated to them. Again, in the case of, of the courts, \$13 million increase over a year ago. Plus, they still have cash funds. Talk to businesses who have seen situations where their cost of goods have gone up. And the case of farmers in particular, they've seen the price of corn come down significantly over 2 years ago, but yet they're supposed to make their budgets work. You know how that's going to happen? They're going to find ways to spend less on other programs. If this program is as, as important as it is, and I believe it is, then they'll find a way to fund it and make cuts elsewhere. It's time for the agencies to find-- make those hard decisions and figure out how to fund programs that are effective and working, not constantly coming back to the Legislature and asking for more money, or making the case that we just absolutely can't make this work unless we get this additional dollars. That's how our budgets get out of control. So I'm going to vote no on this simply because I believe they have the money, they can obtain the money, and that this is not a crisis, and they'll figure out how to fund it. And so I'm going to vote no on this amendment, and I will likely be voting no on any amendment that is going to make changes to what the Appropriations Committee has brought, unless there is a pay-for that does not include cash funds, so-- coming out of the rainy day fund. So with that, thank you, Mr. President for the time, and thank you, colleagues.

**ARCH:** Senator Armendariz, you're recognized to speak.

**ARMENDARIZ:** Thank you, Mr. President. I just wanted to join in the conversation. Sitting on Appropriations, I wanted to give a little different perspective, but I may be echoing what Senator Dover, Senator Jacobson has said. This is my third session on Appropriations, and we have watched the Supreme Court budget. We did increase their funding. They did ask for more, and we did hold flat in some of the specific programs that they asked for. But I have been told directly by the Supreme Court that they are a separate branch of government. They are not the legislative branch, they are under the administrative

[SIC] branch; they are their own separate branch, the judicial branch. We do not get to dictate how they spend their money necessarily, but we do appropriate their money. In my first session, when they were requesting more funds, I did ask them if they were going through the efficiency audit that the administrative [SIC] branch was going through, and they said they were a separate branch of government, they do not need to do that. My intent is for every branch of the government to do that. There is room to look into every budget to find out what programs work, what programs do not work. I personally heavily support the problem-solving courts, and they do have the funds to do that, should they so choose. I believe they're using the same tactics that anybody would use and hit people where it hurts if you don't give the money. I believe that they have the choice to move money around and put it toward programs that are really working, such as problem-solving courts; they're just choosing not to. We did increase their overall budget, they have choices; they just wanted more. We held them flat in a lot of areas, but my intent is to bring down government spending, not increase it year over year without checking what programs are working and what programs are not working. This is the process we're going through now, and I am opposed to AM1379. Appropriations Committee has already done the work on this agency. Thank you, Mr. President.

**ARCH:** Senator Moser, you're recognized to speak.

**MOSER:** Thank you, Mr. President, and good morning, colleagues, Nebraskans. So this is an unusual situation for me, where I would offer support for Senator Holdcroft's motion because it spends money, but the problem-solving courts sometimes have great benefits. Sometimes people still fail, but the recidivism rate is lower if you go through problem-solving courts. They can have their-- they can change their plea and come out with a clean record, if they successfully complete their programming. And the cost is about 10% of what it would cost to put them in jail, where it's around \$4,000 versus \$40-some-thousand. So, in that way, it is a money-saving idea. There are some other bills out there that we will be considering, at least I hope, that may put money back into the rainy day fund, or back into the property tax credit fund, but I think this is one case where we should restore this funding. In the process of making this budget, a lot of eggs were broken, and it's just the way this-- the planets aligned. We had a change in forecast of revenue, we had some unknown increases in programs that we can't readily change, and this is one victim, one, one cracked egg. But I, I support Senator Holdcroft's amendment, and I hope my colleagues will too. And then we'll try to

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make up what we're spending here somewhere else. Thank you, Mr. President.

**ARCH:** Senator Kauth would like to recognize some special guests. There are 72 fourth grade students from West Bay Elementary in Omaha; they're located in the north balcony. Students, if you would rise and be recognized by your Nebraska Legislature. Senator Dover, you're recognized to speak.

**DOVER:** Thank you, Mr. President. I would just like to stand in opposition again to AM1379. Just so you know, they have the cash funds to pay for the problem-solving courts, and off on the south side of the Chamber is the Legislative Fiscal Office, and obvio-- just wanted to make sure anyone that has a question about something that's coming up right now can talk to the specialist that takes care of that, that agency. And so I would encourage anyone here that thinks they need to support AM1379 or, or the problem-solving courts will go away needs to talk to Kenny in LFO. Again, that's Kenny in LFO; she's-- he's under the south balcony. He will tell you they have enough cash to go through till January, where they can come and ask for deficit spending. And that was a conversation that we had with many agencies, saying right now, we're trying to just make the limited cash flow work. So, again, we told many agencies, you know, you have the cash to take care of this, so take care of this this year, and then come in January and we'll revisit this. I was having a conversation with Senator Jacobson. I really feel as though, with President Trump and his tariffs, that there are a lot of people all over the world that are holding off spending. And I really think that by January this should be resolved, and I really think you're going to see the revenue forecast look a lot different, and many of the things that we're very concerned about will be taken care of a year from now. Thank you.

**ARCH:** Senator Sanders, you're recognized to speak.

**SANDERS:** Thank you, Mr. President. Good morning, colleagues and Nebraska. I rise in strong support of AM1379, and I want to specifically highlight one reason this amendment matters so deeply to me and to many in Sarpy County. Our Veterans Treatment Court, this program exists for one reason: because we owe something to the men and women who wore the uniform, who stood between us and harm's way and served their country, and it is now time of personal crisis, need their country to serve them. The Veterans Treatment Court is not about giving anyone a free pass; it's about recognizing that many veterans who find themselves in the criminal justice system are struggling with post-traumatic stress, traumatic brain injury, addiction, and other



service-connected challenges. They're not hardened criminals; they are former soldiers, sailors, airmen, and Marines trying to find their footing in civilian life, often after experiencing unimaginable things. Sarpy County's veteran court is already making a difference. It may be relatively new program, but it has 12 participants and growing. These are people who are now on the path to healing, accountability, and stability. We are seeing results, and cutting funding-- we are seeing results, and cutting funding would be pulling the rug out from under them. Veterans courts operate with structure, discipline, and high expectations, all grounded in the same value of responsibility and service that shaped these individuals during their time in uniform. It is a model that works because it is tailored to those who have already proven they can meet high standards when given the right to support. And let's be honest, if we can't find the resources to support programs that help veterans stay out of jail, reconnect with their families, and become productive members of society, then we need to take a serious look at our priorities. Supporting Veterans Treatment Court is not just a smart policy, it reflects the kind of justice system we should all be proud of: one that holds people accountable while giving them tools to succeed. Problem-solving courts work. They reduce recidivism, improve long-term outcomes, and save taxpayers dollars. Graduates of these courts are far less likely to re-offend because they've addressed the root cause of their behavior, whether that's substance abuse, untreated mental illness, or invisible wounds of war. The cost is about \$4,400 per participant each year. We're getting great results that would otherwise cost nearly 10 times more through incarceration. That's not just the right thing to do, it's the fiscally responsible thing to do. Cutting these programs mainstream would undermine years of progress and eliminate some of the most effective tools we have for making our community safer and our system, system more sustainable. Let's not move backwards; let's invest in what's working. I urge your support on AM1379 to keep this program alive. Thank you, Mr. President.

**ARCH:** Senator Spivey, you're recognized to speak. This is your third opportunity.

**SPIVEY:** Thank you, Mr. President. Again, I rise in support of AM1379, and do just want to reiterate that I think not all of the thought partnership and strategy just lives in the committee, right? So the committee has a responsibility. I have said on the mic I appreciate the hard conversations myself and my committee members engaged in to figure-- try to figure out our budget deficit and right next steps, and this budget still belongs to our body, the Legislature. And so I

do think there should be intentional conversation, there should be-- right? Not this, just group think of, hey, Appropriations did it and this is what we approve. But we should be challenged on our thoughts and our decision-making, and we should be able to talk about it and present our different perspectives. That is the whole point of debate in this process, and this is too big of a decision in what we are putting forth that impacts our state now and going forward that it is just siloed to the decision-making of that committee at that time. And so I personally, as a member of Appropriations, appreciate this conversation and the decision-making and debate that is in front of us, again, as we have choices, and this budget belongs to all of us, not just that committee. So I just wanted to revisit some of the article, and just read a snippet out of here just in case folks did not get a chance to because there are lots of conversations and dialogue happening. That in response to a question at a public hearing in March over whether the prison would cost more than \$350 million, Rob Jeffreys, the director of Nebraska-- Nebraska's prison system told the Legislature's Appropriations Committee that the department would carry on with its continuous evaluation of inflation rates, and would have a better sense of the true cost of the prison once the state fields construction bids from contractors. Bids have not started yet; they are just about to start the process. And so, again, when you look at the environment that we are in in decision-making, we know that this is going to cost more money, and that there is an opportunity for us to be better stewards of our taxpayer dollars and to be fiscally responsible here and invest in evidence-based programs. I would just also say that it is really hard to run a public agency that's doing direct service work in the way in which that we are appropriating the budget and what we are saying for them to request. So I run a nonprofit; we get federal funding, we have a mix of funders, private philanthropy. I've worked in direct service organizations, and you have to know where your budget is to be-- to best serve the, the individuals that are navigating your programs. And so I don't think it is a best or appropriate practice that we tell folks use your cash fund to be able to figure this out, and we'll revisit it in January. I think we have priorities at the state. Again, that, that strategic direction has not been a foundational framework inside of the budgeting process, and so, as we have debated on the floor, priorities have risen or not to what we want to fund, like water, for example. People have said over and over, that's a priority, the canal is a priority, so that's where we are keeping dollars. We know that the investment in these diversion courts and services for people navigating systems whether they're juveniles or adults absolutely makes a difference to them being able to come back into community as

contributing citizens, as well as not spending money that we don't have to by putting people inside a prison or juvenile detention. And so I think that that is a priority that we need to sit in, and we need to reevaluate other investments that we have said are important to us. But to say an, an agency that does this type of social service work in this way, that's not how you budget, it's not how you run a program, and it's not the correct same business model as if you were in the private sector. And then, the last thing that I would say is that there are other agencies that could be up to review, like the AG's Office. I, I brought and put on record in Appropriations that we are continuously growing the AG's Office; Senator Machaela Cavanaugh also. And there has been no discussion about scaling back that office, yet we're talking about that from a juvenile-- from a, a probation and diversion service side, which again, I think is not responsible of us, and that we should really sit in and challenge our-- challenge ourselves on, on that approach. And so, again, I rise in support of AM1379. I think this is a smart decision. I supported this in committee, but we did not have the votes, and so I hope people will support it now. Thank you, Mr. President.

**ARCH:** Senator McKinney, you're recognized to speak.

**McKINNEY:** Thank you, Mr. President. Again, I rise in support of AM1379, and I think it's interesting that people are saying, like, we should cut spending, we shouldn't be spending so many dollars, these agencies have money. Well, we also need to be honest and say that agencies were pretty much told to not spend a lot of money last year by the executive branch. So there is a reason why these cash funds are not as spent-down as they probably should be; we just have to be frank and just honest about that. We also, you know, need to have a conversation when people say we need to cut dollars and we need to watch spending. Why aren't we watching spending when it comes to the-- this prison problem that we have? It is over budget and behind schedule, but nobody wants to have that honest conversation. And that's the problem: we pick and choose when we care about spending in the budget. We're going to spend \$1 billion on a new prison, and we're going keep the old prison open, although many people tell you the new prison is a replacement for the old prison, but we all know that's not true. Because then, they'll say we're going to decommission the, the old prison. What does decommission mean, honestly? Because they don't want to demolish it, so if you're-- you, you don't want to demolish it, but you want to decommission it. All that actually means is they're just going to reclassify the facility to another custody level and, and keep it open and, and use it for other things. But, you know, people care about spending. And, you know, people question bills that

come from other committees all the time, but when it comes to the Appropriations Committee, we're not supposed to ask questions. But any other committee bill that comes to this floor, it's, it's just free reign to ask questions. Senator Holdcroft has bills from General Affairs, and people ask questions about them. But when we get to the budget and the Appropriations Committee, we're not supposed to say anything; we're just supposed to shut up and just deal with a fiscally irresponsible budget. Why is that? It's not even balanced. Then, you all keep telling us we need to just build a prison just because, but there's no justification for it. We're supposed to do all these things and trust these things, but when it comes to other committees, people can ask questions. But when it comes to this budget, we're, we're just supposed to shut up. I, I find it crazy, and I find it disrespectful to, to other committees. Other committees do good work as well, other committees spend a lot of time working on bills and getting them to where they need to be, but nobody stands down and, and, and don't ask questions when it comes to other committee bills. But when it come to the Appropriations Committee and the budget, I guess, you know, we're supposed to shut up, we're supposed to accept the numbers for what they're-- what they are, we shouldn't ask questions, you know, the process was, was the best in the world, and that's what they're telling us. But when I find something I disagree with, I'm going to disagree with it as I've always have, especially when it comes to spending. You don't want to fund-- make sure our problem-solving courts are adequately funded. You don't want to make sure juvenile services is adequately funded, but you want to vote for a bill to detain 11-year-olds. What's going to happen with them if you cut the budget to the courts? What's going to happen if we don't have fully-funded problem-solving courts? Our prisons are going to be more overcrowded than they are today, and what are we supposed to do? Nothing, I guess. We're supposed to just shut up, build a prison, let, let the prisons be overcrowded, and never ask questions about the budget, I guess. But when it comes to other committee bills, people can ask questions, but when it comes to the budget, it's-- we're just not supposed to ask anything, and I, I think that's disrespectful of the body for us to not be able to stand up, ask questions, and say this is wrong. Why aren't we trying to fund problem-solving courts and juvenile services to the, to the best of our abilities? We're just trying to cut things, but we don't want to look at other things like this, this prison problem that we have that we don't need to be building. But, you know, it's in the budget, and we just supposed to not ask questions. We're just supposed to shut up and just deal with it, and--

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**ARCH:** Time, Senator.

**McKINNEY:** --I think that's wrong.

**ARCH:** Senator Dover, you're recognized to speak. This is your third opportunity.

**DOVER:** Thank you, Mr. President. It's an interesting place, the Chamber. You know, the main motivating thing usually is fear; if we do this, this will happen, the sky will fall, and those kind of things. But, again, I, I see Senator Sanders talking to Kenny, and I appreciate Senator Sanders over there talking because she's worried about the veterans in Sarpy County, the, the, the problem-solving court there. And I just want to say this is everybody comes in, and you get those emails all the, all the time that this is-- the sky's going to fall and this is going to go away, whatever. That's what agencies say when they don't want to spend their cash. And what we have done, in cooperation with the Governor's Office, is gone through and gone through and gone through; we are round four of making sure that agencies don't have cash just sitting there, because how many cash reserves do we need? And I think we need one Cash Reserve, and it's our Cash Reserve. And just so you know, if someone's telling you that problems-- drug problem-solving courts or veteran problem-solving courts are going to go away, they aren't. And, and who would you trust? I mean, I trust Kenny in the Legislative Fiscal Office to tell me what's going on. That's his job; he meets with those people. He says this: they have the cash to make it through until January, and we knew that, and that's why we did what we did. And come January, we said, come back, let us know where you are, we'll look at your situation and see what we need to do. We did this with many agencies who I'm sure we're going to hear of. But, again, talk to Kenny in LFO, he's under the south balcony. He will tell you they have the cash to make it through this year. And, and listen, we don't have the cash for borrowing from our Cash Reserve. So we don't need to be giving agencies money where they have cash to spend. So, again, I urge you to vote no on AM1379. Thank you.

**ARCH:** Senator Dorn, you're recognized to speak.

**DORN:** Me? Thank you, Mr. President. Wanted to get up and talk a little bit about-- haven't gotten the emails supposedly going around, is it one from Don Kleine, and it-- well, Senator Holdcroft talked about it-- \$4,400 per problem-solving court, \$41,000 per inmate. I referred to page 33, and the court system have had a 7.2% increase over the last 20 years. Well, what I didn't talk about was the correction

systems right above it. They have averaged 5.1% increase the last 20 years. Part of when we make the budget process, these problem-solving courts come out of the court systems budget; the incarcerated inmates come out of the correction systems budget. There's not overlapping. They're have the-- we appropriate the money so that they have the authority to spend that. That's what we do in this budget. We appropriate, or we give them the authority to spend that money that's put in their budget. We don't have an overlap or an offset. In other words, that \$41,000 per inmate does not have an offset of this \$4,400 dollars; they are each in their own separate budgets. That's part of why the court system's budget looks the way it does, but it's also part of the why, when you look at the correction systems, 2005 and 2006, it was \$136 million, and now we're up to \$366 million 20 years later. Thank you.

**ARCH:** Senator Dungan, you're recognized to speak. This is your third opportunity.

**DUNGAN:** Thank you, Mr. President. Colleagues, I just want to respond. This has been a really good conversation because I think we're having a legitimate back-and-forth debate on some of these issues. I appreciate Senator Dover's comments with regards to the Appropriations Committee, and I, I don't doubt that a lot of work has gone into each and every line item of this budget. But the Fiscal Office doesn't make policy; the Fiscal Office says how much money people have and whether or not there is, for example, ample money in a fund that could reach a certain amount or pay for certain things. The Fiscal Office does not make the policy of how that money is used, and certainly does not dictate where that money goes. I've been speaking all morning with representatives from county attorneys' offices as well as the courts, and when I say "the courts," I mean the courts across the whole state and representatives from the Supreme Court. Colleagues, if we do not approve this amendment, starting July 1, people will not be accepted into problem-solving courts in multiple jurisdictions. They will stop accepting people, and the reason for that, as I've mentioned before-- and I want to reiterate because I don't know if people have been listening all morning-- they have to be able to budget into the future. So even if they're able to make ends meet, if the Fiscal Office is correct-- which they always are. I love the Fiscal Office. If they are able to make ends meet for the next year, that does not mean that they're going to have ample funds into the future for the next half of the biennium to continue funding problem-solving courts, and they are not going to be accepting new people, new participants, into the problem-solving courts across the state if they don't know if we, the Legislature, are going to give them those deficit funding in

the future. We have denied those funds multiple times for multiple organizations. There is no ability that they have-- and this isn't a right or a wrong, it's just not how budgeting works. There's no ability they have to rely on us to make up those deficit funds. So regardless of the actual money, in terms of the next year, by virtue of the length of the problem-solving courts and the amount of time that it takes to ramp them up and the amount of time that it take to ramp them down, it is going to be vital that they ensure that they have long-term solvency with regards to their budgets and that they understand how much it's going to cost. So, colleagues, if we do not approve Senator Holdcroft's amendment, I'm taking the courts at their word that participants-- whether that's mental health folks, substance use folks, or veterans-- are going to be told there's no more ability to access these programs because they can't budget for them. So please, colleagues, don't listen to me, listen to the courts, listen to your county attorneys, listen to the people who do this on a regular basis who are running around like their hair is on fire this morning trying to make sure that we understand how important this is. And I understand that it's frustrating to go through line item by line item and say, oh, well, this is important or that's important. But that's what this process is for. What we are doing right now on the floor, as we debate the budget, is identifying these issues, having these debates, and we should be listening to the experts in those fields. So simply saying this is what the Appropriations Committee kicked out, accept it, is, I think, not necessarily living up to the obligation that we have as legislators at this punt-- point in time. We shouldn't be rushing this, we should be having debates. I know there's a number of other amendments up after this where we can keep having conversations about what is and what isn't necessary. But, colleagues, I'm telling you, the courts, your county attorneys, are begging you to approve this amendment. So I am absolutely in favor of Senator Holdcroft's amendment, it's a bipartisan issue, and it's one that I think truly does support public safety across the entire state. Thank you, Mr. President.

**ARCH:** Senator John Cavanaugh would like to recognize some special guests. There are 30 fourth grade students from Belle Ryan Elementary in Omaha; they are located in the north balcony. Students, if you would rise and be recognized by your Nebraska Legislature. Senator Conrad, you're recognized to speak.

**CONRAD:** Thank you, Mr. President. Good morning, colleagues. I rise in support of my friend Senator Holdcroft's amendment, and thank him for his leadership in ensuring that we can continue our support for current problem-solving court efforts, and hopefully work together to

figure out ways to expand for eligible individuals. Nebraska has a pretty long and clear track record when it comes to a careful establishment of problem-solving courts in Nebraska. It has been a program that has been cultivated very carefully with all members of our public safety system, and we have the data, we have the proof to know that we get better outcomes for individuals, for society, and for taxpayers when we utilize this smart justice approach to dealing with challenges in our society. So I know that Senator Holdcroft, for example, takes his work very seriously on the Judiciary Committee, where they hear about these justice issues day in and day out. And so I think it's very telling that then he brings that leadership to bear in regards to our budget deliberations, and how this aspect would impact not only his district in Sarpy County but our overall approach to justice in Nebraska, which impacts us all. There's a lot to unpack with this amendment and some of the debate and deliberation, but I was wondering if perhaps Senator Clements, as chair of Appropriations, would yield to some questions. Senator Clements, if you'd yield.

**ARCH:** Senator Clements, will you yield? Senator Clements, will yield to a question?

**CLEMENTS:** Yes.

**CONRAD:** Thank you, Senator Clements. I heard you say in, I believe, the opening on the amendment that you presented this morning that, essentially, the main metric that you utilized for budget decision-making purposes was feedback from the Governor's Office. Is that a fair assessment?

**CLEMENTS:** That was a recommendation that the committee took up, yes.

**CONRAD:** OK. So no other metrics matter for consideration?

**CLEMENTS:** Well, also the Fiscal Office, as Senator Dover has mentioned, that Fiscal is telling me that there is, there is funding in the first year of the budget for this program.

**CONRAD:** OK. And we do budget on a biennial basis; we don't typically provide 1 year of support in our budget for different agencies and programs. So why are you changing course in regards to how we appropriate money to problem-solving courts or the Supreme Court outside of the process that we've always utilized? Why are you looking at a 1-year metric in this regard?

**CLEMENTS:** Actually, the governor's recommendation was to hold the Supreme Court completely flat; this increases them \$13 million. In the



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committee amendment, the recommendation from the governor was a \$5.5 million reduction; I made a motion to change it to \$3 million. And so I did reduce the recommendation.

**CONRAD:** OK. The Supreme Court has been clear that if we move forward without Senator Holdcroft's amendment, that will have impacts for problem-solving courts in Lancaster County, Sarpy County, Platte County, and then other statewide services. So I can tell you as a Lancaster County senator, we have a significant overcrowding crisis at the local level in addition to the overcrowding crisis that we're all working within on the state level as well. Have you had an opportunity-- and I know you represent Lancaster County as well, Senator Clements. Have you had a chance to talk with county attorney, public defender, county commissioners, county jail administrator? If we remove the DUI problem-solving court in Lancaster county, what's that mean for overcrowding in Lancaster County Jail?

**CLEMENTS:** I did receive emails from them, and the-- supporting reinstate-- reinstating this funding. But my position would be that \$237 million, increased from \$232 million currently, the Supreme Court can decide how to allocate it, not necessarily to cut these items.

**CONRAD:** Right, but they have been clear about how they're going to allocate it. That's why they sent the communication, that's why they're--

**ARCH:** Time, Senator.

**CONRAD:** --trying to give full notice.

**ARCH:** And you're next in the queue.

**CONRAD:** Thank you, Mr. President. If Senator Clements would continue to yield.

**CLEMENTS:** Yes. Oh--

**CONRAD:** Senator Clements, thank you so much. So the court has been clear about how they will manage these cuts. So what basis do you have to disagree with the communication from the court dated May 1?

**CLEMENTS:** Mainly what Fiscal is telling us, that they have the funding for the first fiscal year.

**CONRAD:** Right. And you understand, though, that we budget for a biennium, we don't budget for 1 year. So, essentially, you're saying

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that because of a self-created budget deficit, we should borrow cash funds from a very successful program and maybe we'll fund it in the second year. Is that what you're asking the body to do by rejecting Senator Holdcroft's amendment?

**CLEMENTS:** I would like-- yes. I guess we'll, we'll-- we-- coming up with \$280 million, and everybody's being asked to make a small part of the contribution.

**CONRAD:** Senator Clements, from your deliberation and research, have you been able to find other programs that have such a high return on investment, such as the problem-solving courts? Can you think of any others that have a higher return on investment fiscally?

**CLEMENTS:** You'll hear from Senator Holdcroft that rural workforce housing has a 7 to 1 return, but I, I haven't seen that analysis.

**CONRAD:** All right, that's a good one. Are we cutting that?

**CLEMENTS:** I meant Senator Hallstrom, excuse me.

**CONRAD:** OK.

**CLEMENTS:** Yeah. Yeah, rural workforce housing has a \$4 million reduction.

**CONRAD:** OK. So that's a significant cost savings, problem-solving courts are significant cost savings of return on investment; so is the university. But your budget cuts each of those areas that we have demonstrated data and research that has significant economic return on investment. Is that right?

**CLEMENTS:** Yes, if it actually turns out that way. I would--

**CONRAD:** Do we not need that money? Do we not need that economic reinvestment in our communities and economy?

**CLEMENTS:** It's all, it's all relative.

**CONRAD:** To what?

**CLEMENTS:** The choices-- the Supreme Court, judicial branch has choices, and I would prefer they didn't make this choice. That's up to them.

**CONRAD:** What would you say to a veteran that is hoping to utilize veterans treatment courts and will be denied that if these budget cuts

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move forward? Do you-- would you have any problem telling him it's more important to protect unrealized tax cuts for billionaires rather than allowing that service?

**CLEMENTS:** No.

**CONRAD:** OK, but that's what the budget impact will demonstrate if we don't adopt this amendment. So then how do we square up the actions and the rhetoric?

**CLEMENTS:** I'd just repeat that I believe that first year, there would not be an elimination of the program.

**CONRAD:** OK. And so you and other committee members have noted that you hope in future-- in the future, we'll have a rosier economic picture. What is that hope grounded within?

**CLEMENTS:** I wouldn't-- yeah, I wouldn't know. I would hope the-- I set the-- I-- I've made a motion for the \$3 million reduction because the analysis I saw showed they had \$3 million carry forward at the end of the biennium. So I didn't think there was going to be a reduction necessary.

**CONRAD:** OK, but now that the court has made that, that information clear, would you like to reconsider your, your approach with Senator Holdcroft's amendment?

**CLEMENTS:** No, I don't support it. I believe the funding is adequate. It's still getting an increase of over \$5 million for the agency.

**CONRAD:** OK. So if we remove services for problem-solving courts, that'll put more pressure on county justice systems and county jails. It looks like Sarpy has an overcrowding problem; I can't speak to Platte off the top of my head, but I know Lancaster does. So then what's the response to local partners to address these issues if we remove prevention dollars that, that help to manage local overcrowding and that burdens taxpayers?

**CLEMENTS:** We gave an increase to this agency, and they're allocating it the way they determined.

**CONRAD:** OK, so the main metric is the governor said go ahead with it; we're only going to fund it 1 year in contravention of our biennial budget processing; we don't care what happens--

**ARCH:** Time, Senator.

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**CONRAD:** --on the local level, and we do-- thank you, Mr. President. Thank you, Senator Clements.

**ARCH:** Senator Machaela Cavanaugh, you're recognized to speak.

**M. CAVANAUGH:** Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraska. I just wanted to mention that we all received an email this morning from a constituent from LD 14, talking about the Epiphany contract which is \$2.5 million a year. If we were to eliminate that contract, we could pay for the problem-solving courts. As Senator Clements has said numerous times during this debate in response to Senator Conrad's questions, Epiphany did nothing to help with this budget. We are paying them \$2.5 million a year to do absolutely nothing, so maybe we should cancel that contract and pay for problem-solving courts. Thank you, Mr. President.

**ARCH:** Senator McKinney, you're recognized to speak. This is your third opportunity.

**McKINNEY:** Thank you. Would Senator Clements yield to some questions?

**ARCH:** Senator Clements, will you yield?

**CLEMENTS:** Yes.

**McKINNEY:** Thank you, Senator Clements. Have you seen this article that, you know, the new prison is behind schedule, and it's likely to cost more than \$350 million?

**CLEMENTS:** No, I didn't read that article.

**McKINNEY:** OK. And I bring this up because I'm kind of curious, as the chair of Appropriations, how do you reconcile continuing, continuing to put money into this already behind schedule project and the cost is continuing to rise, but we're needing to cut funding from different places like problem-solving courts?

**CLEMENTS:** The new prison is, is going to be an improvement in our correction system. I believe that we should continue to fund it. We'll have to find out what the estimates are in the future. I haven't seen what they're talking about, as far as numbers.

**McKINNEY:** How-- when you say it'll be an improvement, can you describe how? When every forecast projects it to be overcrowded the day it opens, how's that going to be an improvement if it's overcrowded and they can't conduct programming, as currently occurring now?

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**CLEMENTS:** Well, I think-- I supported it because programming was going to be increasing, from the presentation that I heard. The living conditions would be better; more square footage per person is the new code-- building code.

**McKINNEY:** But are you aware that if it's overcrowded, they can't conduct programming? It, it slows down programming, it makes programming in-- nonaccessible to a lot of people because it's overcrowded. So, although, yes, they say it'll be a better-looking facility and they can do prog-- more programming, if it is overcrowded, that won't be the case. So why are we investing in something that's not actually going to work?

**CLEMENTS:** That's to be determined, whether it's going to be or not. I would hope that they'll design it so that it's possible to do the programming.

**McKINNEY:** But it will be overcrowded, which is the problem. And that was-- that's part of the reason that it was ever-- it was proposed in the first place, was to deal with overcrowding. But if it's overcrowded the day it opens, does-- don't it defeat the purpose?

**CLEMENTS:** That's to be determined. The, the agency has designed what they think is needed. I'm relying on them. They've got the expertise.

**McKINNEY:** But as the chair of Appropriations, don't we have to think about the fiscal perspective of-- really, probably spending close to a billion dollars on a new prison that is going to be overcrowded? How do we deal with that?

**CLEMENTS:** I didn't know it was going to be \$1 billion. I hadn't seen that number.

**McKINNEY:** Well, they haven't projected that number yet, but once they start putting bids out, and if you read this article-- and it's probably comparable to what happened in South Dakota. They had a prison that was slated to cost about \$800-plus million, and they had to pause it and scrap the idea because it's too costly. And the same organization that our state is working with is the same one that was in South, South Dakota. So I would imagine that because of the delays, because of the tariffs, because of labor costs, material costs, it'll probably be closer to a billion than not.

**CLEMENTS:** Well, I'm supporting the funding that we have currently, and we'll wait for a recommendation from the agency if it's different.

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**McKINNEY:** But if it's different, then what do we do?

**CLEMENTS:** That will be determined at that time, depending on what the cost is and what the alternatives are. The alternative is the current facility that's worn-out.

**McKINNEY:** Have, have you ever been in there?

**CLEMENTS:** Yes.

**McKINNEY:** OK. When you say it's worn-out, do you-- are you also aware that the, the, the, the department and the executive branch has deferred maintenance for the past 10 years? So it's kind of intentionally worn-out.

**ARCH:** Time, Senator. Senator Conrad, you're recognized to speak. This is your third opportunity.

**CONRAD:** Thank you, Mr. President. Good morning, colleagues. I was hoping my friend Senator Dorn would yield, please.

**ARCH:** Senator Dorn, will you yield?

**DORN:** Yes.

**CONRAD:** Thank you, Senator Dorn. I listened carefully to your comments on this particular matter, and appreciate your service and leadership to our Appropriations Committee. One thing that really caught my attention was that you highlighted for the body the fact that a lot of our criminal justice spending is growing at a pace far, far faster than the rest of the budget. We know that we're spending more on corrections and related activities than we're seeing growth in education or infrastructure or natural resources or health care-- the list goes on and on and on. And my, my question, though, is just to follow up on that well-established fact that I'm glad that you reaffirmed. Why would we cut a program like problem-solving courts that saves money in the fastest-growing budgets in state government?

**DORN:** One of, one of the fastest-growing ones. There's a couple others that are in that 7%, one 14%. Why would we cut funding? It's a whole budget process. It's not this one, this one, and this one, and then we're done. We, we have to look at the whole thing. We had a budget deficit this year that grew, so where do we, I call it, where do we not take those funds from, but where do we not appropriate funds? How do we get that all to balance? So that is the reason why. There-- I think as Senator Clements said, there are other things-- we quite

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often, we quite often hear about, well, you have this much return on the money for spending on this or this or this and so on. We hear that a lot. So when we make the budget process, it's not a, I call it, a 1-week thing or a 2-week thing; it's a long process. We're-- that's what we, I call it, evaluate the best we can, and we come to these decisions.

**CONRAD:** Yes, I remember the process, and perhaps it's changed since the 8 years that I served on the Appropriations Committee, but I, I don't think that much. But my question, though, Senator Dorn-- and I remember how the committee comes together in a, a unified capacity where possible-- is we, we do have this piece of the puzzle in front of us right now to restore funding to problem-solving courts, which we know keep us safer and save everybody money. So why-- if we have this decision in front of us and we can make it together, we acknowledge this is one of the biggest drivers in our budget spending in Corrections, why, why wouldn't we try to restrain spending in Corrections and justice-related things? Why wouldn't we take this option?

**DORN:** Well, there are certain things-- and you remember, when you were here. Out of the whole budget process, there's about a third of it, or maybe 35% or 36% that actually we have control over what the, the, the dollars are, or whatever. So that's part of the reason why this here is. This was-- like I mentioned earlier, problem-solving courts-- the court system has grown, but part of it is they have developed these problem-solving courts; we-- the Legislature didn't mandate it. Senator Ibach had a bill this year to help fund, I call it, some scholarships that we mandated; the university now pick them up. We didn't give them any funding, so that was \$6 or \$8 million. Should we have funded that instead of more problem-solving courts? Those are decisions of how we look at many of these things and decide to fund this or that.

**CONRAD:** Right, and we can definitely have that conversation in regards to higher ed funding. It's not quite up on the board yet, but I appreciate your point. So, Senator Dorn, is your kind of primary objective in asking the body to reject this amendment and to support the overall package, is that the vision is we should increase fees wherever we can, we should increase taxes, we should cut services, and should protect those billionaire tax cuts at all cost?

**DORN:** No. That's not--

**CONRAD:** OK, then--

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**DORN:** --that's, that's not how I look at things. Yeah.

**CONRAD:** --then help me understand the vision, because that's what the actions show.

**DORN:** The vision is, when we started the year, we had \$432 million deficit. Now how do we come up with--

**CONRAD:** Now, how did we get to that deficit, Senator Dorn? What was the driver there?

**DORN:** Multiple reasons. One of them was Medicaid and what the extra cost there was. There were-- you could also use property tax, you could also use income tax. You could also use many things. We are spending too much. That's quite simple, that part of it. So there's a lot of things make up that part of the budget discussion.

**CONRAD:** OK. In December we didn't have the information on the FMAP, so you can't blame it on Medicaid. What was driving the \$500 million deficit before we walked in?

**DORN:** They kind of knew already that that FMAP was going to happen in December. They were--

**CONRAD:** Wasn't part of the calculations. What was driving the \$500 million--

**ARCH:** Time, Senator.

**DORN:** Yeah. It was part of the governor's budget, though.

**ARCH:** Seeing no one in the queue, Senator Holdcroft, you're recognized to close.

**HOLDCROFT:** Thank you, Mr. President. I'd like to start with a call of the house, and then continue with my closing.

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

**CLERK:** 21 ayes, 2 nays to place the house under call.

**ARCH:** The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please



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leave the floor. The house is under call. Senator Holdcroft, you may continue your close.

**HOLDCROFT:** Thank you, Mr. President. Well, I think, you know, it really comes down to risk versus rewards. We know, we know for a fact that our problem-solving courts are, are paying dividends. I mean, we've seen recidivism rates go from 30% down to 17%, we know that the-- it saves us, you know, \$4,000 a year for, for someone in problem-solving courts versus them being in prison-- and that's where they would be-- at \$41,000 a year, so there are, are definite rewards for these programs. I would also like to-- and this is really more of an LB564 discussion, but what is the impact of this \$3 million on our Cash Reserve Fund? Today, our Cash Reserve Fund, according to the green sheet, is \$689,857,779. So we're talking about taking \$1.5 million away from that. That would lower it to \$688,357,779. So the recommendation, which I got from, actually, Senator Clements, said our rainy day fund should be about 12%, 12% of our expenditures. Well, if you do that math, then our rainy day fund should be \$668,830,034. So even after this reduction from the Cash Reserve Fund, we would be \$20 million over the recommended amount for our Cash Reserve Fund. The impact of this \$1.5 million on the Cash Reserve Fund comes out to 0.2% impact on the Cash Reserve Fund. So, I mean, it's the rainy day fund, and, folks, it's raining. We've seen some less than positive forecasts from the Forecast Board; that's really what started driving us down this road of cuts after cuts. But, you know, look at, look at the history-- and it's on page 8 of your celestial blue budget book-- at the, at the balances of the Cash Reserve Fund. You don't have to go back very far. I mean, go back to 2009, 2010, it was 468-- \$467 million, then it dropped down in 2010 to \$313 million. We've been down in the \$300 million in the Cash Reserve Fund many, many times. \$428 (million) in 2011, \$384 (million) in 2012, \$719 (million) in 2013. So it started coming up, we had 4 good years, and then, in 2017, it dropped to \$339 million, and then \$333 million, then \$426 million, then \$466 million. And then COVID cut in, and we saw all this federal money rolling in, and all of a sudden we're up in the \$900 millions. The \$1.6 billion Cash Reserve Fund in 2022, and then we've been pretty healthy since then. But now, reality has set in, and we need to get back to 12%. And we're over that currently, and with this amendment, we would still be over the recommended amount of Cash Reserve Fund. So I urge your green vote on AM1379. Thank you, Mr. President.

**ARCH:** Colleagues, the question before the body is the adoption of AM1379. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

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**CLERK:** 26 ayes, 17 nays on adoption of the amendment, Mr. President.

**ARCH:** AM1379 is adopted. Mr. Clerk, next amendment. I raise the call. Mr. Clerk, for items.

**CLERK:** Thank you, Mr. President. New A bill, LB48A introduced by Senator McKinney. It's a bill for an act relating to appropriations; to appropriate funds to aid in the carrying out of the provisions of LB48; to provide an operative date; and declare an emergency. LB513A introduced by Senator Bosn. It's a bill for an act relating to appropriations; to appropriate funds to aid in the carrying out of the provisions of LB513; declare an emergency. LB530A introduced by Senator Bosn. It's a bill for an act relating to appropriations; to appropriate funds to aid in the carrying out the provisions of LB530. LB215A introduced by Senator Holdcroft. It's a bill for an act relating to appropriations; to appropriate funds to aid in the carrying out of the provisions of LB215. Communication from the governor concerning an appointment to the Commission for-- excuse me. A withdrawal from the-- of an appointment from the Commission for the Deaf and Hard of Hearing. And notice of committee hearing from the Government, Military and Veterans Affairs Committee. New LR, LR167 introduced by Senator Moser; that will be referred to the Executive Board. As it concerns LB216-- excuse me, LB261 and the agenda, Mr. President, Senator Clements would move to amend with AM1407.

**ARCH:** Senator Clements, you're recognized to open.

**CLEMENTS:** Thank you, Mr. President. This is an item from the Secretary of State. Does not affect general funds at all, just a cleanup bill. He has some excess money in the Records Management Cash Fund that he wants to move \$300,000 out of the Records Management Cash Fund, lowering their appropriation, and increase the cash fund appropriation in his administration cash fund. So it's a negative \$300,000 of cash in one program, which is Program 86; increasing \$300,000 to Program 20, and this does not affect the, the General Fund budget. Also, it increases the salary limit that he has in administration, so he has more expenses he'd like to cover in the services and administration of the Secretary of State, and he has funds-- availability of cash funds in another program. Would Senator Holdcroft yield to a question?

**ARCH:** Senator Holdcroft, will you yield?

**HOLDCROFT:** Yes.

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**CLEMENTS:** Back to the amendment you just spoke about. You were talking about \$1.5 million. The committee's recommendation was \$3 million, \$1.5 million in the first fiscal year, \$1.5 (million) in the second fiscal year. Which fiscal year were you talking about \$1.5 million? I think your amendment affects \$3 million, not \$1.5 million, if you were [INAUDIBLE].

**HOLDCROFT:** Yes. I mean, it was-- the \$1.5 million, I was just going down the column on the-- what impacts the reserve fund, the rainy day fund.

**CLEMENTS:** The rainy day fund cover is funding 2 years worth, both \$1.5 million and \$1.5 million. And so it's-- if you're restoring that total of \$3 million, that will be \$3 million that the rainy day fund would have to cover.

**HOLDCROFT:** Which would be 0.4% instead of 0.2%.

**CLEMENTS:** It's \$3 million. It's-- the agency is getting \$13.5 million increase. This will make it \$16.5 million, but I-- since the amendment passed, I just wanted to clarify that it's a \$3 million effect to the Cash Reserve. Thank you, Senator Holdcroft. I ask for your green vote on AM1407, just allowing the Secretary of State to use cash funds for administration where he has more expenses, and he has the extra authority and, and records management that we're reducing. So no effect to the General Fund. I ask for your green vote on AM1407. Thank you, Mr. President.

**ARCH:** Turning to the queue, Senator Conrad, you're recognized to speak.

**CONRAD:** Thank you, Mr. President. Good morning, colleagues. I was hoping that my friend Senator Clements might yield to a question, please.

**ARCH:** Senator Clements, will you yield?

**CLEMENTS:** Yes.

**CONRAD:** Thank you, Senator. I'm-- was just trying to get up to speed on the amendment. So this amendment impacts the State Records Board, is that right?

**CLEMENTS:** The records management program.

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**CONRAD:** OK, I'm not 100% sure off the top of my head if those are directly related. But there were, I believe-- I think they are. If not, we can get clarity there. Maybe somebody in Fiscal knows otherwise, they can give us a, a, a quick update if need be. But there were some significant headlines recently about disagreements in the State Records Board, and Auditor Foley and others had raised significant concerns about how some of those funds were being utilized for IT services and things of that nature, and not providing a good value to Nebraska taxpayers. Have you had a chance-- could you update the body about kind of what the status of those conversations might be, and how this amendment might impact that issue?

**CLEMENTS:** I wish I could, but I did not get any details. I did get a call from the Secretary of State shortly before session today, asking for this change in the cash auth-- cash fund authority.

**CONRAD:** Mm-hmm.

**CONRAD:** But I-- I'm just going to have to rely on them, that they have still ability in the, the fund-- the cash fund that's being reduced, that it's an excess amount that wouldn't affect operations.

**CONRAD:** OK. So the Secretary of State, did they just see that the budget that, that we passed off of General File had some sort of error or discrepancy that we need to correct in this regard? Or help me get a broader understanding or context for why we're making a last-minute change for the Secretary of State's Office.

**CLEMENTS:** I believe this is a change in their original budget request. And I can't tell you any more details, I'm sorry, but I'd, I'd be glad to try to check on that and get back with you.

**CONRAD:** OK. Would this issue impact an increase in fees in any way, shape, or form?

**CLEMENTS:** I'm not aware of that.

**CONRAD:** OK. And then is there kind of a, a long-term projection about how the utilization of more cash funds in this program might impact other operations in the Secretary of State's Office?

**CLEMENTS:** Well, this is increasing the cash fund authority in administration services, so I'm-- I would say they're needing some more money in, in services and administration expense. But they have excess in the other program.

**CONRAD:** OK. Well, if you did have any more information about kind of the ongoing issues that are up for debate in regards to the State Records Board, because I think they did lift up-- Auditor Foley and others lifted up some significant issues there, in terms of IT contracting and otherwise. And I know, whether through Epiphany or other members-- I, I appreciate you conceded on General File that we've paid Epiphany millions of dollars and literally haven't used any of their, their recommendations to craft the budget. But I've heard people talk about how we want to get a better value for IT services and otherwise, and this is kind of squarely within that specific issue, but we're increasing funding here without looking at the, the deeper issues. Is, is that right?

**CLEMENTS:** We haven't identified specific issues, that's right.

**CONRAD:** OK. Very good. Thank you, Senator Clements. I, I really appreciate your candor in that regard. Thank you, Mr. President.

**ARCH:** Senator Conrad would like to recognize some special guests: there are 50 ninth grade students, 1 teacher, and 1 sponsor from North Star High School in Lincoln, and they are located in the north balcony. Students, if you would rise and be recognized by your Nebraska Legislature. Seeing no one in the queue, Senator Clements, you're recognized to close on AM1407. And Senator Clements waives close. Question before the body is the adoption of AM1407. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

**CLERK:** 35 ayes, 1 nay on adoption of the amendment, Mr. President.

**ARCH:** The amendment is adopted. Mr. Clerk, next item.

**CLERK:** Mr. President, Senator DeBoer would move to amend with AM1410.

**ARCH:** Senator DeBoer, you're recognized to open.

**DeBOER:** Thank you, Mr. President. So here we have the money dealing with the Broadband Bridge. I've been going around trying to talk to everybody, but I haven't had the opportunity to get to everyone. Sorry about that. Been trying. The reason I've going around trying to talk to everyone is because we have a kind of complex question here, and I thought it would be easier to talk you one-on-one. But the situation is this: in the-- what I call the "murder sheet" that we got last week, with the \$5 million sweep for Broadband Bridge-- it listed all the things we were going to take money from, it said \$5 million from Broadband Bridge. They only have four to give that is going to lapse;

the rest is going go to projects, it's already encumbered, it's already building broadband out. So instead of \$5 (million), they have \$4 (million). Now, here's the complicated part: \$2.2 (million) of that \$4 (million) is going to automatically lapse on June 20. That \$2.2 (million) plus the \$1.8 (million) in AM1410 that you see in front of you equals the \$4 (million) that they have to give our budget. Because it's an automatic lapse, it will show up on the green sheet after Select File as \$4 million even though we're saying the words \$1.8 (million) here. I've talked to Senator Clements; Senator Clements understands what's going on, he'll speak to it as well. I'm available to talk to anyone. We want to make sure that we continue to fund the building of fiber out in our rural areas, which we're, we're doing with the Broadband Bridge. That's the explanation. So it goes from \$1.8 (million), but when you see the \$1.8 (million) in your mind, think \$4 (million), because that's what it'll be. Thank you, Mr. President.

**ARCH:** Senator Clements, you're recognized to speak.

**CLEMENTS:** Thank you, Mr. President. I am supporting AM1410, but it, it does come at a price. We removed \$5 million from-- of carryover money for the Broadband Bridge Program. We were wanting to discontinue funding that wasn't going to be spent. And Senator DeBoer has been researching this, and the, the net effect is going to be, instead of \$5 million lapse, it'll be \$4 million. And they'll, they'll retain \$1 million in the Broadband Bridge program, because we've been told that this-- they would be required to cancel some contracts that are obligated for broadband expansion. So this would be-- it's going to cost us another million dollars in-- somewhere, and most likely Cash Reserve transfer, another million dollars there after we did \$3 million with the courts. And so I'm a little bit reluctant to do that, but in the committee, we did try to bring the Broadband Bridge Program down to where they're able to fund the obligations and then just take the excess. So it does continue our policy that we didn't want to cancel any broadband contracts, and so this is just-- this will be an adjustment. The \$1.8 million, the-- it's going to change \$5 million to \$1.8 million, but we'll be getting \$2.2 million back already automatically in a lapse of unused spent-- previously unused funds. So the budget will be given \$4 million instead of \$5 million. And I, I do support this, mainly because we will be continuing broadband expansion with obligations that they have. Thank you, Mr. President.

**ARCH:** Senator Conrad, you're recognized to speak.

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**CONRAD:** Thank you, Mr. President. I was hoping that my friend Senator DeBoer might yield to a question or two.

**ARCH:** Senator DeBoer, would you yield?

**DeBOER:** Yes.

**CONRAD:** Senator DeBoer, just quickly, where does the money for this program come from? Do you know?

**DeBOER:** So in the last couple of bienniums, we've been appropriating money to the Broadband Bridge Program, so it will be from those last couple of years' appropriations. We do \$20 million-- in the past, we've done \$20 million at a shot.

**CONRAD:** OK. And then the follow-up question is where does it go? in terms of how it is-- how is it deployed to complete our goals on connectivity for underserved areas?

**DeBOER:** Yeah, absolutely. So you got it right that it-- it's for unserved, underserved. And what it does is it matches with money from a company that is building broadband out, and we give them-- and you'll have to forgive me, I can't remember what the percentage is on this one.

**CONRAD:** That's OK.

**DeBOER:** But we give them a percentage to help them to build broadband in places where they can't make a business case to build the broadband--

**CONRAD:** Yes.

**DeBOER:** --to get to our very rural areas.

**CONRAD:** That's right. And have we met our goals in terms of connecting our very rural areas with broadband connectivity?

**DeBOER:** I can't speak to whether or not we're on pace with that. I know that the attempt to be done is by 2029, and while I think we're on pace with that, I don't have any real way of measuring that.

**CONRAD:** OK. That-- that's helpful. And then, Senator DeBoer, if you could-- I know everybody's working so quickly as we're nearing the end of session and trying to digest and analyze an ever-moving target in regards to our state's biennial budget, but about how long after the

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committee's amendment was filed were you able to discern that this cut was problematic?

**DeBOER:** So I knew-- do you mean when we got what I'm calling the "murder sheet" last week?

**CONRAD:** Sure.

**DeBOER:** So we got the murder sheet last week, and I, I-- I won't say immediately, but pretty-- within the hour, I knew that they couldn't do the \$5 million, but needed to do 4. But then, this bit about the sweep, the \$2.2 (million), that, I discovered this morning.

**CONRAD:** OK. And so that discovery comes in with feedback from stakeholders, those at the agency, the companies, the consumers involved--

**DeBOER:** So our Fiscal Office and the Public Service Commission, which oversees the fund, realized that they were basically double-counting that \$2.2 million.

**CONRAD:** OK. Very good. Thank you, Senator DeBoer. If Senator Clements would yield to a question.

**ARCH:** Senator Clements, will you yield?

**CLEMENTS:** Yes.

**CONRAD:** Thank you, thank you, Senator Clements, and just wanted to confirm for the record, or perhaps give you a chance to respond otherwise, where did the initial budget target come from for this program and, and for these funds? Was it from the Governor's Office?

**CLEMENTS:** Yes, I believe so. We're--

**CONRAD:** OK. So you-- in this instance, you took only feedback from the Governor's Office, didn't care to check in with the PSC or any of the other folks working on broadband connectivity. Is that fair?

**CLEMENTS:** Our fiscal, our fiscal analysts did not disagree with this. When we were reviewing this, we rely on the fiscal analysts in each agency also.

**CONRAD:** OK. So they didn't have the most up-to-date information from the Public Service Commission, or what was the discrepancy?



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**CLEMENTS:** Evidently, there was a disagreement as to-- yeah, the amount of obligation of funds.

**CONRAD:** So I know that many senators, particularly our friends and colleagues from rural Nebraska have run on platforms to expand and increase broadband connectivity in their districts and across the state. Will these cuts help us to get more underserved areas connected?

**CLEMENTS:** We're going to fund what they have obligated, and the, the new office, Broadband Office has \$400 million to be able to do other projects, additionally.

**CONRAD:** Mm-hmm. And is that existing funding enough to connect the rest of the state, and then we're done? We've met our goals or--

**CLEMENTS:** We've--

**CONRAD:** --where are we with the process?

**CLEMENTS:** --we've been told that, yes.

**ARCH:** Time, Senator.

**CLEMENTS:** Yes.

**ARCH:** Senator Moser, you're recognized to speak.

**MOSER:** Thank you, Mr. President. Good afternoon-- morning, I guess, yet, colleagues, and all those across Nebraska that may be interested in what we're up to here. I support Senator DeBoer's amendment. Senator DeBoer has a real passion for broadband, and she really digs into a lot of the legal aspects and the-- she takes the deep dive into broadband work. And the, the short story of what happened here is the broadband-- the PSC felt that the grants would been-- would have been OK with the sweeping of the funds, but then after they got to doing more research on it, talking to more people involved into it, they discovered that they had commitments that would not be able to be honored if we swept all those funds. So this is a, a bit of a budget high-wire act here, where they're going to take some money from another fund and use that to cover it so that we can make these grants-- make good on our promise to fund these grants. The overall state of broadband is, I think, very healthy. 3 or 4 years ago, the amount of money that we had for broadband programs was not nearly enough to solve the problem, but in the last year, we've seen a quantum leap in availability of broadband. The funding from the

federal government was a big part of that, the new Broadband Office was a part of that, and I think that we can be confident that moving forward, we're going to have almost everybody with broadband availability. And I do want to give a shout-out to Senator DeBoer, because she has really worked hard on making all those broadband programs work, and I'm chair of the committee. But this is what she has a passion for. If this was a road, I'd be all over it. Thank you.

**ARCH:** Senator Conrad, you're recognized to speak.

**CONRAD:** Thank you, Mr. President. I appreciate Senator Clements' candor that this was an arbitrary budget cut that was brought forward by the Governor's Office without consultation with impacted parties, and with no clarity as to what that means for advancing our shared goals to ensure that all Nebraskans have access to reliable and affordable Internet, as that is critical to navigating life in today's day and age. So I will have to defer to my friends on the Telecommunications and Transportations [SIC] Committee, as they look at these issues in far greater depth and detail than, than I do outside of that jurisdictional committee. But in looking at least some-- at some statistics here about kind of where we are in Nebraska, and why I'm supporting my friend Senator DeBoer's amendment that's on the board and concerned about the cuts and the sweeps otherwise. So it says that Nebraska's Internet ranking is at 29th among all states now in regards to coverage speed and availability, and it goes on to list that about 1 in 10 Nebraska residents are not able to purchase an Internet plan of at least 25 Mbps download or upload. It then goes on to detail that nearly 3 in 10 residents in Nebraska are not able to purchase an affordable broadband package at a price of \$60 a month or less. It goes on to detail that about 4 in 10 Nebraska residents are unable to purchase a fiber Internet plan, with only about 61% connectivity in that regard. It goes on, then, to detail that in Nebraska, about 87.8% of people have access to high-speed Internet, ranking at 37th amongst all states, and then it goes down and, and kind of shows where we are by company and by county, and the demographics for connectivity. And I really appreciated the strong statements in support of access to reliable, affordable Internet services from our governor and many members in this body, and just want to put a fine point on this particular item. While Senator DeBoer's amendment does mitigate the damage from impacting actually obligated contracts in this regard, it still is nonsensical to take a budgetary cut and a budgetary sweep from a significant, a significant state priority where we find a lot of consensus. We have not met our goals when it comes to ensuring that all Nebraskans, particularly Nebraskans in underserved areas and rural communities, have access to

reliable, affordable Internet. Yet, it's more important to sweep these funds, to take these funds, to claw back these funds to prop up a budget that's in deficit structurally, primarily through the fact that our economy is doing well, so we're getting less money, drawing down less money in Medicaid. We've moved from a historic fiscal surplus to a budget deficit in a matter of just a few years through unaffordable, inequitable, unsustainable tax cuts for the wealthiest Nebraskans and the largest corporations; spending on pet projects that don't show the kind of return on investment that a connected community might have, or a problem-solving court, or an institution of higher education, or a housing program. There's been a continual effort to increase fees on consumers. We'll see increased taxes. We've already done that to a certain degree; we'll see more coming in the remaining days of our session. And all of this is to prop up a structural budget imbalance that primarily benefits the wealthy at the expense of Nebraska consumers and communities. And this measure is just the latest example in what has become pattern and practice for this Legislature since we've convened together. It's anything that we can do to ensure the wealthy stay wealthier, and to keep our thumb--

**ARCH:** Time, Senator.

**CONRAD:** --on the scale against working Nebraskans.

**ARCH:** Senator Hansen, you're recognized to speak.

**HANSEN:** Thank you, Mr. Speaker. All right. I usually don't get too terribly involved on the microphone on the budgetary issues. I always like to discuss things with Senator Clements and the Appropriations Committee and listen to debate, but I think I'm going to provide maybe a little bit of-- I don't want to say levity, but maybe another talking point to a lot of the discussion that we're having here with the budget, and the idea of cutting things in order to help balance the budget. And so this is something I've talked about before, and the idea, sometimes, of a carrot becoming a stick. But the idea of what the federal budget is going to end up doing here in the future, and how that's going to affect the state of Nebraska and why I think, currently, we need to be looking at tightening our, our belts as best we can. But I think so much later this year or next year, or even the following budget cycle, it's not about tightening our belt as it is we might be having to lop off limbs in order to help pay for our budget. So the idea of us cutting things right now, I think, is very prudent. If not, we should be looking at cutting more things to help pay for our budget, and looking at exactly what kind of services we provide, what things we pay for to municipalities or localities, and how we can

tighten our belt even more. And just one example I want to give is-- actually, a couple days ago, when the House came out with their-- the federal House came with their budget, they're looking to cut about \$880 billion from the budget. This just came out a couple, a couple of days ago, and I'm actually going to be quoting some of the stuff that came out from the New York Times in a stud-- in a report that they did. \$880 billion, and guess what they're looking at? Medicaid. It's what we talked about before, is what Senator Hardin talked about before; other people on the HHS committee, about the-- our concern about approving things through Medicaid right now, or what we have approved in the past and how it's going to really come back and bite us in the butt later. So looking to cut \$880 billion. One of the things that they're looking at, actually seriously, at the core of the difference is Medicaid's financial system for patients' bills. The federal government covers a larger share of medical costs for patients in poorer states. It gives less money to richer states that can support Medicaid with their own tax. In New York, for instance, they match about at a rate of 50%, and then, and then the money is split evenly. In Mississippi, the rate is 77%, and the federal government pays about \$3 for every \$1 for state funding. But here comes-- here, here comes the conundrum I think we kind of put ourselves in a few years back. The federal government gives all states an exceptionally generous matching rate for anyone who signs up through the, the Obamacare Medicaid expansion. For those enrollees, Washington covers 90% of the cost, and Nebraska is included in that. So one of the things they're looking at right now is to see, instead of paying 90%, maybe we should-- they should start paying the same share as non-Obamacare Medicaid states do, which could potentially, according to the New York Times, lower our percentage by 13%. They're paying 90%; they could eventually start looking at paying 77%. And quick numbers I just looked at real quick, and Senator Hardin helped me out with this-- we're looking about \$650-\$700 million dollars. Now, how do you make up for that? That's a lot of cutting. And so I'm just trying to maybe read the tea leaves here a little bit about what potentially could happen, or at least what the federal government is looking at currently, whether they pass this now or not. Some might cut back-- again, this is the New York Times-- some might cut back on payments to medical providers. I don't see us doing that anytime soon. Maybe we do, but they're already somewhat low. Raise taxes; I highly recommend we don't do that, considering we're one of the, quote, highest-taxed states in the nation or cut other state services to make up the shortfall. So one of those three things, we got to pick. Some might reduce enrollment in Medicaid by dropping optional populations. So not saying we have to do a whole lot now. Again, trying to look through

the crystal ball here a little bit and see maybe the actions we take now are going to have a lot of effect on what we do in the future, and I'm hoping that this whole discussion about maybe we shouldn't cut this, or cutting this is really going to hurt a lot people, which-- I mean, I'm not saying it's not going to. But we do have to kind of start looking down the road here, about maybe what the federal government is going to do to us and what we have to do as a state, and that what we also expect our local subdivisions to do as well when it comes to property taxes and how they tax their citizens. The federal government is tightening their belt, we got to do it, too. We expect everyone else in the, in the local areas of Nebraska-- cities, counties, schools-- to do the exact same thing. So I-- and I really appreciate the discussion, and I hate saying that phrase, "appreciating the discussion," because--

**ARCH:** Time, Senator.

**HANSEN:** --everybody always says it, but I do appreciate what we're having right now. Thank you, Mr. Speaker.

**ARCH:** Senator DeBoer, you're recognized to speak.

**DeBOER:** Thank you, Mr. President. So just to kind of bring us back to AM1410 and clear up a little bit of what's happening here, AM1410 is dealing with the Broadband Bridge funds that we were going to sweep because they are lapsed funds. So there will be a total of \$4 million; all the money is already obligated to programs. Where does this lapsed fund come from? It's because some of the projects come in under budget. We're putting a lot of money into it. If they come in under budget, then our portion that we kick into the project is reduced. That amount, then, yields the \$2.2 million that is from last biennium lapsed, and then we'll do the \$1.8 (million) that we're expecting will lapse in this biennium. So the total is \$4 million of lapsed funds; those lapsed funds come from projects that we're building broadband out in rural areas, and, primarily, the money comes from the projects coming in under budget. So that's where the money is coming from. Now, it is a policy decision that we take this \$4 million lapsed and don't use it for broadband, but use it for general funds to put into the General Fund to, to make the budget work. But that's a, a policy decision that we are making by doing any of the money at all that's coming from Broadband Bridge. What AM1410 seeks to do is to make sure that we are not canceling contracts that we have out there to build broadband to rural areas and underserved and unserved areas by shifting the language from \$5 million to \$4 million, and then \$1.8 (million) because that \$2.2 (million) basically got counted twice. So

the \$2.2 (million) that's automatically going to get swept, plus the \$1.8 (million) that we're going to sweep through AM1320 once we have my amendment on it equals the \$4 million. That \$4 million that we are taking, we are not putting into broadband, that's correct. We could put it into broadband, I suppose. That would be a good use of it, since that was what it was originally appropriated for. But we're now going to use it to fill the General Fund budget hole. OK. But if we do this \$1.8 (million) amendment, that will actually give us \$4 (million) to work with. Hopefully, that's clear to everyone. Thank you, Mr. President.

**ARCH:** Senator Dorn, you're recognized to speak.

**DORN:** Thank you, Mr. President. I want to thank Senator DeBoer for bringing this amendment. A lot of the conversation going on here, Senator Conrad, Senator DeBoer-- part of what happens, I call it, in the budget process-- sometime in December, the Governor's Office, our Fiscal Office, they look at a point in time, and, yes, it looks like this much money is going to be left there. Those are updated, continually updated. Sometimes-- and we've had that for whatever reason with the Public Service Commission that they aren't, I call it, quite up-to-snuff when we bring or develop the budget. Part of what happens, though, is when those funds are left there, should we sweep them or not, and in this case, they were swept. The Broadband Bridge Program was a program that Governor Ricketts developed for several years. We've put \$20 million in it for broadband because it wasn't, I call it, near up to where it should have been in the state of Nebraska. However, about approximately 3 years ago, the federal government came out with-- maybe 2 years ago-- called the broadband BEAD program. State of Nebraska originally qualified for \$200 million through that program, and that was eventually, because of, I call it, areas underserved in the state, that was put at \$400 million. So in the broadband BEAD program now, that is under the Department of Transportation, we developed-- Senator Moser is right, we developed a separate entity under the Department of Transportation. Senator-- Director Haggerty is in charge of that now, and there's \$400 million there that they are really working hard to try and, I call it, put out so that we can fund broadband in the state of Nebraska. So instead of the state of Nebraska doing this \$20 million, \$20 million and \$20 million, that is not going forward with that aspect. We now have this pool of money that is at \$400 million; we've had several reports out that, yes, they will need it all, no, they won't even need it all. There was one report out that came out, like, a year ago in the summer that they thought they could do it with maybe \$300 million. So that-- that's the whole part of those issues or whatever and stuff. So

broadband is not going away in the state of Nebraska, dealing with broadband is not going away with the state in Nebraska. Instead of us putting in \$20 million, and that's where-- \$20 million a year, and that where Senator DeBoer's bill is pulling some of those funds that aren't going to no longer be used in that; now, we have this separate entity over here, the broadband BEAD Program, that we have that 300-- well, we have \$400 million, that one-time pool of funding; I know they spent some of it. So that's what's going on. But to Senator Conrad's point, our Fiscal Office, we look at, I call it, these funds, these types of things, what the governor's proposed; we ask a lot of questions about the Fiscal Office, should these be pulled back or not? We have many things during the budget process that we change, or we don't pull them back because of what has all gone on and what we find out. So it's not just stamp and blanket, yes, let's go full force, some of these slip through, some of these-- this is one, again, that wasn't caught. Thank heavens we're doing it here in the budget, budget process on the floor, so I thank very much Senator DeBoer.

**ARCH:** Senator Machaela Cavanaugh, you're recognized to speak.

**M. CAVANAUGH:** Thank you, Mr. President. Sort of following up on what Senator Dorn just said, and, and some of the comments that Senator Clements made in response to Senator Conrad's questions, we didn't ask about this in committee. There wasn't-- we didn't ask about this. And that, that list of funds that we adopted last week, we actually, out of the list of-- how many was this list? It looks like there were 71 items on this list. I think we've maybe discussed 10 of the 71, maybe. Maybe 10. This list is not vetted by the committee, and I don't appreciate the implication that our fiscal analysts didn't do their job, colleagues. It is not appropriate for us to abdicate our responsibility onto our staff. We didn't ask them any questions. We didn't ask them questions about the Broadband Bridge or what this money was, or why it was there. Very few people on the committee asked any questions. I asked questions about homeless shelter money, which is no longer on this list. We asked questions about the university's money, Daugherty Water for Food, which is still on this list because the vote wasn't kept open like it should have been. And that should have taken off the list, but the vote was closed before Senator Dover could vote. We did ask questions. Senator Dorn asked questions and made a motion on the university to cut it by less than we were cutting it, so that's on here. Senator Spivey asked, what are these all agency lapsed funds, and we got the list of that-- because we had no time and because our Fiscal Office had no time, because this was just brought to them, they had no time, and so we got a list of what those agency-swept funds were as we were debating this. And that list has

never, as far as I can tell, been vetted by members of the committee other than myself and Senator Spivey. I'd love to stand for correction; I would love members of the committee to get on the microphone and stand for correction on that. We have, we have cooked the books. This isn't real. This isn't real money, and I really don't feel like talking very much on this anymore because it doesn't matter what I say. But when we don't take responsibility for ourselves, committee members, and we blame our staff, that, to me, is unacceptable. The chair of the Appropriations Committee needs to take responsibility for the fact that he didn't vet these items himself. He did not ask questions. That's the reality. And I don't appreciate ever saying that our staff didn't do their job when they were doing their job. It is wildly inappropriate and offensive. So if anybody in here wants to get on the mic and say that this list was vetted, it was not vetted. It was not vetted. We're taking \$12.5 million from the DMV. You know why that's been vetted? Because Senator DeBoer went around and found out that we're increasing fees for something else with the DMV because we're taking this money. Has the Appropriations Committee vetted the fact that we are continually increasing fees for services to pay for property tax relief? Have you, colleagues? I don't think that you have. And if you have, you clearly aren't raising an alarm about it, or you don't care. Stop being disingenuous about this process. We did not do our job in the Appropriations Committee, and we certainly did not do a good job. We did not ask enough questions. We did rubber-stamp a lot of things because it was in the governor's budget. And we did not ask our staff to do due diligence on a lot of things. We brought them these elaborate, wonderful ideas of how we were going to balance this budget--

**ARCH:** Time, Senator.

**M. CAVANAUGH:** --and just told them to make it work. Thank you, Mr. President.

**ARCH:** Mr. Clerk.

**CLERK:** Mr. President, amendments to be printed from Senator John Cavanaugh to LB316 and LB644. And a priority motion, Senator Brandt would move to recess the body until 1:00 p.m.

**ARCH:** All those in favor say aye. Opposed, nay. We are in recess.

[RECESS]



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

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

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

**CLERK:** I do, Mr. President. New LR from Senator Ibach, LR168; that will be referred to the Executive Board. That's all I have at this time.

**ARCH:** Thank you, Mr. Clerk. We will now proceed to the first item on this afternoon's agenda.

**CLERK:** Mr. President, Select File, LB261. When the Legislature left the bill prior to the noon recess, pending was Senator Clements' AM1320. The Legislature had, had adopted an amendment from Senator Holdcroft and Senator Clements to that amendment. Pending was Senator DeBoer's AM1410.

**ARCH:** Returning to the queue, Senator Jacobson, you are recognized to speak.

**JACOBSON:** Thank you, Mr. President. Well, I don't have a lot to add right now. I know we've heard a lot of things said today about-- and we'll continue to hear about how we're dealing with self-inflicted problems in the budget, how the governor's done a horrible job of managing the budget, how the Legislature's done a horrible job. All of these things, which are not true. OK? So, let's just be clear on that. So, we get a lot of demagoguing that occurs on the mics. And so, again, I just want to be clear that what we're doing when we left the special session was, we had a balanced budget. What ensued afterwards was a series of revenue forecasts that were lowered significantly, and the \$350 million in loss of FMAP federal dollars, and that's what put us in the hole that we're in. It wasn't overspending; it was reduced revenue from the federal government for the most part, and lowering projections based upon the environment that we were in at the time that they met. Many people have read over the weekend that United States and China are working through problems with the tariffs, and they were paused, and there was a significant reduction in the tariffs, which was unexpected to happen over the weekend. It shows that negotiations are working. The stock market was up significantly, bond prices were-- or, bond rates were up significantly. And so, the

economy seems to be moving along. So, we're all taking this assumption that, woe is me, the sky is falling, and we have got to roll back the tax cuts because we need that money to spend somewhere else. The truth is, is that the Appropriations Committee has moved forward with an amendment that will get us to where we need to be by taking approximately \$135 million out of the cash fund that currently has \$821 million dollars in it, putting us under \$700 million in the cash fund, but significantly above where we need it to be. We would still be around 12% of spending in our cash fund, which is still a strong position to be in. We can move to next year, and in the event that the forecast goes the wrong way, we still have reserves to pay for that. But at the same time, let's keep in mind how much revenue comes in every year from the existing programs as projected out with the tax cuts and what that will produce in annual revenue, and that will be significant. So, let's don't get too carried away on "the sky is falling." Let's focus on real numbers, let's focus on the numbers we know. Let's don't take what we've seen through the last couple of forecasts and extend that out another four quarters. Because in all likelihood, that will turn. And if it does, we will see a significantly different forecast than we had coming into the budgeting cycle. My compliments to Senator Clements on the work that he did leading the Appropriations Committee. And by the way, although Senator Clements isn't Superman because he doesn't read every bill and every program, but I'll guarantee you he knows more about every program than anyone else in this body, and he's done a remarkable job of trying to balance the interests of the governor, the interests of the body, the interests of his constituents to come up with the recommendations. So, again, high, high marks for Senator Clements and the work he's done, and the Appropriations Committee, the work they've done. We've got a-- we've got input from everyone on the Appropriations Committee. They may not like the conclusions the Appropriations Committee came to, but let's remember that those of us that are elected on the floor reflect the views of the constituents across the state of Nebraska. And we're voting for our constituents to move forward, and that's what's happening, and what that-- and that's why the budget looks like it does. Thank you, Mr. President.

**ARCH:** Senator Spivey, you're recognized to speak.

**SPIVEY:** Thank you, Mr. President, and good afternoon, colleagues. I hope everyone enjoyed their lunch, and welcome back to the folks that are joining us online. So, I do have a piece of paper that is circulating for folks to have. And again, wanted just to bring some context, as an actual member of the Appropriations Committee, of some of the opportunities for decision and, and for us as a full

legislative body to take ownership in the budget, not just solely within the Appropriations Committee. Before we broke for break, Senator Hansen spoke about us, like, cutting off some limbs; that this is going to be really difficult, we may have to cut some limbs as we think about what's coming up next. And now, I'm just wondering, what does that look like from a perspective? Because as we've debated the budget, we have heard from specific people and their perspective of "this is off-limits," or "yes, we can do this," or "no, we can't." And there's not necessarily dialogue and discourse when we can critically reflect and challenge each other on our perspectives and what's in front of us. It doesn't feel like doomsday to me, but this is a very important decision, and I think, as someone who brings perspective that represents working-class Nebraskans, I am concerned about the decisions that we are making and what's in front of us. This has been consistent with my approach in the Appropriations Committee, so this is not new conversation or perspective for my colleagues to hear. And since we've debated the budget, I've tried to bring fact-based information for us to be rooted in versus how we feel. And so, the document that I'm handing out is an estimated \$24 million that we actually accounted for in our budget. So, earlier today, Senator Machaela Cavanaugh spoke about us not having all of the right information or numbers as a committee and what we moved through. And so, with this document, there was a list of information, and then there was a line item that had an estimated \$24 million from lapsed agency budgets. And so, I asked specifically for detail of that, because \$24 million is not pennies. What agencies are those lapsing from? What does that look like? What is the impact? And so, you all now have the detail of that lapsed \$24 million that, again, we are accounting for. What I have come to find out through more inquiry is that some of these estimations are actually not going to be there, so we have, have accounted for money that we are not going to see, actually, in our budget. So, I want to call your attention to Agency 13, which is Education, at the \$2.6 million. That is already encumbered. Those dollars-- and I spoke directly with Education, I did work directly with Fiscal to ask questions because again, I want to make sure I'm talking to all parties-- that 2.6 in Agency 25-- Program 25, which is their administration, is actually encumbered; it's been-- it is done. Under Agency 13, again, the \$4.8 million, that is education aid, which is a mix of stuff, special education, TEEOSA, all of their foundation aid. All of it is under contract and likely to be spent, except for \$200,000. So again, that is another 4.8 that we have accounted for in this budget that was actually not there. Under Agency 25, HHS, and Program 571, that is the Aging Services Program. We know that they are seeing federal cuts, and so I do have an amendment

coming up that says any unspent funds will actually just roll over, even if they don't do the encumbered process, because federal dollars, we know, are not there; that was the whole impetus of Senator Meyer's bill, which I did support. And so, I, I just wanted to bring this to everyone, just as fact-based information of the decisions that we're making and what I hope people are rooted in and can have actual discourse and dialogue because we have accounted for lapse of agency budgets that are potentially not going to be there, and I just gave a couple examples of those that are not, and that was almost \$8 million. And so, I hope that we can continue to have fruitful debate around the numbers that have been presented and what's in front of us. And this is not a mark to anyone's leadership, is that we all should just have responsibility and stake around this budget. It is owned by the Legislature, and I am taking this very seriously, and this is important to me, and it's why I wanted to be on Appropriations, and it is why I have been on the mic bringing these things up so we can continue, again, to be thoughtful and strategic about our investments and what's in front of us, not only for this biennium but for the out years. Because if you look at that budget, the deficit is even worse. And so, again, I hope people can continue to dialogue around this. I am in support of AM1410, and I look forward to continued conversation. Thank you, Mr. President.

**ARCH:** Senator Conrad, you are recognized to speak, and this is your third opportunity.

**CONRAD:** Thank you, Mr. President. Again, good afternoon, colleagues. Hope everybody had a productive and sustaining lunch. I rise again in support of my friend Senator DeBoer's amendment, which is on the board, and will note just a few points, I think, in addition to some of the debate and deliberation that we've heard thus far today. As will be a familiar dynamic to any working woman, woman in Nebraska or beyond, it's always a very amusing experience to have your male colleagues explain something to you in terms of how it goes or how it operates, or what the issues or what the process are, even though you've already gained that experience through your professional endeavors. But nevertheless, I appreciate some of my male colleagues rising today to tell me how the budget works in Nebraska. And just for the record, for those of you that aren't familiar with my past terms of service, I spent eight years on the Appropriations Committee, as selected by my peers, to craft the state budget. So, not only did we have eight year-- did I have eight years of experience in terms of crafting a budget, but we went through a really precarious time with an economic recession, and had multiple special sessions related specifically to budget deliberations during that period as well. So,

while it's always good to have perhaps a refresher, I will not be mansplained by anybody in this body how the state budget works. I am intimately familiar with how this state budget works. And there is no "gotcha" questions in asking things of the Appropriations Committee chairs or members about the decisions reflected in the measures they put before the body for our deliberation and for our vote. There is no obscurity in something that has been well-publicized, like problem-solving courts. That is not a gotcha; that is a familiar issue. There is nothing sneaky about discussing whether or not we should raise tuition at the University of Nebraska, or whether or not we should believe the data and statistics that show us it's one of the best investments we make in the state. All of that is appropriate, all of that is on the table during a budget deliberation. And when it comes to narrative, yes, there are competing narratives; one grounded in politics, and one grounded in facts. And I am unafraid to speak truth to power, whether it's the governor or my colleagues in the Legislature, when their political narrative is not rooted in the facts, and that is what is on display here today. So, when we talk about the fact that we have budgetary challenges, Senator Clements and others have acknowledged we're in a time of economic prosperity. That's already been established. The reason-- again, Senator Clement and others have already established that we have a budget-cutting effort before us with these budgetary bills-- is because we have a structural imbalance. That's already been established and conceded by those in conservative leadership. However, those in conservative leadership have not told the full story. Part of the reason we have a structural imbalance is due to inequitable, unaffordable tax cuts that you pushed through with full knowledge of what the fiscal impact was, with full knowledge that the primary beneficiaries would be the upper 20% of Nebraska earners, with full knowledge that it would blow a hole in future budgets. And you don't have to take my word for it; you can take the Speaker of the Legislature's word for it. Speaker Arch, when asked at the beginning of this legislative session what we should be focusing on, noted that our most significant challenge would come with balancing a two-year budget at that time, which had a \$432 million shortfall. According to a news interview he gave to KETV in January upon the commencement of the session, Speaker Arch was honest and noted we not only have a deficit, we have the full understanding of the actual impact of some of the tax reductions we've seen over the last couple of years. Period. And I appreciate his candor--

**ARCH:** Time, Senator.

**CONRAD:** --in that regard.

**ARCH:** Senator Spivey, you're recognized to speak.

**SPIVEY:** Thank you, Mr. President. So, I just wanted to follow up and, and explain a little bit more about my handout. I had a really good conversation with Senator Clouse off the mic that I thought might be helpful for everyone else. And so, the amounts that you are seeing are from the General Fund; they're not from cash funds or anything like that, and this is what we have already appropriated for this biennium. And so, because the funds are not reappropriated, they would just lapse or come back to the General Fund if that is the case. And so, what I was saying is that based on some of-- and these are just estimates, however, as an Appropriations Committee, we adopted that estimate and accounted for it into our budget deficit to make it smaller. And so, what I was explaining with, like, education 13, for example, with education, when I spoke with them directly and I talked to the fiscal analyst to get, again, just facts around what are you spending, what does that look like, are things under contract, are you not using the money-- like, help me understand that their administration is spent, encumbered, it's done. And then, that other line item for their aid, they look like they're going to spend all but \$200,000. And so, I just wanted to make sure that people had an idea around what that handout was. Again, it's general funds, so it's not from cash funds. And so, if we get to June and these agencies spend it, we will-- we are the ones that will get the Dear John letter that says, hey, you accounted for X amount of dollars; you're not going to get that, or, you're going to get a portion of that lapse back. And so, I just wanted to give people an understanding of that. I know some folks are very familiar with some of the agencies and programs. I would encourage you to reach out to them. As Senator Dover said before, talk to the fiscal analyst. Each analyst has an assigned area, they're very knowledgeable and can help you understand what their income is versus expenses and what does that look like, and the, the diversification of that from general funds to cash funds, if they have any. But I just wanted to make sure people were understanding of the handout and the intention, and how that can be used, again, for information purposes. Thank you, Mr. President.

**ARCH:** Seeing no one in the queue, Senator DeBoer, you're recognized to close on your amendment.

**DeBOER:** Thank you, colleagues. I'd just appreciate your vote to make sure that we're able to fulfill our obligations to rural broadband support and building out our rural broadband infrastructure in Nebraska. This is a situation where, when we vote yes for this \$1.8

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million, it will be coupled with the 2.2 that's coming automatically, and we'll get the 4. Thank you, Mr. President.

**ARCH:** The question before the body is the adoption of AM1410. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

**CLERK:** 42 ayes, 0 nays on adoption of the amendment, Mr. President.

**ARCH:** The amendment is adopted. Mr. Clerk, next item.

**CLERK:** Mr. President, Senator Dover would move to amend with AM1384.

**ARCH:** Mr. Clerk, next item.

**CLERK:** Mr. President, Senator Murman would move to amend with AM1408.

**ARCH:** Senator Murman, you're recognized to open.

**MURMAN:** Thank you, Mr. Speaker. AM1408 is a small amendment that will not change the total dollar amounts that the Governor's Office has recommended. ES-- ESUs will still take a \$528,976 cut the first year, but the cuts the second year would be reduced by \$264,488. The remaining \$264,488 is a small amount out of the Cash Reserve in the second year of the biennium. Or, if the Appropriations Committee and/or the body prefers, I could draw up an amendment to take it from possibly another source. As the Education chair, I felt this was a necessary step as we try to balance the state's budget, and also not put us in a place that would not as heavily burden our smaller districts that likely will result in a property tax increase. The cut is technically not last-in, first-out, and reverses the money given to ESUs that the state already took, actually, before COVID started. If you have a chance to look at the handout from the pages, you'll see that since 2009-2010, the ESUs have been cut over 14%. There were two years where there were increases, but those were in response to the negotiated cuts; the three years before that had come out of the ESUs as a whole. These cuts were not even to that threshold. The current proposal basically eliminates all the increases the ESUs have received from the state over the last 16 years. So, not only have they not received their 2% increase, as is written in the intent language of 79-1401.01 [SIC], they have been cut or level funded. The amendment actually ensures that ESUs are protected. ESUs provide an essential service-- essential services, such as mental health resources and technology support, and are especially important to small schools who may not have the economy of scale or-- our urban schools can afford. At a time when student mental health is becoming a bigger, bigger

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concern, protecting those services is critically important. Our ESUs also do a large amount of providing IEP services to students with disabilities. Supporting special ed has also been a major priority of mine, as well as my colleagues on the Education Committee, and it is a vital-- and it is vital our state continues that support. Several ESUs are not at their one-and-a-half cent property tax limit, and with these proposed-- with this total proposed cut, or even the smaller cut, they'll, they'll have to-- have no alternative but to put that tax asking back to proper tax-- property taxes. Finally, ESUs are especially important to rural schools who have naturally smaller resources, and don't have the economy of scale our major metropolitan school districts do, and need that extra support. Thank you, and I ask for your green vote on AM1408.

**ARCH:** Senator Clements, you're recognized to speak.

**CLEMENTS:** Thank you, Mr. President. I've been informed that the amendment that was drafted is incomplete, that there are some other changes that would need to be made in order to really give the money back. This changes the dollar amount of earmark, but doesn't actually increase their appropriation. Would Senator Murman yield to a question?

**ARCH:** Senator Murman, will you yield?

**MURMAN:** Yes.

**CLEMENTS:** Senator Murman, has-- have you been informed that an amendment should be changed-- the amendment should be changed to fix it some more?

**MURMAN:** Yes. We are still working on the funding source.

**CLEMENTS:** The funding source. Well, it's going to be general funds, isn't it? Is this a General Fund request that you're wanting to restore the \$260,000?

**MURMAN:** No.

**CLEMENTS:** Oh, what would be the source?

**MURMAN:** Well, we're still working on that, but-- I, I can't comment on that right now.

**CLEMENTS:** All right. Well, the-- my interpretation of the request from Senator Murman was to change the reduction of the 500-- let me find it



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here. \$528,976 per year to leave the first year alone, but reduce the second year by 50%. Was, was the suggestion from Education people to just take-- reduce the second half by 50%, Senator?

**MURMAN:** Yes, that's correct.

**CLEMENTS:** All right. And then, if we do that, the, the General Fund does lose \$264,000, but you're looking into a way to fund that elsewhere, is that right?

**MURMAN:** Yes, that's correct.

**CLEMENTS:** All right. Well, I think-- and I talked to the Fiscal Office; they said they have a, an amendment being drafted that would do more what you were intending to do. And so, I believe this amendment, AM1408, would really cause more confusion and not fix the problem that you were trying to adjust. So, I would like for us to vote this amendment down and take up a correction of it when the time comes. Thank you, Mr. President.

**ARCH:** Seeing no one in the queue, Senator Murman, you're recognized to close.

**MURMAN:** Yes, I'm fine with looking at another source of funding, and I-- we can correct that amendment as need be later. Thank you.

**ARCH:** The question before the body is the adoption of AM1408. All those in favor vote aye; all those opposed vote nay. There has been a request to place the house under call. The question is, shall the house be-- go under call? All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

**CLERK:** 23 ayes, 8 nays to place the house under call.

**ARCH:** The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senators Dungan and Armendariz, please return to the Chamber. The house is under call. All unexcused members are now present. There has been a request for a roll call. Mr. Clerk.

**CLERK:** Senator Andersen voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Bosn voting no. Senator Bostar voting yes. Senator Brandt voting yes. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator

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Clements voting no. Senator Clouse voting no. Senator Conrad voting yes. Senator DeBoer voting yes. Senator DeKay voting no. Senator Dorn not voting. Senator Dover voting no. Senator Dungan voting yes. Senator Fredrickson voting yes. Senator Guereca voting yes. Senator Hallstrom voting no. Senator Hansen. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes not voting. Senator Hunt. Senator Ibach voting no. Senator Jacobson voting no. Senator Juarez voting yes. Senator Kauth voting no. Senator Lippincott voting no. Senator Lonowski not voting. Senator McKeon voting no. Senator McKinney voting yes. Senator Meyer voting no. Senator Moser voting no. Senator Murman voting yes. Senator Prokop voting yes. Senator Quick voting yes. Senator Raybould voting yes. Senator Riepe voting no. Senator Rountree voting yes. Senator Sanders voting no. Senator Sorrentino voting no. Senator Spivey voting yes. Senator Storer voting no. Senator Storm voting no. Senator Strommen voting no. Senator von Gillern voting no. Senator Wordekemper not voting. Vote is 17 ayes, 26 nays on adoption of the amendment, Mr. President.

**ARCH:** The amendment is not adopted. Mr. Clerk, next item. I raise the call.

**CLERK:** Mr. President, Senator Dover would move to amend with AM1384.

**ARCH:** Senator Dover, you're recognized to open.

**DOVER:** Thank you, Mr. President. I'd like to speak about the, the Daugherty Water for Food Global Institute. And just so everybody knows here, I was at a doctor's appointment on Friday, and so I was not able to make this vote, and the vote was left open for a little while. When I called in to make my vote, I was, I was informed that it had been closed. Had I would have been able to vote, we would not be looking at this amendment, so I want to say this again. Had I been able to vote-- it was a 4-4 tie; it would have been 5-4, and it would have left this money in. So, starting there, I want to take you-- tell you what-- about it, because you may not know about it. So, the Daugherty Water Food for-- excuse me. The Daugherty Water for Food Global Institute at the University of Nebraska began in 2008 with a question: what is the university doing about water issues? Mogens Bay asked the University of Nebraska President, J.B. Milliken. The chairman and CEO of Nebraska-based Valmont Industries, Bay also chaired the board of the Robert B. Daugherty, Daugherty Charitable Foundation. Established by the irrigation pioneer who founded Valmont, Bob Daugherty had spent his life developing ways to use water more efficiently in agri-- in agriculture production. President Milliken explained that the university was doing a great deal. Nebraska is one of the biggest

irrigation users in the world, so the state and its land grant university had long focused on water. With droughts and other pressures mounting, water had become an increasingly important research focus for the past decade. The University of Nebraska established the Nebraska Water Center in 1964. It is a congressionally-mandated water center designated to facilitate research, teaching, and outreach. By 2008, the Nebraska University Water Center had emerged as one of the nation's top centers. In 2009, conference on water and agriculture hosted by the university eventually led to the-- a \$50 million gift to the university by Robert Daugherty. Again, a \$50 million gift. This started the, the Daugherty Water for Food Global Institute at the University of Nebraska, which was officially launched in 2010. The university continued to host a global conference attended by nearly 500 people from more than 2-- 20 countries. Over the next several years, the Water for Food Global Institute continued to grow and influence and impact through the work that it does. In 2020, Nebraska State Legislature passed LB1026 as part of LB1008 that began funding the institute as part of the state budget. I personally think that private-public partnerships work, I think private-public partnerships are good for Nebraska, and I think it's very important, when we look at cutting, that we leave private-public partnerships alone. When someone's willing to-- when a foundation or someone's willing to make a \$50 million gift to the university, I think we need to honor that. And who's going to-- who's going to partnership with the university when they see funds being cut for these private-public partnerships? When did the-- when did the state funding with DF-- DWFI start? In 2020. It was supported by a broad coalition, including the Nebraska Farm Bureau, Valmont Industries, former U.S. Senator Mike Johanns, and a number of others. Does this specific funding impact Nebraskans? The funding is essential for ensuring that Nebraskan has access to clean, safe drinking water, that we continue to support the health and productivity of our agricultural communities. DWFI's work focuses on groundwater conservation, water quality, and sustainable water use, which are all vital for both urban and rural areas. This funding also supports graduate student research and educational outreach programs that help Nebraska farmers optimize water usage and ensure that our communities can continue to thrive in the face of increasing water challenges. Does the DWFI contribute to Nebraska's agricultural industry? Nebraska's agriculture, agriculture is the backbone of our economy, and DWFI plays a critical role in supporting it. The Institute's research directly benefits Nebraskan farmers by helping them conserve water, improve irrigation efficiency, and ensure the long-term sustainability of their operations. As the state's most important

resource, water is directly linked to our agricultural success, and DWFII provides the necessary research and tools to help farmers manage it effectively. How does DWFII work directly affect rural Nebraskans? DWFII research helps rural Nebraskans by improving water use on farms, ensuring better irrigation practices, and addressing issues like water quality. Their programs teach people how to protect their water, which is essential for farmers and rural communities who rely on groundwater and irrigation to grow crops and sustain their livelihoods. What happens if this funding is cut? If this funding is cut, Nebraska would lose crucial support for water research and education, as directly benefits our farmers and rural communities. Without this funding, the university may have to cut other important programs, and local partners may have to reassess their partnerships and projects with DWFII and look at alternative funding models. This is an important investment in Nebraska's future, and cutting it would harm the very people who would depend it. Thank you, Mr. President.

**ARCH:** Turning to the queue, Senator Prokop, you're recognized to speak.

**PROKOP:** Thank you, Mr. President, and I appreciate Senator Dover bringing this amendment. It's something that we talked about in the committee, and as he, as he mentioned, we, we just kind of had a technical issue with it; otherwise, we wouldn't even be debating this, this amendment today, because it wouldn't have been included in the proposal. But I would, I would just reiterate many of the positive things about Daugherty Water for Food Global Institute and everything it means to the state. You should have got a fact sheet that was handed out here a short while ago, and then I know the university also sent out some background on, on the Institute's work a little bit earlier this morning. I would really encourage everyone's green vote on this amendment. I think in a year where we've combined two agencies because of the importance to water in this state, cutting funding for a program that's an international leader focused on water issues, it would be incredibly short-sighted, and on top of all the discussion we've had this session about the Perkins County Canal, it just seems to be misplaced to reduce funding for an institute that is-- that's very heart is about water sustainability and how we get the most out of the precious resource of water that we have, so. The last thing I would just mention on this is that-- and as Senator Dover touched on, the-- these public funds are to match private funds for this, for this program, so this is not just a, a reduction in public funds. This is a two-to-one impact that we're talking about here. So, incredibly important program, incredibly important institute, and I would

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encourage everyone's green vote when that time comes. Thank you very much, Mr. President.

**ARCH:** Senator Brandt, you're recognized to speak.

**BRANDT:** Thank you, Mr. President. A few thoughts. My chosen career is that of a farmer in the great state of Nebraska, and where I live in southeast Nebraska, we will probably be going into our third year of drought. And one of the indicators of that is on the pastures that I've got, the ponds have dried up and have not refilled; this will be the third year in a row. And this gets pretty dire if your livelihood is farming and you're a dry land farmer. I really appreciate what the Daugherty Water for Food Institute does in working with agriculture: how do we grow more food with less water? And part of that is through technology of our seeds. And, and even in a drought year, we usually get a yield of some sort on our corn, our soybeans, and our wheat, and that's because we apply technology. We use a lot of technology there. So, as you heard Senator Dover say, this was kind of inadvertently included in the list because he was not there the day to, to vote this forward. I think this has a, a big impact on that particular agency because they raise private funds, and these-- they are offset by state funds and federal funds. So, when-- if we can't raise state funds, or we see what's happening with the federal government and they would pull funding back, you're going to see the private funds pull back, and that'll have a dramatic, dramatic effect on this agency. Therefore, I would ask everybody's support for AM1384. Thank you, Mr. President.

**ARCH:** Senator von Gillern, you're recognized to speak.

**von GILLERN:** Thank you, Mr. President. Senator Brandt stole the majority of my thunder, but it-- I'll just echo a lot of what he had to say. And, and it's not-- Senator Dover did a great job of talking about the program and the benefits of the program and what the program does, which is extremely important not only to the state of Nebraska, but across the world. But my approach, or my comments towards this are more coming from a framework of what it must be like to be a private donor trying to partner with the state of Nebraska. And frankly, I, I think there are private donors out there today that are asking, do I want the state of Nebraska as a partner when I can't rely on them to continue to support what is clearly a massive investment in this mission? We're looking at a half a million dollar investment in, in this program annually, and if I heard Senator Dover right, it was a \$50 million investment on the part of Mr. Daugherty. So, I think we just need to, to step back a little bit and say, hey, if we want to

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run off every private investor, every person of substantial wealth in the state of Nebraska that wants to do something really, really good with their money, then yeah, let's go ahead and kill this. But I would ask you to consider that closely, and I would ask for your green vote on AM1384. Thank you.

**ARCH:** Senator Clements, you're recognized to speak.

**CLEMENTS:** Thank you, Mr. President. I do not support AM1384. I was on the Appropriations Committee in 2020 when this program was started. This is an earmark, telling the university that they have to fund this program with state dollars. And the, the earmark was created in 2020 when funds were plentiful, and the Regents are getting an increase to \$704 million the first year, \$708 million the second year; they can fund this \$500,000 per year out of their \$704 million. The action, the-- in AM1320 is not saying that this cannot be funded; it's just saying it's not going to be an extra million from the univers-- from the state's General Fund. But if it's that important to the Regents, they certainly have ability to fund this program with the \$500,000 per year. So, it, it would be something for the Regents to decide whether this million dollars is more important than others. The-- by restoring this amendment, it does force the university to spend a million dollars, \$500,000 per year on this program, but it does not prevent them from funding it from other funds available, the \$704 million. The university-- let's see-- rather than being held flat, they were given \$4 million the first year and \$8 million more the second year, a \$12 million increase over the biennium, and that-- \$1 million of that \$12 million could be used for funding this. And so, I have-- we've had to be making hard choices in this whole budget decision, and this was one of the items that still could be funded elsewhere, if, if the Regents choose to do that. We don't really tell the Regents much what to do; we're not able to-- not supposed to be able to tell them they have to fund certain programs within their budget. And so, this is an earmark that would force them to do that, and removing it just allows them to make the decision whether they want to fund this program or not from their general budget. So, I ask for a red vote on LB-- or, on AM1384. Thank you, Mr. President.

**ARCH:** Senator Dorn, you're recognized to speak.

**DORN:** Thank you, Mr. President. I did support this in committee or whatever, this Daugherty water fund. Part of the reason I supported it was, I call it, other funding is tied to this. And without this appropriation, or the Daugherty water fund, a lot of these other funds wouldn't get, I call it, private funds, and other funds wouldn't be a

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part of it. So, I do support this, and this was an issue that was, like Senator Dover said, was tied 4-4 in committee, and then didn't get his vote on this as a part of this one, and that's why the amendment's here. Thank you.

**ARCH:** Seeing no one left in the queue, Senator Dover, you're recognized to close.

**DOVER:** Thank you, Mr. President. I'd like to ask the body to let me take my vote now. Unluckily, the vote was open, and when I called down, I was informed that the vote had been closed. Had I been allowed to vote, we wouldn't be debating this amendment right now. The university has been cut, then the university was cut again, and then again, the university was cut. And then, we were told that they can simply take one of their seven--one-- take a million out of their \$7 million that was-- they were given, roughly speaking, and, and make a decision of where to spend their money. Well, I-- I'll tell you one thing, they have a lot of, of obligations, obviously, but I think if someone was willing to give \$50 million, I think we can definitely give \$500,000 for two years. They've also been-- the university's always been cut by hundreds of million dollars in federal funds for research, and I think we all know where prices have been going, and it isn't-- they haven't been going down; they've been going up. So, I would encourage a green vote on AM1384 so that university can continue to spend those research dollars where they need to be spent, and that's taking care of water, one of the greatest resources in our state. Thank you.

**ARCH:** Question before the body is the adoption of AM1384. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

**CLERK:** 30 ayes, 11 nays on adoption of the amendment, Mr. President.

**ARCH:** The amendment is adopted. Mr. Clerk, next item.

**CLERK:** Mr. President, Senator Murman would move to amend with AM1429.

**ARCH:** Senator Murman, you're recognized to open.

**MURMAN:** Thank you, Mr. President. On my open earlier, I talked about the importance of ESUs, especially to smaller schools in Nebraska, but to, to all schools in the state-- well, except for a few-- to provide the funding needed for special services that all those schools need. We did figure out the funding source from it-- for it; it would come out of general funds. It's a small-- relatively small amount. The cuts were much larger than the ESUs could absorb, so if we do not increase

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this-- or take-- eliminate a little bit of the cut, we will end up increasing property taxes for, for many of the ESUs. So, with that, the funding source, we figured that out, so I would encourage your green vote on AM1429.

**ARCH:** Senator Clements, you're recognized to speak.

**CLEMENTS:** Thank you, Mr. President. I'm sorry that I was distracted. Would Senator Murman yield to a question?

**ARCH:** Senator Murman, will you yield?

**MURMAN:** Yes.

**CLEMENTS:** Thank you. I haven't been able to pull up that amendment. For my benefit, would you repeat the, the-- what's the effect, in the two years, of the, the 500-- the committee amendment proposes a cut of \$528,000 two years, and how would this affect in those two years?

**MURMAN:** The, the ESUs are taking the full cut the first year and half of the cut the second year.

**CLEMENTS:** All right. Thank you. So, this is going to reduce our General Fund \$264,000 or so, and I know Senator Murman has worked quite a bit with the ESUs, and I appreciate him doing that. And I've also been told that this would be a property tax increase; it'd be very tiny, I suppose, but I would say that the budget probably can absorb the \$264,000 restoration, and I do appreciate the ESUs. They, they started off by saying they didn't want any cuts; the recommendation here was to take them back to where they were pre-COVID. They had an previous year-- increase in previous years. But Senator Murman's information says that they've been held more flat, and so I'm not sure which one's accurate. But I will support AM1429. And it was a good example where an agency didn't like any of the cut, but has worked a way to where they could-- where they could come up with the funding-- the cut in the first year, but just half of it in the second year. So, I will support AM1429. Thank you, Mr. President.

**ARCH:** Senator Armendariz, you're recognized to speak.

**ARMENDARIZ:** Thank you, Mr. President. I just wanted to make a few com-- I was wondering if Senator Dover would yield to some questions.

**ARCH:** Senator Dover, will you yield?

**DOVER:** No. Yes.



**ARMENDARIZ:** I appreciate it, and I apologize for not giving you a heads-up. Senator Dover and I were on the opposite side and the same side of many of the conversations in Appropriations, so-- although we are close friends. This, this is not probably going to be a good one, since you just got another million dollars out of the budget. My understanding is that the program that just passed, the Daugherty water program at the university-- is that for scholarships within the program, or what is that money--

**DOVER:** It can be used-- I-- it can be used for research for, for students.

**ARMENDARIZ:** So, it's for student-- to pay for students to, to the-- to work in that program?

**DOVER:** Correct.

**ARMENDARIZ:** Pay for their tuition and, and things like that?

**DOVER:** I don't know if it's a tuition, but it helps pay for their research.

**ARMENDARIZ:** And my understanding-- and tell me if I'm wrong. I went to one of the receptions for this program, and it, it appeared to me that it was for global water issues, not state issues.

**DOVER:** I think the bene-- I mean, obviously, water has been so, so important to the state of Nebraska, obviously, with the amount of acres that we have irrigated, and that's why Bob Daugherty gave \$50 million with Valmont from-- out of the foundation, because it aligned with their foundation. And so, what the great thing of a university does, it does research in many, many things. So obviously, the research done here, with this money, can help the world. So, it can help sub-Saharan Africa; it can help countries around the world. I don't know that there's any funding going there, but they come here to learn techniques of how to save water, irrigation, and I think it'd help make the world a greener place.

**ARMENDARIZ:** So, OK. Do you think, though, in, in our particular climate that we're in in the state budget that it would be fair to give that money for the world as opposed to Nebraska?

**DOVER:** I, I don't-- I, I don't-- I think-- I understand the direction you're taking, but I don't think we're giving money to other countries in the world. What we're doing is they're "tamming"-- they're coming to Nebraska to learn what our research has discovered so that,

hopefully, other parts of the country can-- or, I mean, other parts of the world can benefit from that research. I would say they're benefiting more from knowledge than they are from any specific, specific dollars spent. We're not, we're not spending money for the purpose of hoping [INAUDIBLE] we're spending money in Nebraska to help get more efficient irrigation, to use our resource-- the only resource, I think, that we really have besides good people is water in the state of Nebraska. And so, I think it's very important that we manage that water very carefully, and, you know, that's-- I mean, obviously, we hear a lot of talk about water with the Perkins Canal.

**ARMENDARIZ:** I agree. Water is a, is a huge resource for us here in Nebraska. I was going to shift and ask you some questions about-- let's just go to housing. You OK?

**DOVER:** I'm good for housing.

**ARMENDARIZ:** I don't-- I, I want you to tell me a little bit more about your platform on housing. I, I think you know mine is-- fundamentally, I think it skews the net-- the natural free market is-- the longer government stays interacting in housing, the more government has to stay involved in housing--

**DOVER:** Right, right.

**ARMENDARIZ:** And then, you have a different position on that.

**DOVER:** Yeah, I think-- I was-- I'm, I'm glad you brought that up, because I wanted to get back to you when you discussed how, how a free market works, and how you have to let a free market go the way that it is. The problem with housing-- and like I said, I built my first house in 1988-- and the problem is, it isn't, it isn't a free market anymore. And, and why is that? The, the federal government is supposed to be in charge of making sure that one industry isn't monopolized by a business, and this is, this is what's happened in, in the United States, as far as-- could be lumber, sheetrock, or anything. So, those, those products are just-- are more or less set up in production that they can speed it up and they can slow it down, and there, there really isn't the competition for the, the materials that we want-- that we use in housing, so that's not a free market. We don't have the current labor, currently, to build these houses, and because we are challenged in Nebraska with our average medium income, many people can't afford houses. And I'll, I'll just use a really good example. Candice Alder, who, when she came to Norfolk and had a young, young children and bought their first house together, she was able to get

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some, some grants to, to buy that house. And that was, I don't know, probably 10 years or so ago--

**ARCH:** Time, Senator.

**ARMENDARIZ:** Thank you.

**ARCH:** Senator Spivey, you're recognized to speak.

**SPIVEY:** Thank you, Mr. President. I just appreciate the conversation around AM1429, and just wanted to add that during the Appropriations Committee hearing, representatives from the ESUs came and spoke, and I met with my ESU representative specifically, too. And they brought up that, in statute, there is language about the investment for appropriations from the Legislature, and that that has not been met; that they have always been under that, that language and intent. And so, what they were asking for, to them, felt like a modest compromise of the growing need within our education system, what they're able to offer to the districts and the schools, and was still very much under what was the intent of the Legislature, again, that has not been honored over bienniums. And so, I just wanted to uplift that from also a point of context and perspective, if folks wanted to look up that statute to get more information or talk to the fiscal analyst. But again, they did come and testify to that point as it relates to their request for ESUs. Thank you, Mr. President.

**ARCH:** Senator Armendariz, you're recognized to speak.

**ARMENDARIZ:** Thank you, Mr. President. I was wondering if I could ask Senator Clements some questions.

**ARCH:** Senator Clements, will you yield?

**CLEMENTS:** Yes.

**ARMENDARIZ:** Thank you, Senator Clements. I was wondering if you could give me some information about a proposal to pause the income tax reductions that are set to take place in Nebraska. Do you find, in your district, that that would have an effect on the constituents there, if we would pause that income tax reduction?

**CLEMENTS:** Yes. The income tax top bracket starts at \$29,000 if you're single, and \$58,000 if you're married. And so, that's not a high-income person. So, that--

**ARMENDARIZ:** OK. I appreciate--

**CLEMENTS:** --that-- it'll be-- middle-income people will be affected.

**ARMENDARIZ:** I appreciate that, and I'm a big proponent of that bill that passed a few years back that we keep advancing to that 3.9 that we had that structure to-- structured to. Also, in my district, we had property tax reductions that we've made so far. What are your-- what is your take, Senator Clements, on that going away? Did you see on your property tax statement a reduction this last [INAUDIBLE] round?

**CLEMENTS:** I did get property tax reductions, yes, and I would like to preserve that relief.

**ARMENDARIZ:** And what kind of impact do you think that would be on your constituents, if we reversed that on our property tax statements?

**CLEMENTS:** Yeah, that would be a major increase in property taxes for all property owners and renters who indirectly pay property tax.

**ARMENDARIZ:** And would you say that's an appropriate use of the Appropriations Committee, to try to maintain those property and income tax reductions for the people in Nebraska?

**CLEMENTS:** I believe we've, we've figured a budget that doesn't clad-- cut services drastically, but maintains those benefits to taxpayers.

**ARMENDARIZ:** I appreciate that. And I know today we've been arguing a lot about tax-- thank you Senator Clements. We've been arguing about funding a lot of different initiatives in a lot different agencies that we, we decided in Appropriations to hold flat. It is our attempt to give those tax relief measures to the constituents of Nebraska, which-- overwhelmingly, Nebraskans have said, "Stop taxing us so much." That is what we have been trying to do in Appropriations and through these appropriations bills. The more and more these amendments with spending go through and get passed, the deeper we get into cutting into that Cash Reserve. I thank you, Mr. President.

**ARCH:** Senator Bostar, you are recognized to speak.

**BOSTAR:** Question.

**ARCH:** The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

**CLERK:** 31 ayes, 0 nays to cease debate.

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**ARCH:** Debate does cease. Senator Murman, you are recognized to close.

**MURMAN:** Thank you, Mr. Speaker. I've spoken a couple times on the importance of the ESUs, and with this reasonable ask for a reduction of the cuts, I think it's very reasonable and it will prevent a property tax increase. So I urge your green vote on AM1429.

**ARCH:** The question before the body is the adoption of AM1429. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

**CLERK:** 42 ayes, 0 nays on adoption of the amendment, Mr. President.

**ARCH:** AM1429 is adopted. Mr. Clerk, next item.

**CLERK:** Mr. President, Senator Bosn would move to amend with AM1386.

**ARCH:** Senator Bosn, you're recognized to open.

**BOSN:** Thank you, Mr. President. Colleagues, hopefully you've had time to review the amendment that was filed. I rise today with this amendment to address a critical funding failure impacting domestic violence services across our state. Before I joined this body, as all of you know, I served as a prosecutor here in Lancaster County, and spent a significant amount of time handling the domestic violence docket. But you don't just see the impacts of the domestic violence cases on the domestic violence docket; you see them in juvenile court, you see them in the narcotics docket and every docket in between. I saw firsthand what these crimes do to families, and the extraordinary value of the programs that were there to help them. The amendment before you, AM1386, would better provide the \$3 million in fundings to support Nebraska's 20 domestic violence programs. So, we have 20 programs here in the state of Nebraska which are responsible for serving the 93 counties. We voted to give them this funding two years ago. For those of you that were here, if you recall, there was much debate-- which we do need to rehash-- about where that funding was coming from, whether that was TANF dollars, General Fund dollars, where it was. We're here today; this fund would come, spoiler alert, from the Medicaid Managed excess-- Medicaid Managed Care Fund [SIC] excess profits. These programs, though, backing up to the domestic violence programs that are provided, provide around-the-clock emergency responses; they provide legal advocacy, counseling for both survivors and their children, transportation services to and from court, to and from shelters, to and from school for the children, who've been-- who've had to leave their home often and with zero

notice. They provide shelter and they help with navigating the court system, including protection orders, assistance in filing protection orders, assistance in curing imperfections in protection orders, assistance with things such as court school for juveniles and minors who are having to testify, often in uncomfortable situations. Colleagues, these are not optional services; these are life-saving interventions, and they are required in our state statutes under the Protection from Domestic Violence Act, which is already in place. Let's be clear about the need, and the scale of that need. So far, in 2025, nine Nebraskans have lost their lives in domestic violence incidents. That is-- not even account for those whose lives have been significantly impacted financially, emotionally, and often thought of first, but sometimes for victims last, is physically. Demand for services continues to rise. Over 12,000 survivors were served last year. More than 1,800 needed emergency shelter. So, let's talk about what emergency shelter means, because I think there's some misunderstanding there. Emergency shelter is the immediate need. You left the home, you were a victim, you went to the hospital or otherwise. Where are you going to go right now? That's emergency shelter. We're not talking about where you're going to reside for the next year-and-a-half while things get figured out. We need something right now. What is that going to look like? Is that in a shelter? Is that in a hotel? Is that with a family member-- providing those services and helping victims navigate those needs. Yet, these programs are now staring down a 40% federal funding cut through VOCA, and another cut of that magnitude is expected next year. This amendment is about making sure survivors are not turned away; it is about honoring the statutory obligation we have under the Protection from Domestic Abuse Act to ensure that these services are not only available, but they're accessible and adequately resourced across our state. The Legislature tried to do the right thing in 2023 with LB739 appropriating this fund, but the source, the TANF dollars, Temporary Aid to Needy Families, proved to be unstable due to conflicting federal regulations and confidentiality laws. That money never made it to the victims it was intended to serve. Today's amendment makes that happen. It uses an appropriate and accessible funding source: the Medicaid Managed Care Excess Profit Fund. This is the same source this body approved for recently advanced bills, including funding Meals on Wheels and juvenile justice programs and services. These dollars are meant explicitly for services that support the health and safety of Nebraskans, including access to care and system improvements. There is no clearer case for access to care than helping an individual escape a violent household, making sure that their children have trauma-informed counseling throughout the situation after having

witnessed abuse. This amendment is not new funding. It is a fix, one that ensures previously-approved funding can actually reach its intended recipient, the actual survivors. Thank you, colleagues. I know we're coming up to cloture. I urge your support of AM1386. Thank you, Mr. President.

**ARCH:** Senator Prokop, you're recognized to speak.

**PROKOP:** Thank you, Mr. President. Good afternoon, colleagues, again. I rise today in strong support of Senator Bosn's amendment to, like she said, secure appropriate funding for Nebraska's domestic violence programs by identifying a sustainable and more appropriate funding source. As you heard in Senator Bosn's opening, last biennium, the Legislature passed LB739 as a part of the budget with the right goal in mind at the time: \$3 million in support to these critical services. But unfortunately, the funds that were identified to do that were flawed. By using Temporary Assistance for Needy Family funds, or, or TANF funds, the state created insurmountable barriers for DHHS and the domestic violence programs. Because of strict federal confidentiality laws and incompatible reporting requirements, not a single dollar of that money has reached survivors. LB348, which is a bill I introduced before the Appropriations Committee, aimed to shift that funding to a more viable source, and this amendment essentially would help deliver on what we are trying to achieve with that bill. The amendment before you today does just that by utilizing the Medicaid Managed Care Excess Profit Fund, a source that this Legislature has already tapped for other essential services, such as Area Agencies on Aging and juvenile justice supports. These dollars are going to-- or, would go to programs all across the entire state and helps Nebraskans in crisis; people fleeing from abuse, trying to keep their children safe, trying to recover from trauma-- and trying to recover from trauma. And every day, programs are being asked to do more with less, despite seeing a 9% increase in survivors served, a 10% increase in shelter use and "onglowing" inflation driving up the cost of transportation, housing, and food. On top of that, the federal VOCA dollars, which many programs rely on, were cut by 40% last year, resulting in a \$2.5 million loss for Nebraska. Another 40% cut for-- is expected for 2025, and without action, we are looking at program closures, staff layoffs, and survivors being turned away from the services we direct these programs to provide in our statutes. This amendment is really about fixing a problem. The Legislature created the mandate that these services be provided statewide, and the Legislature acted to support this needed funding. This time, let's make sure this money actually reaches the people who need it. And lastly, I would just mention, as part of my comments, you know, a couple stats when, when they were

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presented to me, really were quite staggering. Domestic violence in Nebraska is on the rise, and according to the Lincoln Police Department, there was a-- reported protection order violations have risen 62% in 2024 compared to the five-year average. Like Senator Bosn mentioned, programs in Nebraska served 12,414 survivors, marking a 9% overall increase, and this includes over 1,800 survivors and their children who require shelter, which is a 10% increase. So, I would just ask for your green vote on this amendment, and I want to thank Senator Bosn again for bringing this amendment, and I would urge your support for it. Thank you, Mr. President.

**ARCH:** Senator Conrad, you're recognized to speak.

**CONRAD:** Thank you, Mr. President. I rise in support of Senator Bosn's amendment, but just wanted to ask her a few questions, if she'd so yield.

**ARCH:** Senator Bosn, will you yield?

**BOSN:** Yes, but I apologize, if you asked the question, I--

**CONRAD:** I didn't.

**BOSN:** OK. Yes.

**CONRAD:** No, I, I just said I, I rise in support of your amendment, Senator Bosn, and I appreciate what you're trying to do here, but I do have just a couple of follow-up questions. So, as part of your opening on the amendment, you basically kind of decried some of the federal cuts that are happening in regards to domestic violence programs and issues. Senator Bosn, did you vote for President Trump?

**BOSN:** I did.

**CONRAD:** OK. Did you anticipate that this would be the result of, of that vote? Because he was very clear that there would be a host of significant funding cuts.

**BOSN:** Not this one in particular.

**CONRAD:** OK. Have you had a chance to reach out to the Trump administration about these cuts?

**BOSN:** No.



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**CONRAD:** Have you reached out to our federal delegation about these cuts?

**BOSN:** No.

**CONRAD:** Why do you not bring the same enthusiasm for supporting domestic violence victims, which we should share, and I hope do share, to the bill before the Legislature to carve out and cap meaningful but modest, sick and safe leave for domestic violence victims?

**BOSN:** Well, I don't know that I would agree with your characterization of my enthusiasm or lack thereof, but I certainly understand your question. My experience, specifically, I think allows me to speak to this particular issue with some particularity. And so, I've chosen to do that in this regard. But that doesn't necessarily mean that I don't support any of the other number of programs.

**CONRAD:** Sure. And I, I heard you talk about your experience supporting victims and survivors, and I'm, I'm grateful for that. But my-- part of that experience and the need for this amendment which you helped to make your case for was that domestic victims, violent-- violence victims and survivors have to miss work to go to court, they have to miss work to take care of their kids, they have miss work go to counseling, they have to miss work sometimes to literally maintain safety for themselves and their children. So, why do you think it's appropriate to carve up sick and safe leave that benefits domestic violence survivors and victims?

**BOSN:** I appreciate the question. I don't know that I characterized it the same as you've now characterized it, and I don't know that I agree with you on-- to the same level. I'm certainly happy to have those conversations, but in this particular case, this doesn't deal with them being able to leave work for or not for sick leave. We can have that conversation, but this appropriates funding for the emergency services that, as you noted, you're supportive of.

**CONRAD:** Yes I am, Senator, so I'm trying to understand the discrepancy in your thinking.

**BOSN:** And I don't know that I can answer that in the amount of time that we have here.

**CONRAD:** OK, I can punch in again, if we need to.

**BOSN:** That would be fine.

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**CONRAD:** OK, we can continue, though. I think I still have time. We haven't even had the one minute mark up yet, so.

**BOSN:** And I'm happy to look into that and answer those questions, but I don't know that this is really productive, because I think I've answered your question to the best of my ability that this funding doesn't deal with those, and that isn't what's before us on this vote right now.

**CONRAD:** Well, I think you spoke very eloquently and passionately and appropriate in defense of needed programs and services for domestic violence victims. But those who provide these programs and services have been very clear that they do not want this Legislature to carve up this earned sick leave law because it hurts their ability to help Nebraskans be safe or to find safety when they're living in a domestic violence situation. So, I'm trying to understand the disparity in your position.

**BOSN:** And what I'm telling you is I understand your question, and I don't know that I can answer it any better than I have.

**CONRAD:** OK. And the answer is that you support victims sometimes, but not all the time.

**BOSN:** Absolutely not.

**CONRAD:** OK, then what's the answer?

**BOSN:** The answer to your question is that this bill appropriates funds for emergency services for domestic violence victims, and your question it's not even related to that at all. It's an effort to try to get me to answer something that's not before us. What is before us is--

**CONRAD:** Everything's before this Legislature.

**BOSN:** Not right now. The vote before you right now is AM1386, which is the amendment I propose today to secure funding for emergency services for domestic violence. And your question is regarding someone else's bill, not on the budget bill and not before us today, dealing with paid sick leave.

**CONRAD:** Mm-hmm.

**BOSN:** I don't disagree that individuals need sick leave and have needs under the emergency domestic--

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**DeBOER:** Time, Senators.

**BOSN:** --violence funding. Thank you.

**DeBOER:** Thank you, Senator Conrad and Bosn. Mr. Clerk, you have a motion on your desk.

**CLERK:** I do, Madam President. Speaker Arch would move to invoke cloture pursuant to Rule 7, Section 10.

**DeBOER:** Senator Arch, for what purpose do you rise?

**ARCH:** Call of the house, roll call vote.

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

**CLERK:** 37 ayes, 0 nays on the-- on putting the house under call.

**DeBOER:** The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senator Hansen, Senator Dungan, Senator von Gillern, please return to the Chamber and record your presence. The house is under call. All unexcused senators are now present. Colleagues, the first vote is for cloture. All those in favor-- there was a request for the roll call vote. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please call the roll.

**CLERK:** Senator Andersen voting yes. Senator Arch voting yes. Senator Armendariz voting yes. Senator Ballard voting yes. Senator Bosn voting yes. Senator Bostar voting yes. Senator Brandt voting yes. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh voting no. Senator Clements voting yes. Senator Clouse voting yes. Senator Conrad voting no. Senator DeBoer not voting. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting no. Senator Fredrickson not voting. Senator Guereca not voting. Senator Hallstrom voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Juarez not voting. Senator Kauth voting yes. Senator Lippincott voting yes. Senator Lonowski voting yes. Senator McKeon voting yes. Senator McKinney voting no. Senator Meyer voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Prokop

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voting yes. Senator Quick not voting. Senator Raybould not voting. Senator Riepe voting yes. Senator Rountree not voting. Senator Sanders voting yes. Senator Sorrentino voting yes. Senator Spivey not voting. Senator Storer voting yes. Senator Storm voting yes. Senator Strommen voting yes. Senator von Gillern voting yes. Senator Wordekemper voting yes. Vote is 35 ayes, 5 nays to cease debate--

**DeBOER:** Debate is--

**CLERK:** --to invoke cloture.

**DeBOER:** Debate is ceased. The next vote is AM1386 from Senator Bosn. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 40 ayes, 2 nays on adoption of the amendment, Madam President.

**DeBOER:** The amendment is adopted. The next vote is the adoption of AM1320 from Senator Clements. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 37 ayes, 2 nays on adoption of the amendment, Madam President.

**DeBOER:** The amendment is adopted. Senator Guereca, for a motion. Senator Guereca, for a motion.

**GUERECAL:** Madam President, I move to advance LB261 to E&R for engrossing.

**DeBOER:** Colleagues, you've heard the motion. All those in favor, vote aye; all those opposed, vote nay. There's been a request for a record vote. Record, Mr. Clerk.

**CLERK:** Voting aye: Senators Andersen, Arch, Armendariz, Ballard, Bosn, Bostar, Brandt, Clements, Clouse, DeKay, Dorn, Dover, Guereca, Hallstrom, Hansen, Hardin, Holdcroft, Hughes, Ibach, Jacobson, Juarez, Kauth, Lippincott, Lonowski, McKeon, Meyer, Moser, Murman, Prokop, Quick, Riepe, Rountree, Sanders, Sorrentino, Storer, Storm, Strommen, von Gillern, Wordekemper. Voting no: Senator Cavanaugh, Cavanaugh, Conrad, Dungan, McKinney, Raybould. Not voting: Senators DeBoer, Fredrickson, Spivey, and Hunt. Vote is 39 ayes, 6 nays, 3 present, not voting, 1 excused, not voting.

**ARCH:** LB261 does advance. I raise the call. Mr. Clerk, for items.

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**CLERK:** Thank you, Mr. President. Your Committee on Enrollment and Review reports LB275A, LB288A, LB647A to Select File. Additionally, your Committee on Judiciary chaired by Senator Bosn reports LB79, LB103 both to General File with committee amendments. Amendments to be printed from Senator Arch to LB346; Senator McKinney, LB264; Senator Spivey, LB261; Senator DeBoer, LB261; Senator Spivey, LB261. New LR: LR169 from Senator Clements, and LR170 from Senator Rountree; LR169 will be laid over, LR170 will be referred to the Executive Board. That's all I have at this time.

**ARCH:** Senator Guereca. Mr. Clerk, next item.

**CLERK:** Mr. President, Select File, LB246. First of all, Senator, there are E&R amendments.

**ARCH:** Senator Guereca, for a motion.

**GUERECA:** Mr. President, I move that we adopt the E&R amendments to LB264.

**ARCH:** All those in favor, say aye. Opposed, nay. They are adopted.

**CLERK:** Mr. President, I have a series of amendments to be withdrawn: Senator Raybould, I have FA160 and AM1321; Senator Machaela Cavanaugh, AM1295; Senator Hallstrom, AM1294; Senator Clements, FA159, AM1322; Senator Dungan, AM1332; Senator McKinney, FA176, FA174, and AM1324; Senator John Cavanaugh, AM1325; Senator Conrad, AM1330, AM1331 and AM1327; and Senator Spivey, FA186.

**ARCH:** So ordered. Mr. Clerk, next item.

**CLERK:** Mr. President, Senator Clements would move to amend with AM1396.

**ARCH:** Senator Clements, you're recognized to open.

**CLEMENTS:** Thank you, Mr. President. This is LB264, which is the funds transfer bill part of the budget. We just did the mainline general funds; this is funds transfers. And the amendment we have here is a technical amendment from Fiscal. The first section of it talks about the Litter Reduction Recycling Fund transfer that was already in the handout, and that was described when we were on LB264 on General File. It was listed in there, but it was omitted in the text of the amendment because the Fiscal Office was under time pressure wanting to get-- that was going to be our Select File amendment, and we were able to get it on General File, but there was one sec-- two sections that

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were omitted just by an oversight. And the second part of this is some technical cleanup, changing the-- after the word "fund," add General Fund. And so, the Fiscal Office asked me to introduce this amendment to clean up the language from what was approved previously in, in debate. So, I would appreciate your green vote on AM1396. Thank you, Mr. President.

**ARCH:** Turning to the queue, Senator Machaela Cavanaugh, you're recognized to speak.

**M. CAVANAUGH:** Thank you, Mr. President. I rise in opposition to AM1396. This amendment authorizes the State Treasurer shall transfer \$1.25 million from the Nebraska Litter Reduction and Recycling Fund to the General Fund on or after July 1, 2025, but before July 30, 2026. The State Treasurer shall transfer-- again, it's for the next year. And then, it also strike first-- fund and insert fund-medical, and then, on line-- page 16-- I have to look at what that one is. I think that that might be the Medicaid excess fund. But first, I want to talk about the, the recycling program, and I see that this is-- oh, that's the Rural Workforce Housing. I have a spreadsheet of what is funded within this \$1.25 million that I'd like to share with you all, that has been awarded. So, in Alliance, in LD 43, Senator Storer's district, there's Keep Alliance Beautiful, \$36,000; there's another Keep Alliance Beautiful, \$95,000; Senator Dorn, Keep Beatrice Beautiful, another-- for \$14,000; another Keep Beatrice Beautiful for \$102,000; another one for Senator's Storer in the Loup basin, \$49,000; Senator, Senator Storm, I'm not going to read all of yours. There's quite a few for your district. Of course, your district is a lot of land. Landmass rich. Senator Moser, for Columbus, Keep Columbus Beautiful, \$56,000; Keep Columbus Beautiful, \$25,000; Little Blue-- oh, this is Senator Brandt's, \$15,000 for Little Blue Natural Resources District; Woody "Woodkemper," [SIC] Village of Dodge, \$11,000; Woody "Woodkemper," [SIC] Keep Fremont Beautiful, \$108,000; Senator Quick, Grand Island Area Clean Community System, \$7,000; Grand Island Clean Community System, \$60,000; Senator Hardin, Keep Kimball Beautiful, \$24,000. There's a lot more. I probably should have just made a copy of this to send out. Sorry. Anyways, this is, I mean, the same conversation that we had on, you know, public-private partnerships, state-obligated funds, pick your poison, pick your buzzword on not using great techniques for budgeting. But this is just another sweep of money that has been granted to your communities. I don't think any of them are to my community, so it's always fun when I am constantly fighting for your communities and you're not, but, you know, there we go. Yeah. So, I would suggest not adopting this amendment. It is not a technical cleanup amendment; it is an amendment

that takes money, \$1.25 million, from the Nebraska Litter Reduction and Recycling Fund and puts it into general funds. And therefore, projects that have already been committed to in communities across the state are going to be-- I don't know. I don't know what happens when we don't have money to pay our obligated funds. Deficit requests? We're going to have a lot of deficit requests. We have \$5 million in the celestial blue book; there's \$5 million set aside for deficit requests for next year, and this year, our deficit request was \$67 million, and with things like this, we-- I don't even know how much we're going to have for deficit requests next year, but I hope we have enough money in the Cash Reserve to pay for it, because I'm concerned that we don't. I'm going to get back in the queue, because I am going to look at what these other items are, because the fund and insert fund-medical is curious to me, so. I'm going to take a look. Thank you, Mr. President.

**ARCH:** Senator Dungan, you're recognized to speak.

**DUNGAN:** Thank you, Mr. President. Colleagues, I do rise in respectful opposition to AM1396, not for some of the technical cleanup language, but because this does represent a large sweep of cash funds from this waste and litter reduction cash fund. I actually had an amendment on General File to strike that portion because it was included in the spreadsheet that we had, but my understanding from looking at it this weekend and talking with other folks, and now, obviously, seeing this amendment, is that the, the sweep was never actually included in the first place. And so, rather than bring an amendment to strike those funds, I am simply asking my colleagues to vote against this amendment. If there's additional technical language that needs to be changed in order to properly effectuate other parts of the budget, I think those can come on their own amendment, but including this money coming from the waste and litter reduction cash fund is problematic. And it's problematic not just because of some of the reasons that have been outlined so far, but it's problematic, I think, functionally, because these grants, colleagues, for the next year, have already been awarded. So, \$9.8 million were awarded for 2025 across the waste and litter reduction, recycling, and scrap tire grants. My understanding is that about \$4.3 million in grants for the upcoming year-- so, in 2025, we've already granted \$4.3 million to communities across Nebraska for these 54 individual litter grants. And so, my understanding is that these get utilized by, generally, smaller communities where this is quite literally their only opportunity for recycling and for litter reduction. So, some of the grants that Senator Machaela Cavanaugh was going through, you can find on the dashboard. It's actually kind of a cool mechanism where you can click

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in and see. But we're talking about grants of, you know, \$50,000 here, \$60,000 there in small communities where this is the state funding that, through a competitive grants process, they're able to access in order to do litter reduction and recycling. So, this is a program that we provide, or essentially, for the entire state, and I, I don't think people quite understand that these are funds that have already been appropriated. So, I was wondering if Senator Clements would answer just a few questions.

**ARCH:** Senator Clements, will you yield?

**CLEMENTS:** Yes.

**DUNGAN:** Thank you, Senator Clements. Do you know how much money is currently in the Litter Reduction and Recycling Fund?

**CLEMENTS:** The April balance is \$4,745,008.

**DUNGAN:** That was exact. And so, this proposes that we take \$1.25 million out of it for the next year, and then \$1.2 (million) the year after-- or-- the year after that, is that correct?

**CLEMENTS:** Yes.

**DUNGAN:** OK. So, it sounds like we're just on the cusp of being able to afford the \$4.3 million that have already been granted for 2025. If we take this money out of the fund, what is the intention for how to make up the difference between what's been granted for those litter grants already and the difference that would be owed still?

**CLEMENTS:** They receive revenues of \$3.1 million a year. Last-- in 2024, they spent \$2.2 million. Currently, it looks like they've received \$3.1 million in, and spending \$2.3 million. So, they're not spending the total amount of revenues, which is what we did with most cash funds.

**DUNGAN:** OK. And so, if they spent-- you said \$2.3 million previously. For 2025 though, they've already awarded \$4.3 million. So, are we able to cover the \$4.3 million if we reduce it by \$1.25 million in the upcoming year?

**CLEMENTS:** Well, they'll be getting \$3.1 million of revenue in to fund that.

**DUNGAN:** When will that revenue be going into the fund?



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**CLEMENTS:** They get fees monthly, but-- yeah, during the year, I'm not sure when the timing of the expenses income is exactly.

**DUNGAN:** OK. Do you know what the ramification is, or what the consequence is if we've promised a grant to one of these political subdivisions and there's not sufficient money to make back the amount that we owe them?

**CLEMENTS:** They would probably received a reduced amount if there isn't money, but they have had excess in the past.

**DUNGAN:** Do, do you know if, if, if a political subdivision has, like, a public-private partnership, and that private company detrimentally relies on an expectation they're going to be receiving money from the grant and then don't have that funding provided for them, would they be able to sue the state?

**CLEMENTS:** I don't know about that. There was no intention to be running any of these fund transfers short. Based on historical analysis, these were sustainable.

**DUNGAN:** Thank you, Senator Clements. I'm out of time, but I might have more--

**ARCH:** Time, Senator.

**DUNGAN:** --questions later. Thank you, Mr. President.

**ARCH:** Senator Raybould, you are recognized to speak.

**RAYBOULD:** Thank you, Mr. President. Good afternoon, colleagues. I stand before you just to challenge a, a few of the remarks Senator Jacobson had, had conveyed earlier, talking about that this was not a self-inflicted. It actually is a self-inflicted budget deficit, but despite the resiliency of our businesses in our state of Nebraska and our agriculture industry, we are facing a deficit. And of course, it was compounded by the three-year rolling average of FMAP and our greater contribution that we have to make. But that is also predictable as well, because it's a three-year and you can calculate the two years and then extrapolate and predict that third year. So, this was truly predictable; it was accelerated and exacerbated by the accelerated income tax rate reduction. And just to, to-- this is from the Fiscal back in 2023, when we had passed this. It did predict that there would be a loss of revenue to the state of Nebraska in the amount of \$423,587,000. So, we're already starting behind the curve, so, it was a contributory factor. And I just want to say, Senator

Dungan, I have some amendments coming up that will definitely reinstate the, the funding that was stricken from the Litter Reduction and Recycling program, precisely because a lot of that funding was anticipated and was awarded in January of this year, so that is coming in a later series of amendments that will be forthcoming. But the one issue that I wanted to cover at this moment on the, the mic was really talking about our workforce housing-- middle-income workforce housing and rural workforce housing, and I did give you a handout showing you how critically important-- and one of the amendments is reinstating \$3 million in each one of those accounts; \$3 million back to rural workforce housing and \$3 million for middle-income. You know, based on everything and-- that we've read about, certainly from Blueprint Nebraska, which you know I'm a big fan of, but also from all the Chambers of Commerce, creating affordable housing is essential to our economic growth, to our-- essential to our economic well-being. Having been involved in and trying to do so on the Lincoln City Council, and trying to hit our goal of trying to create 5,000 units by 2013-- by 2030 is critical in order to be able to, to provide affordable housing and affordable workforce housing. So, the handout that I provided you came from Charlie Wesche, who is with NeighborWorks. Very familiar with NeighborWorks. And what we're seeing is-- and I'm just going to read his comment-- he goes, at a time when housing is such a critical issue, any reduction in funding has significant consequences. We cannot address this housing crisis with fewer tools and less money. The headwinds we are facing coming from both the state and federal levels. I ask that you consider advocating against the reduction of the workforce housing. So, on the-- one of the sheets, it shows state funding for housing needs, and it has a graph, and you can see it compares us to Iowa, Kansas, Nebraska, and South Dakota. And guess what? Nebraska's really at the very bottom; we're pretty much flatlined in the contributions. And I want to state clearly for the record that there are other funding sources, certainly from the Nebraska Affordable Housing Trust Fund; NIFA is a big contributor to making sure that they get the lowest interest rates available to create this affordable housing. We have opportunities with LIHTC, low income housing tax credits. We have-- on the local side, we have tax increment financing that can help with the infrastructure. And-- but I did want to point out why this is critically important, but what is contributing to it, and it, it says lack of affordable housing and attainable housing. What are we seeing, and what will it do to our community? Constraints, community growth, and vibrancy. Many of the rural communities just don't have an inventory of available housing. It is a barrier to economic development and quality of life for all Nebraskans. And then, it gives you a big picture on that very last

page, that the supply and demand issues began during the Great Recession and never caught up on permits needed for backlog, construction labor costs are up with an increased demand, and a higher percentage of income-- a family's income is spent on housing. We need to create more inventory that will help with the shortage that we are seeing, and, of course, with the higher interest rates that's all contributing to the cost. Thank you, Madam President.

**DeBOER:** Thank you Senator Raybould. Senator McKinney, you're next in the queue.

**McKINNEY:** Thank you, Madam President. Would Senator Clements yield to a question?

**DeBOER:** Senator Clements, will you yield?

**CLEMENTS:** Yes.

**McKINNEY:** I'm looking at this amendment, and I see the portion where it deals with the Economic Recovery Act. Can you explain that?

**CLEMENTS:** I have not researched that. I was told by Fiscal that that was a technical correction. I'll have to look into it, and I'd be glad to get back with you.

**McKINNEY:** All right. Thank you. Because I just have some concerns that, you know, in this budget, there's some transfers out of the Economic Recovery Contingency Fund, which shouldn't be going out of it because it should be going to the Inland Port Authority. But I see that you guys are trying to take money out of the Economic Recovery Contingency Fund, and I'm kind of perplexed about it, and honestly a little upset because we keep hearing that we need to protect investments that this Legislature has elected to, you know, invest in in the past, and-- but it seems like when it comes to investments in, you know, economic recovery, you guys want to pull that back, and nobody wants to try to protect it. But people get so in their feelings when somebody brings up the canal project or the prison, people get real territorial and, and say that we don't need to, you know, do something with it. So, my overall concern with this budget-- and I do have an amendment; I don't know if we'll get to it. But why is this body trying to pull back investments when, when it comes to other investments, nobody wants to, and people get all in their feelings, and we're supposed to be thinking forward and, and, you know, building our state and all those type of things. But other investments seem to be on the chopping block, and I just find it hypocritical that if this

body in the past elected to appropriate funds to economic recovery area-- economically recover areas, then we should keep to that, you know, promise, and not try to pull back resources because we're in this problem that we're in. Because I elect for the-- I, I didn't vote, and I was against the, the income tax reductions because all of this was predictable, as much as people don't think it was. A lot of these concerns were, you know, put on the table back then, and we-- and this, and this body still elected to go forward with them. So, in my opinion, if you voted for them, then you should be dealing with that, and you shouldn't be trying to pull back from investments that are supposed to help grow our state, recover communities, and make sure that, you know, the economies in those communities can be viable. So, that's my overall issue, and after listening to some of the concerns of my colleagues, I'm also opposed to AM1396 as well. Thank you.

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

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

**DeBOER:** Senator Clements, will you yield?

**CLEMENTS:** Yes.

**M. CAVANAUGH:** Thank you, Senator Clements. In this amendment, there is a transfer-- or, language that says in-- on your amendment, line 12, it references page 1, line 8 and page 2, line 5, strike "fund," insert "fund - medical." And that's pertaining to the flexible spending fund, correct?

**CLEMENTS:** I'll take your word for that.

**M. CAVANAUGH:** OK. Well, so, I'm, I'm just curious. I went out in the lobby to ask if the state employees' union was aware that we were taking a million dollars out of the employee's flexible spending account. And I don't believe that they were necessarily aware that we were doing that. And so, I just wanted to flag that, that is the flexible spending account for the state employees that is funded by them, and as they are--

**CLEMENTS:** I, I was not aware of any transf--

**M. CAVANAUGH:** --labor and a bargaining unit, that we maybe needed--

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**CLEMENTS:** I thought this was just clarifying the name of the fund; instead of just the word "fund," it used the fund - medical.

**M. CAVANAUGH:** Yeah. I think, I think that's what this particular thing is doing, but it did highlight that that was what that fund is, and so I'm just--

**CLEMENTS:** Oh.

**M. CAVANAUGH:** --stating a concern that maybe we should check into that, if we're even allowed to take those funds, considering they're employee-funded and that's part of an employee union and bargaining, so.

**CLEMENTS:** All right.

**M. CAVANAUGH:** Anyways, thank you. Thanks for yielding. I still am in opposition to the litter recycling-- Litter Reduction and Recycling Fund, \$1.25 million. Those funds are obligated, and I don't like the idea of not paying our obligations. There's been things over the years that we've funded or voted on that I didn't support, but once we fund-- once we pass them, you know, I think very strongly that we should pay our bills and our obligations. So, I will not be supporting this AM. Thank you, Madam President.

**DeBOER:** Thank you, Senator Cavanaugh and Senator Clements. Senator Clements, you're next in the queue.

**CLEMENTS:** Thank you, Madam President. Regarding Senator McKinney's question, that section of the amendment used to just say the word "fund;" it was spelling out Economic Recovery Contingency Fund to clarify that specific fund. And there is an interest transfer; not taking the principal, but interest transfer to general funds involved there. Also, the Perkins Canal interest is going to General Fund, prison construction fund is going-- the interest on that is general funds. The construction fund in the, in the Cash Reserve, there's also interest on that being transferred. It was just another item of interest only being transferred for the two-year period to help close the budget without making cuts somewhere else. Regarding the amendment, the litter reduction fund, I've got updated information that they do have a \$4.7 million current balance. The revenues are estimated at 3-- at \$4.1 million the first year and the second year. The first year, if they have \$4.1 million coming in and 4-- and \$4.7 current balance, they would have \$8.8 million available. If we took \$2.5 million, they'd still have \$6.3 million available in the first

fiscal year. And if their awards are 4, \$4 million, they would-- the \$6.3 million would cover that, leaving a \$2.3 or 2, \$2 million remaining balance. And then the following year, another \$4.1 million of revenue would be available, plus the \$2 million carryover, so they would have \$6.4 million available for awards in the second fiscal year. That was my analysis visiting with Fiscal Office, and I do believe that this would be sustainable. Leaving a, a remaining balance, taking part of the \$4.7 million of fund balance now down by \$2.5 million would leave \$2.2 million plus the revenues coming in in the coming two years. So, I would ask for your green vote on LB-- AM1396, which is a fund transfer that is sustainable so that we can balance the budget and not have to make a cut somewhere else. This is using funds that I believe are sustainable and not going to cause defaults on contracts. Thank you, Madam President.

**DeBOER:** Thank you, Senator Clements. Senator Dungan, you're recognized.

**DUNGAN:** Thank you, Madam President. Colleagues, I appreciate that we're, we're digging a little bit deeper into this. I was just talking with the Fiscal Office about the current status of the litter and recycling fund, and-- I'm just going to grab my sheet here. I, I continue to have concerns about what we're doing here with the 1.200-- or, \$1.25 million reduction in the next two years of the biennium. I understand that there has historically been more money in that fund than what has been used, but my understanding is that, again, as of this year, there has been-- the grants have been completed; they've been applied for, they have already been awarded in the amount of \$4.3 million. And so, I think the account is sitting at close to \$4.7 million, so you take out the \$1.25 million that we're talking about here, and obviously, my concerns are that then puts us upside down where there is not going to be an ample amount of money in order to pay out these grants throughout the pendency of the next year. Now, I'm trying to wrap my head a little bit around how this works, because I want to make sure, obviously, we all understand the process. My understanding is that these grants are, are awarded and then are paid out quarterly. And so, when, for example, you're a small town and you get this, this grant to help with recycling or litter reduction, it sounds like-- the best I can tell right now-- there's quarterly payments that come out. So then, the fund is replenished through the fees that are paid by various businesses in the industry and other stakeholders, and my understanding is those fees are due October 1. So, I guess just logistically, the conversations that I've been having with folks who work in this area who do a lot of the actual administration of these grants and working on the recycling and the,

the litter reduction is there's a big concern that either we are operating under some razor-thin margins here, or we actually-- and much more likely-- are going to find ourselves in a position where the grants that have already been awarded would not be able to be paid out. So, we're seeing a systemic reduction in this cash fund at the same time that we're seeing an increase in the use of the cash fund. So, I don't think that the historical data of the application and the usage is necessarily representative of what we're going to see moving forward. So, colleagues, I have grave concerns about this. This is not something that necessarily benefits just Lincoln or Omaha by any means, and I think that it's important that people log on and look at some of the actual grants that have been awarded to these smaller villages and communities around our state. It may look like a small sum, it may not look like a very large amount in the grand scheme of the budget, but when your only recycling program in a certain community comes from maybe a \$90,000 grant from this cash fund, you certainly should care about the fiscal health and the solvency of the fund. And if we're going to continue to reduce \$1.25 million this year, \$1.25 million the next year, that is potentially going to put us in a very precarious situation when the grants have already been awarded for the entire fiscal year of 2025. So, I, I, I haven't dug too deep into the other parts of this particular part of AM1396 because what I've been working on today and over this weekend is specifically that cash fund, as it pertains to the litter reduction and recycling. I have concerns about what's been raised in the other areas as well, but again, colleagues, I would encourage your red vote on AM1396 as right now, LB264 does not include a sweeping of the Litter Reduction and Recycling Fund. But if you vote yes for AM1396, you are voting to cut funding for recycling and litter reduction in your communities across the entire state, and we absolutely need to be aware of the ramifications that's going to have. And if we can't answer all of those specific questions about when these are going to be paid out and whether or not it's going to have a negative consequence on smaller communities throughout greater Nebraska, then we should be much more fiscally conservative and responsible, and not cut those funds. I understand there's this belief that we can come back and ask for additional funds next session if we need them. I will tell you, I've been here during the deficit requests; they don't want to approve them; they across the board try to not approve those, because we're going to continue to be in a bad fiscal situation. So, we can't just say, don't worry about it now, we'll try to approve that later. It would be much more fiscally responsible for us to say no to AM1396, and to say no, we want to keep our money in the Litter Reduction and Recycling Cash Fund. Thank you, Madam President.

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

**CONRAD:** Thank you, Mr. President. I want to add a few notes for the record in regards to this budget deliberation. It came up in regards to the last mainline bud-- the last measure on the agenda, the mainline budget bill, and now we're here at the transfer. But again, to put a finer point on it, this nonsense in the debate and dialogue about, well, we'll fund something for a year, and then they can come back in the deficit year, and maybe we'll make up the difference then-- that, that is not how we budget, and this isn't some sort of misty-eyed kind of sense of nostalgia about, oh, we've always done it like this, and so we should follow that just because. It's because we set a biennial budget. We do not set a one-year budget where we're essentially stealing or borrowing cash flows from different agencies and different funds to prop up a structural deficit, and that's what is at the heart of a lot of the rhetoric supporting the budgetary foreca-- the budgetary package. And so, while we take away funding for community cleanups that, again, are cash-funded, and these-- this is a point that clearly we need to do a little bit of education and engagement around. So, yes, we only have one Cash Reserve Fund, we only have main rainy day fund; that's there to help smooth out economic downturns or unintended consequences so that we don't have to make significant reductions, and so that we can ensure that we have the resources requisite to pay our bills if something really "catastrotic"-- catastrophic happens. However, you've have heard some confusion or conflation amongst my colleagues that said, well, we shouldn't have a bunch of different cash reserve funds. We don't; we have a lot of different cash funds. Cash funds are not mini-cash-reserve funds. They are established and derived from basically fees, cash funds that come in-- not general tax dollars that come in and are for general purposes-- but cash funds that come in because of fees that consumers pay, that Nebraskans pay. And then, they're typically dedicated to a specific purpose related to that fee; they're not generally available to just move around however we want to, whenever we want to. While some have more specific strings attached to them in terms of their statutory framework, they, they are not just meant to willy-nilly be utilized to fill budget holes. And one thing that I think is really striking from all the proponents of the budgetary package that they have yet to push back on or make an argument for otherwise: if we make all these cuts to higher education and public health and-- the list goes on-- the courts. The list goes on and on and on. If we make all of these cuts which are presented in the mainline budget bill and the cash transfer bill, does that get us out of a structural deficit? I will be interested to see if any



proponents of this budget will say with certainty that making these cuts in this biennial budget addresses the structural deficit. If not-- and that's fine; if you don't have a solution, you can utilize delay. And that's at-- is what is at the heart of this budget. We're going to kick the can down the road, we're going to act like we have a balanced budget at this point in time because we don't want to address the structural imbalance we created. And friends, economic forecasts are not like a weather forecast. There isn't some unexpected event, like a sudden spring storm that causes catastrophic damage; they are based on data, and economic forecasts are lower, not by fluke, not by accident, not by surprise, but by design. The chickens are coming home to roost. The billionaire tax cuts you voted for are breaking the budget. So, just be honest about it and embrace it, and be proud of those votes and say, yeah, we're going to increase tuition at the university because billionaire tax cuts are worth more to us; yes, we are going to close problem-solving courts because billionaire taxes are worth, are worth more to us; yes, we're going to--

**DeBOER:** Time, Senator.

**CONRAD:** --end community cleanups because billionaire tax cuts are worth more to us. Thank you, Madam President.

**DeBOER:** Thank you, Senator Conrad. Senator Murman would like to recognize some very special guests: nine third and fourth graders from Sutton Christian School in Sutton, Nebraska, in the north balcony. Please stand and be recognized by your Nebraska Legislature. Senator Jacobson, you're recognized.

**JACOBSON:** Just a slight clarification. I graduated from Sutton High School, so these are actually my people, not, not Senator Murman's. Just thought I'd point that out. Well, thank you, Madam President. I know we've talked a lot about-- and I, I want to start by saying I haven't been in the Legislature for 12 years. OK? I-- instead, I was in the private sector. I've been working with budgets for over 30 years. I started NebraskaLand Bank 27 years ago; we're now a billion dollars in assets, and yes, I am responsible for approving that budget, and so I do have a little bit of experience in budgeting, and over my years in lending I've looked at many many business plans and budgets. And so, I, I do think I have a little expertise. If it sounds like I'm mansplaining from time to time, I apologize; that's not my intent, but I will share information as I see it. I know-- there's been a lot of talk about tax cuts for the-- that's right for the billionaires, which there are a handful in the state, so. Actually, if you're rich, when you hit \$29,000 in income, and I'm guessing

everybody, except if you are just strictly on a senator's salary, you would be under that. That's who those lower brackets are for, is for state senators. But if you're making more than \$29,000 a year, you will be impacted by changes in the highest level of income tax, OK? \$29,000, as an individual. So, this isn't about billionaires; it's about people making \$29,000-plus per year. It's amazing how the magic works when you look at growth in the economy. So, let's go back and look at, at '23 and '24. The state generated \$7.1 billion-- or billion in state-- or excuse me-- sales and use tax, individual income taxes, and, and corporate income taxes and fees. In 2024, or '24-'25, we project that that revenue is going to go down to \$6.4 billion from \$7.1. That's what we're dealing with right now. However, next year, with, with the income tax reductions being fully implemented, we expect to graze revenue from \$6.4 billion to \$6.955 billion. It went up, not down. Let me repeat that: with the income tax cuts and the money going into property tax funds, money that's in the budget, we will actually end up with more revenue by about \$500 million. In revenue. Next year, in '26-'27, \$7 billion; projected '27-'28, \$7.4-- or, \$7.2 billion; and in '28-'29, we would be at \$7.67-- almost \$7.7 billion in revenue. OK? The revenue is there, and we look back and talk about the structural problems. What happened this year, if you take out the \$350 million that we lost due to the FMAP and compare that to the \$7.1 billion-- billion we got the year before, that accounts for the bulk of that difference. So, it's good to look at the numbers instead of just demagoguing the thoughts that are out there. Look at the numbers and see what the numbers are actually telling us. So, by controlling spending and allowing the revenue to come in, we don't have to worry about the out, the out years, unless there is something catastrophic. But we can also understand that there's a likelihood that this could go higher. But look at the numbers. Thank you, Madam President.

**DeBOER:** Thank you, Senator Jacobson. Senator Armendariz, you're recognized.

**ARMENDARIZ:** Thank you. I am going to give Senator Machaela Cavanaugh a minute to hustle on back, because I told her I am excited to talk to her about FSAs and HSAs. Some of my data may be a little dated, but what I do know about them, I do want to share. Will Senator Cavanaugh yield to some questions?

**DeBOER:** Senator Machaela Cavanaugh, will you yield?

**M. CAVANAUGH:** Yes, but I have a feeling you're going to know the answers, not me.

**ARMENDARIZ:** I want you to ask me what you asked Senator Clements about the FSA.

**M. CAVANAUGH:** Oh, OK. Well, gosh, now I can't remember exactly what I-- what-- how I, how I worded it, but in the-- in this amendment, it's clarifying language on the FSA account to say that it's the fund - medical account, but I didn't know if we were actually allowed to take that money, but you seemed to-- please, enlighten me.

**ARMENDARIZ:** Yeah. I, I hope to enlighten everybody about that a little bit. So, I did look into this very extensively, and my, my bachelor's degree is actually in HR. So, an FSA is an account that you can withhold for medical expenses that is before tax, so you can remove that from your paycheck before your paycheck is taxed, and your employer will withhold that for you. The difference between an FSA is, say you will dedicate a certain dollar amount per paycheck to your FSA, and at the end of the year, it's maxed out at a certain amount. I believe-- I, I know the HSA is about \$8,100 or \$8,300 for a married couple or family. FSA, I believe, is the same, but I'm not sure. Anyway, you can max that out, and with an FSA, if your expenses reach that in February and you need to draw down on the full \$8,000, let's say, your employer will front you that money. You don't have to have had that already banked up, and they will pay-- they will give you that to pay on your medical bills. The hitch is, at the end of the year, if you've saved all that money and haven't used it-- have you heard of "use it or lose it?"

**M. CAVANAUGH:** Yes.

**ARMENDARIZ:** That's where it comes in. So, you lose it, and my understanding is it rolls back to the employer, which, which goes to this fund and this account. It's rolling back to the state. So, yes, if it's not used, whatever funds are left over would roll back. Now, ask me about an HSA in comparison.

**M. CAVANAUGH:** Oh, I would love to know about an HSA. How does that work?

**ARMENDARIZ:** HSA is awesome, because you dedicate the same dollar amount, but you keep it. So, you don't ever give it back to your employer.

**M. CAVANAUGH:** I'm actually taking notes right now.

**ARMENDARIZ:** You don't give it back to your own employer; it's your own account, and you can bank it year over year over year. And, at age 65,

you don't ever have to use it for health anymore, you can use it for whatever you want. That's also pre-taxed, so it comes out before your paycheck is taxed. The only hitch with that is, you don't get to use it in advance of the money in the account. So, you have to bank the money--

**M. CAVANAUGH:** Sure.

**ARMENDARIZ:** --in order to use the full amount each year.

**M. CAVANAUGH:** Sure. And does the HSA follow you, then?

**ARMENDARIZ:** The HSA will follow you, doesn't stay to any employer as an FSA does. You have money banked up and you leave in June, you lose it to the employer. You don't get to go to your new employer with that same amount of money. So, in this case, FSA money would revert back to the employer, which would be the state. General Fund, I'm guessing.

**M. CAVANAUGH:** OK, got it.

**ARMENDARIZ:** Not sure exactly. So, thank you very much for engaging in that conversation.

**M. CAVANAUGH:** Thank you.

**ARMENDARIZ:** I do have another comment about-- but you-- you're done. Another comment about this-- these tax cuts being for billionaires. So, my family are not billion-- billionaires, and they are receiving tax cuts. Property cuts-- property tax cuts that we have realized on our statements. But for example, my parents make less than \$50,000 between the two of them. They own a small starter home and virtually no savings. They-- yesterday, Mother's Day, my mom told me about the property tax credit she is waiting to receive as a check. These prop-- these income and property tax credits are going to those types of folks that need it the most. They're retired, older, have health issues, and are looking forward to these tax credits, and that is the vast majority of Nebraskans; it's not billionaires. They are receiving the credits, they are making in, in this case, under \$50,000 a year for a couple. It's real money, and they look forward to seeing that on their statements. Thank you, Mrs. Pre-- Madam President.

**DeBOER:** Thank you, Senator Armadirez and Senator Machaela Cavanaugh. Senator McKinney, you're recognized.

**McKINNEY:** Thank you, Madam President. I rise again still in opposition to AM1396, but I actually rise because of, you know, statements

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Senator Clements said about the transfer of funds to the Economic Recovery Contingency Fund. See, the problem I have with that is that if, if passed forward, the Legislature would be going back on agreed-upon deals up until 2026, which is an issue that I have, and I strongly have. People keep getting up saying we should protect investments that we, you know, voted on in the past for, for future things to help grow and develop the state, and all these fancy things. But Senator Clements and this budget proposal is electing to go back on agreed-upon deals, so that's my biggest issue. Would Senator Clements yield to a question?

**DeBOER:** Senator Clements, will you yield?

**CLEMENTS:** Yes.

**McKINNEY:** Thank you, Senator Clements. So, in this proposed budget, not this AM, there is proposals to stop the transfer of funds going to the Economic Recovery Contingency Fund that will go to the Inland Port Authority, and there's also transfer-- a, a transfer of fund-- multiple transfers of funds from the Economic Recovery Contingency Fund into the General Fund, into, like, a state parks fund. And I just want to understand, why is it OK for you guys to go back on agreed-upon deals and, and take money that is intended for economic recovery? Where's the logic?

**CLEMENTS:** There is no principle being taken to the General Fund. Interest--

**McKINNEY:** Yeah, but the--

**CLEMENTS:** --the interest portion is what we're talking about.

**McKINNEY:** Yeah, but the interest funds were agreed upon in deals to say the interest would go until 2026, and now you're trying-- you're, you're attempting to pull that back, and that's one of my biggest issues.

**CLEMENTS:** I see. Well, it's-- circumstances have changed. I wasn't part of that agreement myself.

**McKINNEY:** Yeah, but circumstances as far as the state's budget, our deficit, has changed; I'm just trying to understand, why is it OK to pull money from that, but it's not OK to pull the money from the canal and other places. So, can you, you know, help me understand?

**CLEMENTS:** We are taking the interest for the canal to the General Fund and the prison to the General Fund. And, and also--

**McKINNEY:** That's my issue, is we had agreed-upon deals that the interest from both would go until 2026, and you're trying to stop that. And you're also taking other money from the contingency fund that is-- that shouldn't be taken. So, that's my issue, is why is it OK to do this, but people were so offended that people brought up taking back the canal fund?

**CLEMENTS:** Well, there was two years of interest have been credited to the economic contingency fund--

**McKINNEY:** Yeah, but you're taking transfers from that. So, even that-- though it's getting credited to it, you're trying to take more from it, and the deal was into 2026. So, can you explain to me why the deal is being broken?

**CLEMENTS:** The-- [INAUDIBLE] the \$650 million of budget cuts that-- or, funding decreases that we have to come up with somewhere, and we're not cutting into the principal balance, just the interest earnings.

**McKINNEY:** Yeah, but why are you breaking the deal?

**CLEMENTS:** Well, the federal government broke a deal for \$350 million that we had. It's certainly nothing that we would do otherwise. It's--

**McKINNEY:** Well, if, if, if the feds are pulling back money, why can't we have conversations about pulling back money on things like the canal? Why is it that you're taking from and pulling back on a deal for economic recovery? Why is that on the chopping block and other things aren't, if the feds are, are break-- are, are doing things?

**CLEMENTS:** Well, there's a lot of other funds that did have principal reduced from them, and I was not in support of taking the principal out. Even the prior two years of interest earnings are still credited there. And this was--

**McKINNEY:** Yeah, but the deal was for three years, not two.

**DeBOER:** That's time, Senator.

**McKINNEY:** That's the problem. You're breaking a deal.

**DeBOER:** Thank you, Senator McKinney and Senator Clements. Senator Raybould, you're recognized.

**RAYBOULD:** Thank you, Madam President. I do have to take issue with Senator Jacobson and, and his interpretation of the numbers, which I, I feel are inaccurate and do not represent the true picture. You know, Fiscal came up with the loss of revenue; just think how much better we would be if we didn't have that loss of revenue, which, by the way, is contributing to the structural deficit and is contributing to the deficit that we're dealing with and, and spending an awful lot of time talking about. The other thing that I do find troubling is the clawing back in so many accounts, which have really never had to see the clawback of funding. And the reason why I bring this up, because we're talking about, about litter, and it's one the amendments that I had been working on because the language enacts the transfer from this fund, but that would never have had that transfer language in it. So, the-- it says transfers may be made from the fund to the General Fund at the direct-- direction of the Legislature. What I'm trying to say is they had to enact this type of language to permit them to transfer from this fund, to transfer from the litter fund; that, that made it into the ER77 that we're dealing with right now. Senator Clements had an oversight. They didn't actually take the money away just yet, but they put the enacting language, and this is what's weird: they've never had to do that. They, they added that language to the trail fund that we had talked about yesterday-- not yesterday, but last week, and they did the same thing with the Robert B. Daugherty Water for Food Institute funding. They had to enact the language to allow the Legislature to take it from that and put it in the general funds. And so, so doing these things are different than what we have done in the past because these accounts have not been ones that we've been trying to take from in the past. And so, that, that should be alarming in itself, to say that we're going into funds-- what are we going to do next year? What are going to do in the next biennium? Where are we going to scrape more funds from? Because you're already scraping funds from, from departments and programs that we've never had to scrape funds from before. Where does that leave us? You know? And we-- we've talked about the accelerated income tax rate reductions, and that's going to be, you know, popping up on a number of bills coming forward because we're still not done with the budget. Even though we're going to be faced with making decisions on LB264 today, we're not done with the budget. We're going to still have to figure out ways to get it balanced without clawing back funds from programs that the people of Nebraska care about, programs that help the people of Nebraska, and that's, that's our job. You know, we can keep clawing back money, but how does that help the people that we're elected to serve? And so, that's the question before us, when we have to intentionally put in language that gives us the authority to take funds from programs that

we've never had to claw back funds from. And so, that's why I say we need to look at it in a more sus-- holistic way. I've always said you cannot do your budget in a vacuum. You have to look at everything, and everything has to be on the table for consideration. But there's some things that we've done, and we've set ourselves up for these fiscal challenges. And it started, you know-- certainly, I feel like it started when I first started to serve in 2023. We did a lot of amazing things, transformative things, like trying to right-size the funding of public education and making the state contribute more. Because right now, we all know that the primary funding for public education has been on the local jurisdictions via our property tax rates. So, that was a right-- a step in the right direction. But of course, it creates a lot of funding commitment that the state has never been very good about sustaining their level of funding commitment on transformational programs like this. That also led to part of what we're dealing with today, a deficit. But this is something the voters wanted; they said verily clearly that they wanted property tax relief. They were not complaining about income tax relief at all, and doing things like income tax relief has set us up in this position that we're facing.

**DeBOER:** Time, Senator.

**RAYBOULD:** Thank you, Madam President.

**DeBOER:** Thank you, Senator Raybould. Senator Dungan, you're recognized. This is your third opportunity.

**DUNGAN:** Thank you, Madam President. Colleagues, I'm really trying to stick to the amendment here with AM1396, and I rise again opposed to it, as it continues to diminish money in a very specific cash fund with the intention of funneling that money which would otherwise help your community with recycling and litter reduction, and my community, and everybody's neighborhood here. And we want to put that in the general funds because we don't have enough money to make ends meet right now in Nebraska. And I'm struggling a little bit with the comments that were made earlier with regards to just how healthy of a fiscal environment we find ourselves in. We talk a lot in here, for those at home, about the green sheet. It is literally a green sheet. It is on our agenda every day, and it reflects the General Fund financial status, and it updates with bills that we're passing or that are being considered. I, I feel like people are either misunderstanding my concerns or others' concerns. You know, to quote Mugatu from Zoolander, I feel I'm taking crazy pills because I keep saying the same thing over and over, and it seems like no one seems to



care. This shows us going into a structural deficit over a span of a number of years. It shows us in a structural deficit, under what we need to be at for the minimum reserve in '26-'27, with this current budget. I understand Senator Jacobson talked about the net receipts going \$6.2 million, \$6.8 million, \$6.9 million, up to 7.2, 7.6 for fiscal years '25-'29. That is not reflective of some utopia, where, all of a sudden, we cut our income taxes and people are moving here. That is not what that means. That is reflective of natural growth that accommodates for, essentially, inflation over a span of years. That number should go up naturally. Look at the projected revenue growth, colleagues, in line 32: 3.9% and 5.5% are for the biennial budget. Going into the '27-'29 fiscal years, that 6.3% is not our Forecasting Board saying we think it's going to be 6.3% growth. They're saying that's what it would have to be if we're going to hit the running five-year average. That's how high our growth would have to be sustained in order to be an average growth. That is not a prediction that it will be that much. We're negative \$63 million away from where we have to be statutorily in '26-'27. And then in the out years, we're negative \$184 million-- deficit-- with revenue growth, as laid out by Senator Jacobson, and with incredibly controlled spending. Our annual spending growth that is actual projected growth in '25-'26 and '26-'27 is essentially 0% with this budget. You keep hearing people say, oh, we need to rein in spending more, we need to rein in spending-- it's essentially projected at 0%, and we're at negative \$63 million. The growth in '27-'29 is 2%; that's relatively small growth. And we're in a structural deficit. The fact that we pretend like things are OK and the fact that pretend like there are things that are off the table in having these conversations is irresponsible. My inbox has been flooded today with people who are paying attention to this budget debate, who are paying to the decisions that we're making, and the email that I continue to get is we need to at least consider some sort of freeze on the income and corporate-- the personal income and the corporate income tax reductions that are moving forward. Doesn't mean everybody here has to like it, doesn't mean we have to do it permanently. But to say let's put a pause on the reductions that have already happened-- I have one email in my inbox right now from somebody who said they really appreciate the income tax reductions they've got, they're happy to have a pause, they've already received an income tax reduction, let's wait and see what our fiscal situation is. And I, I -- if-- I apologize again if I seem frustrated, but it's because there is an option that does not "invive"-- involve nickel-and-diming agencies; there is an option that does not involve raising the sales tax, which disproportionately hurts your constituents, middle- and low-income folks. There's a number of

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options we can look at, but for whatever reason we refuse to have the conversation. Your green sheet does not show a fiscally responsible or a fiscally conservative approach. It shows that we are abdicating our duty in refusing to acknowledge or even consider other avenues of revenue because we just want to put our heads in the sand and act as though it's not a problem. So, colleagues, please, when we have this debate about the budget,--

**DeBOER:** Time, Senator.

**DUNGAN:** --take your green sheet into consideration. Thank you, Madam President.

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

**RAYBOULD:** Question.

**DeBOER:** There has been a request to call the question. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 23 ayes, 4 nays to cease debate.

**DeBOER:** Debate does not cease. Senator Conrad, you're recognized.

**CONRAD:** Well, have no fear, colleagues. Thank you, Madam President. Unless the queue quickly fills up here, I was the only person left in the queue, so I'm not quite sure why my friend, Senator Raybould called the question. Nevertheless, I heard some of the comments from my seatmate, my friend, Senator Armendariz, earlier. And no doubt, every penny counts, particularly for working families and seniors living on a fixed income. But I don't know if there's perhaps some purposeful confusion or conflation with the different tax credit programs and tax relief programs, and kind of what myself and others are talking about. The programs like our homestead exemption, which provides targeted tax relief to seniors, veterans, the disabled-- no one has talked about trying to remove that, or to diminish that. In fact, the opposite; targeted property tax relief for those Nebraskans who most need it, it works kind of like a circuit-breaker program, but it's much more narrow in design and application. That-- no, no one's talking about that as a reason that we have a structural budget deficit, no one is talking about that for potential cuts. What we are talking about are the other programs that, by design, show up as spending programs in our state budget. And if you look at the primary beneficiaries-- and I know because I dug into this information during

this special session, like, 200 days ago-- 40% of the benefits in the other property tax programs that are out there are shipped out of state. So, Nebraskans are paying with their funds, with their taxes, which we pledge to be careful stewards of, and we're shipping 40% of that to absentee wealthy landlords out, out of state. And land-- and landowners, right? Look at the primary landowners in the state of Nebraska: LDS Church, Ted Turner, right? The list goes on and on. You can do a quick Google search to figure out who owns the most land and who benefits the most from those programs by design. So, we wouldn't have to increase any sort of taxes or cut things like higher education if we put some guardrails on some of those existing programs to at least keep the dollars in Nebraska, to at least help people like the working families and seniors that we all care about, and Senator Armendariz's family members and parents that she was talking about, and their experience. We can easily find resources available within the existing budgetary constraints to do more for those who need it the most. But when you look at the corporate income tax and you look at the individual income tax cuts, it is undeniable that 75% of the benefits of those tax cuts went to the top 20% of earners, period. So, the fact that you have kind of a ridiculous structure in terms of tax brackets doesn't make our argument any less valid. We should absolutely-- and Senator DeBoer tried and tried and tried, and others tried to bring some equity to our tax brackets. I have introduced state-level Buffett Rules in the past that says our very highest earners should pay a little bit more because they can afford to, and that's the kind of progressive, thoughtful approach that we should have. Our constituents are saying "stop." Politicians in this state are doing too much for the wealthy and big business, and not enough for everyday working families and seniors. This budget is Exhibit A of that sentiment that the citizenry knows and feels and understands and is frustrated with. So, propping up these budgets and that tax cuts, balancing the budget on teachers, working families, seniors, increasing fees on consumers to make sure that the wealthy stay wealthier and the working class have to work harder-- that's exactly what's on display with this budgetary debate, and the numbers and the data back it up, and Nebraskans' goodwill and common sense understands that clearly,--

**DeBOER:** Time, Senator.

**CONRAD:** --even if members of this body do not. Thank you, Madam President.

**DeBOER:** Thank you, Senator Conrad. Seeing no one else in the queue, Senator Clements, you're recognized to close on your amendment.

**CLEMENTS:** Thank you, Madam President. I think we've reviewed this pretty well. This does show a, a transfer of funds from the litter recycling fund, which still will have \$2 million above their obligations with the analysis that I got from Fiscal, and the other items are clarifications of what fund is being used in, in another area. So, those, tho-- that's part of technical cleanup and clarification. The first two sections in the amendment do put in the litter reduction recycling fund transfers, which are sustainable in the analysis that we've rec-- that I've received. And so, I ask for your green vote on AM1396. Thank you, Madam President.

**DeBOER:** Thank you, Senator Clements. Colleagues, the question before the body is the adoption of AM1396. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

**CLERK:** 27 ayes, 12 nays on adoption of the amendment.

**DeBOER:** The amendment is adopted. Mr. Clerk, for the next item.

**CLERK:** Madam President, Senator Bosn would move to amend with AM1389.

**DeBOER:** Senator Bosn, you are recognized to open on AM1389.

**BOSN:** Thank you, Madam President. Colleagues, this is the trailing amendment to what we adopted on LB261. With your help in funding these domestic violence programs in the first bill today, we funded these necessary and statutorily-required services with \$3 million from the Medicaid excess profit fund. And so, now, we're adopting the language to ensure that the dollars can be accessed, accessed for those purposes. Thank you, and I ask for your green vote on AM1389. Thank you, Madam President.

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

**M. CAVANAUGH:** Thank you, Madam President. I want to talk on this amendment, but first, I just want to acknowledge that the last amendment that just got adopted takes a million dollars out of the flexible spending account balance for state employees. So, way to go, team. That's cool. And then, it also takes away the funding for recycling programs in your districts. Again, no notes. OK, AM1389. So, I very much appreciate what Senator Bosn is doing, and the amendment on the previous bill. My issue here is the Medicaid excess funds. The reason that we have to have this amendment is because we are-- Medicaid excess funds have to be used for Medicaid purposes, and so we have to change the language so that we can use the Medicaid excess

funds to fund this program that should be funded through general funds, which is the argument I made when it was funded through TANF. And I said that if you fund it through TANF, they won't be able to use it. It'd be great if, you know, we just did things the right way the first time instead of doing it the wrong way twice, but here we are. I'm not going to speak on this any further, because I think that it is a very worthy use of funds. A less worthy use of funds is the \$10 million dollars that this budget, LB264, takes from the managed care excess fund for general funds instead of provider reimbursement rates. We could have increased pediatric dentistry, Medicaid reimbursement rates so that rural communities could actually get pediatric dentistry in their communities. But instead, we are choosing property tax relief, and we will raid these funds for anything that we can that, in this very narrow instance, actually helps people who are struggling. But it would be great if we could also help, you know, the mom who came and testified that her four-year-old had to have their teeth pulled in the emergency room because they couldn't get access to a dentist, so. That's what we're doing in your Nebraska Legislature. So, I'll be present, not voting on this. I appreciate Senator Bosn bringing this forward and championing this issue. I just wish that we, as a body of governing people, would have the political will to fund things like domestic violence services and shelters through general funds instead of taking it on the backs of kids and medically-fragile elderly people through the Medicaid excess fund. Thank you, Madam President.

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

**PROKOP:** Thank you, Madam President, and good afternoon again, colleagues. I rise once again in strong support of Senator Bosn's amendment, AM1389, to secure funding for Nebraska's domestic violence services. AM1389 is the necessary next step in this process to allow the Medicaid Managed Care Excess Profit Fund to be used for domestic violence services. As you heard earlier, the need is urgent and growing. Domestic violence in Nebraska is not an abstract issue. It's happening in every corner of our state, and the funds that are part of this amendment are for programs in every corner of the state. According to recent data from Lincoln Police Department, like I mentioned earlier, reported violations of protection orders are up 62% in 2024 compared to the five-year average, and we have cases that are rising across the state as well. It's a direct signal-- our support here, it's a direct signal that survivors are at a high risk and need immediate access to safe housing, legal advocacy, counseling, and support services. We have already committed to helping by the

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amendment we passed earlier, and we've passed statutes that direct programs to provide these services. We acknowledged through the prior budget actions that those services require meaningful investment, and now, we're just correcting the difficulties that we had in prior Legislatures in order to provide for these services. So again, I want to thank Senator Bosn for her leadership on this issue, and I would urge everyone to vote green on this amendment. Thank you very much, Mr. President-- Madam President.

**DeBOER:** Thank you, Senator Prokop. Seeing no one else in the queue, Senator Bosn, you are recognized. Senator Bosn waives closing. The question before the body is the adoption of AM1389. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 36 ayes, 0 nays on adoption of the amendment, Madam President.

**DeBOER:** AM1389 is adopted. Mr. Clerk, for the next item.

**CLERK:** Madam President, Senator Hallstrom would move to amend with AM1402.

**DeBOER:** Senator Hallstrom, you're recognized to open on AM1402.

**HALLSTROM:** Thank you, Madam President and members. I rise in support of AM1402. You may recall from our discussion on LB264 on General File that I had brought a similar amendment which, at its core, is designed to reinstate a, a cut proposed by the Appropriations Committee of \$4 million dollars from both the Rural Workforce Housing Fund and the Middle Income Workforce Housing Fund. And when I approached Senator Clements with my interest in preserving the funding for these valuable programs and beneficial programs, he had asked me to find a pay-for. My initial foray into that environment was to look at a half a percent of a cut for general funded state agencies, and you would have thought I was trying to take someone's firstborn. And so, I learned my lesson there, and have come back with a pay-for that has to do with taking \$8 million from the Affordable Housing Trust Fund in fiscal year '26-'27. And I think the timing on the, the transfer from the Affordable Housing Trust Fund is significant for two reasons. One is that we have existing obligations under the Affordable Housing Trust Fund, and there is a cash flow issue with regard to the funds that will be needed in '25-'26. And so, by waiting to '26-'27, there should be sufficient funds for the transfer to occur and preserve the funding in the here and now for the Rural Workforce Housing and the Middle Income Workforce Housing. I appreciate Senator Raybould's handout with regard to NeighborWorks and the importance to them of the Middle Income

Workforce Housing; the Center for Rural Affairs has also expressed support for that program. One of the handouts that I have distributed shows that there are a total of \$12.54 million in projects that were approved from the last tranche of funding for Rural Workforce Housing projects; 13 legislative districts and a number of communities across the state have gotten projects approved. In response to that, I think the timing is good for those who would like to see those projects carried through in their communities, in that the state has contacted the communities and indicated, yes, we've already approved, we've allocated the funding to-- in the aggregate of \$12.54 million. But in light of the uncertainty surrounding whether or not some of the Rural Workforce Housing funds and the Middle Income Workforce Housing funds are going to be taken off the table, do not submit any payment request. So, for the moment, all of those projects are in limbo; "hold the presses" is the word that's gone out, and we don't know if the \$4 million reduction in each of these programs is successful, whether some of those projects will fall off the table completely, or whether they will be prorated in some form or fashion, and we certainly do not want that to occur. And again, I think I will use whatever resources I have at hand, given the time, the time factor that we have until the fiscal year '26-'27, to try and do something to avoid that ultimate transfer from the Affordable Housing Trust Fund. But for the moment-- and I think Senator Dover had commented a house built today is much better than delaying the building of that house until a later time. I know there are some who are free market enterprise supporters, as I am, that question the need for the state to be involved in providing funding, but I think what we've seen over the years is that this is an area, area, particularly in this time and place, where some type of incentive or subsidy is necessary to build the homes and increase the housing supply and the housing stock that we need for employers to fill positions that are open, in terms of employees and putting a roof over their head. I've indicated previously that this program, which was started in 2019 with \$7 million from the first two years of the program, provided almost a 7:1 return on investment for the state for those investments that have been made previously, either from the Affordable Housing Trust Fund or from General Fund appropriations. I think the fact that we have on occasion expended general funds shows the benefit from the return on investment with regard to the program, and, as a result, I would encourage your support. During General File debate, I indicated the consternation and the angst that the Appropriations Committee experienced in looking at this issue. Governor Pillen had originally proposed for \$8 million to be transferred from the Affordable Housing Trust Fund and \$2 million from the Rural Workforce Housing Fund. The first two times that the

Appropriations Committee took this up, they took no action, which meant they were rejecting the proposed cuts by Governor Pillen. On the third run at the issue, initially had a 4-5 vote that they would not take any money from either of those funds. A subsequent vote was changed, and here we are today with \$4 million proposed from the Rural Workforce Housing Fund and the Middle Income Workforce Housing Fund for reductions. And I think under those circumstances, with the increases that we have and the benefits that we have in our housing stock from these programs, that we certainly ought to avoid those cuts that have been proposed by the Appropriations Committee, use the funding source that I've come up with. One last thing I would note for those of you who are specifically interested, I do have a handout which is the letter that said no payment request would be acted upon by the state for those projects that have been previously approved, until such time as we resolve this issue. So, I would ask for your support of AM1402. I, again, will pledge to use whatever is at my disposal to try and avoid the ultimate transfer a couple years down the road from this fund. But in the meantime, I think our best course of action is to provide for the reinstatement of the Rural Workforce Housing funds and the Middle Income Workforce Housing funds, and again, would appreciate your support. Thank you.

**DeBOER:** Thank you, Senator Hallstrom. Senator Dover, you're recognized.

**DOVER:** Thank you, Madam President. There's been some hands out heres. I'd like everyone to grab the housing development progress, Norfolk, Nebraska. It's a really nice graph produced, produced by our economic development in Norfolk, Nebraska. But I'll ask everyone in this room, is there anyone that has too much housing? Is there anyone here that doesn't have-- the town they're living in, towns in their district, whatever, that needs more housing? I, I don't, I don't think there's probably anyone that wouldn't say yes, we need more housing. And if you look at, in this graph, it shows a 2016 housing study metrics period, and if you look at that, we built over 722 housing units during that time. And when we did another housing study, we built 641 housing unit-- using-- yeah, housing units during that time. These were unprecedented numbers, and this is only because we were using affordable housing and eventually, workforce-- Rural Workforce Housing programs. I mean-- and if you look at the, the graph, in the center of the page, if you look at the 2016 housing metrics, I-- see how it just shoots straight up? The second one would look exactly that, that way, except during the, the elections, we had someone run against the mayor that said using TIF is bad, using affordable housing is bad. Look at the numbers. 200-- we went from 252 units to 14. That's what happens



when you don't use Affordable Housing Trust Fund and all the different grants and things that are available to us to do housing. But look at that. 252 to 14. You know what Norfolk City Council's talking about now? How are we going to get it back? And how are we going to get it back? If you look at a rural, Rural Workforce Housing awards that was handed out earlier, if you look under Dover, there is a \$1 million award that was met with a \$500,000 match; this is how we are going to get it back. And if this doesn't go through, I don't know what we're going to do. It was probably, well, we'll build less houses. And like we're-- a conversation I had with Senator Hallstrom, a house built today is better than a house built tomorrow or a house built in two years. We have Senators Storm, Storer, Hansen, Quick, Lonowski, Lippincott, Dorn, Hallstrom, Moser, Dover, DeKay, Jacobson and McKeon that-- basically, with the cuts that happened, we don't know what's going to happen. And just so you know, they kept going after and after and after this money, and what we finally voted for-- I said, I'm going to make a motion we vote not to take this-- the affordable housing money. And then, the, the chairman said, well that's not how we do it. I said, what do you mean? No, we just pass over, so if we don't spend, we just pass over. I said no, I think it's really important we take a vote. You know what our vote was? It was 7-2 to leave the money alone. And as Senator Hallstrom also picked out, we-- there was not a vote that was taken to the time I was there when we were in a group that agreed to ever take any money. What happened later was one of the people on the Appropriations Committee got confused between the Rural Workforce and Middle Income with the Affordable Housing, thinking there was a base there when there was no base there. And because he thought there was a base there, he thought he could take the money, and that's why these projects are now in jeopardy. I believe that if that Senator would have known that there is no base, which there was no base, that he wouldn't have switched his vote. I don't know if many [INAUDIBLE] people know Cliff Messer [PHONETIC]. I bet there's a number of people that do because he's built in a lot of communities, but here's a little bit of what's going on with this. Most people don't underst-- and here's a letter from him. Most people don't understand that the impact of Rural Workforce Housing goes way beyond the individual units built with those funds. In communities, we have used Rural Workforce Housing funds, it has given the community the ability to expand other housing efforts. For example, in Schuyler, we used Rural Workforce Housing loans to build 34 units, including a 24-unit apartment building with 10 townhomes for sale. Our partner there built another 20 units with the Rural Workforce Housing Fund, although we have developed 98 units in Schuyler and are still adding to that number. Schuyler has built a

very-- very little new housing before we arrived. Because the community with Rural Workforce Housing to build homes, it was possible to open up a new-- excuse me-- it was possible to open up a new streets and to buy land to develop that was not actually funded by rural work-- Rural Workforce Housing. The Rural Workforce Housing Fund money leveraged additional community investment in the infrastructure. All the Rural Workforce Housing Fund money was a loan and is being repaid. Again, all the money we're talking about is revolving. It, it-- once it goes to that community, it stays there, and it can be revolved and revolved and revolved. In Hastings, they developed 20 townhome units for resale, but a TIF of-- excuse me. But the TIF of-- off of those units allowed us to develop a small subdivision, which we were able to develop 30 more affordable units. Moreover, we split Rural Workforce Housing funds there with another developer who built 84 apartment units in his first effort, and has built another large rental complex since. All the rural fort-- Rural Workforce Housing Fund money--

**DeBOER:** That's time, Senator.

**DOVER:** --was loaned. Thank you.

**DeBOER:** Thank you, Senator Dover. Senator Jacobson, you're recognized.

**JACOBSON:** Thank you, Madam President. Well, I rise in support of AM1402. I thank Senator Hallstrom for working to bring the amendment. I know I did get a lot of pushback from my district, and I did work with Senator Hallstrom on, on what can be done to find additional funding to restore at least as much of this that we can, and this was the path forward working with Fiscal to get there, so I'm in support of the, of the amendment. I would say that the-- when it comes to doing affordable housing, it's, it's not simple. It's, it's expensive, and you've got to find the equity to come into these projects, you've got take the risk on building the project. In North Platte right now, many of you know about the packing plant being opened; they're scheduled to open on June 1. There have been significant houses built over the last two years, two-and-a-half years since that project was announced, but we're not able to build them fast enough. I believe we've had over 800 doors in terms of single-family residences and apartments built in that time frame, which is a record pace for North Platte. They do have a project in there that would, that would develop another subdivision to build more housing, and they are on that list of cuts as well, so full disclosure. It's about \$1.19, \$1.2 million. We also used tax increment financing, TIF; we've been using that. I chaired the CRA when it was first started many years ago. I would say

that the projects that we approved during the time I chaired the CRA, I think, was around 16. I think all but one of them are fully on the tax rolls today. People that say, well, gee, you're passing TIF, you're taking that tax revenue off the tax rolls. No, you're not. You can't take off the tax rolls wasn't it-- what isn't there. If you don't build the house, if you don't build the project, you won't produce, produce any tax roll revenues at all. So, we built a number of-- brought in a num-- attracted a number of businesses to town that are all fully on the tax rolls, plus they're paying sales tax and property taxes along with that. So, I would tell you it all needs to work together. I think this is the best shot to really reappropriate some dollars without going into the General Fund. By taking it out of the other fund, this fund continues to get more money coming in every month, and so we will be able to do more into the future. So, I support AM1402 primarily because it's not taking anything out of the General Fund, it's not going into our cash reserves; it's taking money out of the Affordable Housing Trust Fund. So, with that, I would encourage your green vote on AM1402. Thank you, Madam [MALFUNCTION]

**DeBOER:** Thank you Senator Jacobson. Senator Juarez, you're recognized.

**JUAREZ:** Good afternoon, everyone, and good afternoon to everyone online. And I'd like to ask Senator Hallstrom to yield to some questions, please.

**DeBOER:** Senator Hallstrom, will you yield?

**HALLSTROM:** Certainly.

**JUAREZ:** OK, I'm trying to understand here. I know that I don't live in rural Nebraska, which is why I'm trying to get clarification about your bill, because, you know, I do also make decisions that affect the state, so I want to make sure I understand what you're asking me to vote upon here. So, it said that-- if I've tried-- I lost my page, of course-- you were transferring \$8 million from the housing trust fund to the General Fund, and I was trying to follow what Senator Jacobson said. So, why are you going to explain to me that it's OK to do this? I'm very uncomfortable with what you're asking here.

**HALLSTROM:** Yep, yep. Well, thank you for the question. Basically, what we're doing, the first part of that amendment is the key in terms of why we need to look at paying for the actions in transfer-- in retaining the funding, \$4 million each for the Rural Workforce Housing Fund and, and the Middle Income Workforce Housing Fund. With regard to your statement, Senator, regarding, you know, wanting to represent the

state, I, I suspect that was about the Rural Workforce Housing Fund. That applies in counties with population of less than 100,000. There's also an element that is very integral to your representation, because the Middle Income Workforce Housing Fund applies in Sarpy, Lancaster, and Douglas County. So, there's both an element of reinstating funding for the Rural Workforce Housing Fund, which covers the balance of the state, and the Middle Income Workforce Housing Fund, which covers Lancaster, Sarpy, and Douglas County, part of which you represent.

**JUAREZ:** Thank you, because that was my next question, was to find out if that was going to be impacting my county. Now, according to what Senator Jacobson said, if I understood him correctly, was he stating that the housing fund continuously gets money, and that that's why we're comfortable with doing this?

**HALLSTROM:** Well, depending upon which fund you're referring to, Senator, the Rural Workforce Housing Fund and the Middle Income Workforce Housing Fund have been funded over time, either by funds from the Affordable Housing Trust Fund-- the original \$7 million contribution came from that, and the \$25 million infusion, I think a year ago, came from the Affordable Housing Trust Fund. We've also had General Fund appropriations to each of those workforce housing funds. And then, when you're looking at or asking questions about the Affordable Housing Trust Fund, it gets funding directly through a portion of the documentary stamp tax that's associated with real estate transfers or transactions. And the most recent estimate that I saw was about \$16 million a year that flows into the Affordable Housing Trust Fund from that source.

**JUAREZ:** OK. And then, you know, I'm always concerned, especially as a new senator, when we make some changes like this, if we're setting a precedent for actions for the future. How do you think that something like this will affect us down the road? Do you think that it's going to set a negative precedence that we will continue to take funds like this? You-- since you've been a lobbyist in the past, you probably could speak to, possibly, the potential of the future effect.

**HALLSTROM:** Yeah, there's probably a lot of things I could speak to from that perspective, but now that I'm a state senator, I think what I'd tell you, Senator, is that we have, we have had the precedent of taking monies from the Affordable Housing Trust Fund. I, I would prefer to have General Fund appropriations, and I think it's well established that the return on investment-- you've heard me say on the mic a number of times that we don't want to be penny-wise and pound-foolish. And so, I think General Fund appropriations are the way

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to go, at least in the time and the element that we're in right now; the aftermath of COVID, the need for housing stock, the need to put a roof over people's heads to, to come to Nebraska--

**DeBOER:** Time, Senators.

**HALLSTROM:** --or stay in Nebraska for jobs. Thank you for your questions.

**JUAREZ:** Thank you.

**DeBOER:** Thank you, Senator Juarez and Senator Hallstrom. Senator Conrad, you're recognized.

**CONRAD:** Thank you, Madam President. Good afternoon, colleagues. I'm trying to think through exactly whether or not there's sound policy in AM1402 from my friend Senator Hallstrom. I absolutely agree with the overall policy underpinnings, that I think there is a lot of common ground and a lot of consensus when it comes to leveraging existing resources and identifying new resources to address housing needs. You saw great partnership on this issue with conservative, progressive senators, rural, conservative senators, coming-- urban senators and rural senators coming together to try and address a pressing need for our citizenry and for workforce and economic development. But I'm, I'm puzzled at the amendment because I'm not convinced that this is a net gain for housing. I think what this really is, is paper o-- papering over the Appropriations Committee's work, which ended up in a cut to affordable housing of \$8 million. And there has been a lot of happy-talk today about how, at some point down the road, we'll backfill existing resources in affordable housing to make sure that no projects are, are negatively impacted. But friends, the revenues that come in to the Affordable Housing Trust Fund are meant to be there; not to backfill existing cuts, but to provide funding for new projects, and it's not clear to me how this shift in allocation is going to be equitable or not. Projects that are currently funded under the Affordable Housing Trust Fund, for example, have a "equidistribution" in regards to congressional districts, for example, and I'm speaking in very general terms here because I have short time on the mic. But it's not clear whether enough-- whether or not the shift from this fund to the other two housing programs-- which are great programs-- what the net impact is for communities like mine in Lincoln, or communities like Senator Juarez represents in Omaha. So, I, I also remember from my time on Appropriations that the Affordable Housing Trust Fund can be a frequent eye-catching target for senators during budget short years, or when they're seeking-- scrambling around

to try and find pay-fors, as Senator Hallstrom conceded, because he couldn't find it otherwise. And the reason it is an eye-catching target is because how the cash flow works on the Affordable Housing Trust Fund programs. So sometimes, the balances appear to be higher with how the project applications come out, and then the appropriations are expended or executed. But at the very least, I think this is an attempt to paper over the governor and the Appropriations Committee's efforts which cut affordable housing. So, trying to somehow restore those cuts is indeed a good thing. My gut tells me that this is a shift of greater resource to housing projects outside of Lincoln and Omaha. And no doubt, there's a significant need for housing projects in rural Nebraska as well. But by moving in this direction, I think you remove some of the equity for the need that exists in our urban communities as well, and that are economic drivers in a lot of the revenues for these programs. You know, I-- I'm just-- I, I think there's an uneasiness here, because these promises about backfilling cuts next year, again, goes against our biennial budget process. Additionally, when we get new revenues in, in January, those are supposed to be there to expand efforts to add affordable housing, not to backfill existing obligations. So, I, I, I, I think it's generally an admirable attempt to try and peel back the governor and the Appropriations Committee's cuts to affordable housing, but I think the funding mechanism is generally off, and will end up hurting our economic centers in urban Nebraska, including in my community. It would be helpful if Senator Hallstrom or others who are advocating for this amendment could provide clarity in that regard. Thank you, Madam President.

**DeBOER:** Senator Dover, you're recognized.

**DOVER:** Thank you, Madam President. Senator Juarez, I just want to speak to a question you had earlier about the rural work-- the rural fund-- the Rural Workforce Housing Fund. Those grants have been made, and now there's-- now, they're in jeopardy because of the \$4 million cuts. Those were made either earlier this month or at the end of last month, but at the end of this month, which affects your district, the Middle Income Workforce Housing Fund grants will be allocated or awarded. And what we're trying to do here is get the \$4 million put back in for rural and middle income, so that your district and districts across the state will be able to move forward in those applications for grants, awards that have already been put in. I just want to say one thing, too: whether it's middle income, [INAUDIBLE] Senator Juarez's district, or other senators here that are in the rural areas of Nebraska, these housing agencies have already spent a lot of money. They have done-- they've done studies, they have

identified properties, they have done MAU-- MOUs, et cetera. So, there is a lot of money already invested in these, and we need to move forward and not backward. So, I would urge a vote-- green vote so these projects can move forward. Thank you.

**DeBOER:** Thank you, Senator Dover. Senator Quick, you're recognized.

**QUICK:** Thank you, Madam President, and good afternoon, colleagues. I rise in support of AM1402. I know I had talked with our Grand Island EDC here a while back, and-- or I may just last week, and-- when these funds were-- when they found out their funds were put on hold. So, one of the issues for them is they'd actually received a, a letter from the, the Nebraska Department of Economic, Economic Development on March 11, telling them about their award of \$1.2 million for Rural Workforce Housing. And then-- that would complement their required match of \$300,000, so-- and I know that they had done a lot of pre-work now. They had their MOUs all signed and ready to go with the developer, they've also had attorneys working on their projects, and then also, all the staff work that they'd put in along the way. I can tell you that workforce housing in, in Grand Island is, is really important. There's been a lot of work that, that has been done in the past, and it just, just needs to keep moving along, and this would put us really behind if we weren't able to, to get these funds, especially the ones that had already been approved for this year. I know it's too bad that this wasn't able to be held in, you know, in committee, and have that funding approved in committee. The way it come out was unfortunate, but I think moving forward, we're going to have to, you know, use these funds that Senator Hallstrom is getting the money from to, to forward all these projects that were already awarded. So with that, I'm supporting AM1402, and I'll yield the rest of my time. Thank you, Madam President.

**DeBOER:** Thank you, Senator Quick. Senator Storer, you're recognized.

**STORER:** Thank you, Madam Chairman. I rise also in support of AM1402. I appreciate Senator Hallstrom bringing this to the floor, and just don't want it to go unsaid how important this program has been to District 43 specifically, but I think really has been an effective program. One of the top issues as I traveled around the district and continue to talk to what the needs are, in terms of economic development: it's housing. Housing, daycare, health care-- these are the issues that continue to rise to the top for the rural communities across this state. Some of the-- just to mention some of the communities that have efficiently, successfully, I guess, used this program: Valentine, Broken Bow, Spencer, Butte. I know Ainsworth had

made some applications. I believe there's other communities that have applied, and I'm certain will continue to apply for, for the funds as they're available. So, with that, I'm not going to take a bunch of time, time up on the mic, but just want to express my support and reiterate how important this is to continuing to grow the economy across the state. Thank you.

**DeBOER:** Thank you, Senator Storer. Senator Raybould, you're recognized.

**RAYBOULD:** Thank you, Madam President. And again, I, I speak in opposition to AM1402. Although I do appreciate Senator Hallstrom's intention, I think it's a little bit convoluted to take it from Nebraska Affordable Housing Trust Fund. It's, it's an organization, a state organization that works with affordable housing providers and developers, working with them to apply for grants. You have to keep in mind-- and I think you've heard me talk about this before-- that in order to create affordable housing, you have to tap into multiple pots, multiple buckets of funding, to make that project affordable. We have labor increase, construction material increase, lack of inventory going on, high interest rates that are all contributing to an added cost of creating affordable housing. There is an affordable housing funding gap. Taking the money from the Affordable Housing Trust Fund and giving it to the General Fund to help with our deficit does not do a thing to assist in the development and delivery of affordable housing. Again, these are essential buckets that must be tapped into, and I'm going to review all the buckets again. So, Nebraska Affordable Housing Trust Fund is a grantor, they give grants out to projects that do affordable housing. Number two, Low-Income Housing Tax Credit are a federal program that gives additional funding. So, that's two buckets you need. You need Affordable Housing Trust Fund, and you need LIHTC. The third bucket is the local jurisdiction and giving tax increment financing, which allows you to have a lower real estate tax rate for a certain period of time that will help you recoup the cost of some of the developments, so that's another one. And then, we look at other additional infrastructure dollars that are through NIFA, Nebraska Investment Finance Authority. NIFA is great at allowing developers to have access to low-interest loans. That is critical because we are dealing with high- interest loan rate right now, and NIFA serves a valuable purpose for that. So, with those pockets of money, you're able to deliver. But just to take it out of the Affordable Housing Trust Fund without a landing site, giving it to the General Fund and saying that we're going to ask for it back next year or it's going to be based on project by project doesn't make any sense. Again, I have amendments coming up that will actually focus on Rural Workforce



Housing, trying to be a team player, to take out \$1 million from that fund and go to General Fund to help with our deficit, which means it leaves \$3 million in the Rural Workforce Housing, and I ask you to support that amendment. The other one is the Middle Income Housing Fund, and we're taking \$4 million out of that. I'm saying we're going to just take \$1 million out of that, and you leave those \$3 million in those funding projects so that they're accessible. What we're doing right now with AM1402, we're taking it out of the Nebraska Housing Affordable Trust Fund [SIC] and putting it out into General Fund-- this like big, huge pot of General Fund. There is no indication that it will be actually traced and tagged for affordable housing. And I'm saying we don't need to do this AM1402, even though it's well-intentioned, but it just gives all the money to General Fund. If you hold off on this one-- and my amendment is coming up; it's in the queue along with so many other. But basically, it'll take \$2 million from-- a total of \$2 million from both, but leave \$6 million for both to do all the good things that they do. And so, ask-- I ask my colleagues, please vote against AM1402, no matter how well intentioned Senator Hallstrom-- he has no landing place for this money in general funds. In General Fund, it'll get gobbled up to take care of all these other needs, even though we've identified affordable housing as one of the top, if not the first priority in our state of Nebraska. Taking funding out really defeats our efforts to try to deliver on our commitment to our fellow Nebraskans on trying to increase the inventory of housing in our state of Nebraska. So, colleagues, please vote no against AM1402. Thank you, Mr. President.

**FREDRICKSON:** Thank you, Senator Raybould. Senator John Cavanaugh, you're recognized to speak.

**J. CAVANAUGH:** Oh. Thank you, Mr. President. Good afternoon, colleagues. I, like-- well, would echo a lot of what Senator Raybould just said. I think that AM1402 is well-intentioned. I think that the workforce housing is really important; I think it's really important that we invest in these things, and I appreciate this chart from Senator Dover. I've, I've had the opportunity to visit Norfolk and seen the great development and projects that have been happening there, and it is really important that we continue to build housing in all of our communities. And I've talked about this previously, you know, because I brought a bill to help folks buy their first home; you know, down payment assistance through a first-time homebuyer savings account and credit. And we have a housing crunch at all levels, but we really need to make sure that we're building housing in all our communities, and so I, I appreciate that. But this takes the money from the Affordable Housing Trust Fund, which, as many people have

pointed out, is-- we need more affordable housing. And if the plan here is just to take the money now and then replenish it from Cash Reserve or General Fund come January, I think that a better method would be not to just move, rearrange things here, but would be to amend this to take the money out of-- rather from the Affordable Housing Cash Fund [SIC], but to take it out of the cash reserves. So, I filed an amendment to do that. I don't know if that'll get heard, based on how the order of things are, but it would be an amendment to AM1402 that would just strike Affordable Housing Trust Fund and replace it with the Cash Reserve. So, I think that would be more in line with what everybody is saying here. It wouldn't be taking away from one housing program to fund other housing programs, it wouldn't be pitting them against each other, and it would be essentially faithful to what I've been told is the ultimate intention here. I don't know why we would wait until January to move the funds. It's-- only would do that if we're concerned about what's going to happen between now and then. And then, we'll have intervening events that would prevent us from taking this \$8 million; things like, perhaps, the bid for the prison coming in at twice what we've already appropriated for it, and we're going to have to find a way to make that up. And the easy place for that would, of course, be the cash reserves. Or, some of these other federal changes that we're all so concerned about talking about potentially happening. And so, I think that, at the moment, if that's the intention, if we're all true that our intention is to ultimately take this out of the cash reserves, then I think we should just do it now, as opposed to moving money out of the Affordable Housing Trust Fund into these good programs, the workforce housing funds, and we just fund both of those. And so, I filed that amendment; I don't know if we get to do that on Speaker major proposals, I guess. So, unless it's amended, I'm going to be a "no" on AM1402. Not that I don't trust that people are well-intentioned here, it's that I'm concerned about intervening events making it hard, if not impossible, for us to actually follow through on what people are saying their intention is. So, thank you, Mr. President.

**FREDRICKSON:** Thank you, Senator Cavanaugh. Senator Clements, you're recognized.

**CLEMENTS:** Thank you, Mr. President. I rise in support of AM1402. The-- because the transfer from the Affordable Housing Trust Fund is in the fiscal year 2027, the second year. And I was told that the, the first year projects have already been scheduled from that fund to use the available funds. But in the second year, the documentary tax is 95 cents per, per thousand-- transaction for property transfers, excuse

me. And so, that generates around \$16 million per year to the Affordable Housing Trust Fund. So, in the second year, we're not taking all the money they get; they should get about \$16 million in, but this would transfer \$8 million out. But I've been told that they don't have \$16 million of scheduled requests obligating that, and this would not be removed until fiscal year 2027. It's only in the second year, the first year would be left alone. The previous actions that we had taken was to take \$4 million from middle income and \$4 million from rural; each of those got \$12.5 million previously. It was leaving \$8.5 million available for each of them from the previous increase, and I had thought that was adequate, that just like a lot of other programs, having them keep about two-thirds of their allocation and give up one-third is what a lot of other programs had done. At that time, I, I didn't know that funds were obligated for \$12.5 million, and the, the sheet that was sent around does just establish that. And the other thing, this is not going to affect the General Fund status, and I was going to have to oppose Senator Hallstrom if he was going to do cuts to agencies or Cash Reserve transfers, but he's found a different avenue, and the affordable housing will still be getting approximately \$16 million in in the second year; this does take \$8 million of that. I'm sure he'll come back and try to restore that. We'll see how that goes at that time. But the amendment is acceptable to me, especially since they've documented that there is a use for this money currently, and that the money is not obligated in the second year that it is going to be transferred from. So, I ask for your green vote on AM1402. Thank you, Mr. President.

**FREDRICKSON:** Thank you, Senator Clements. Senator DeKay, you're recognized to speak.

**DeKAY:** Thank you, Mr. Speaker. I speak today on support of AM1402 and of LB264. When it comes to rural workforce housing, this is going to affect rural Nebraska in a very huge way. There are projects in the smallest districts with the smallest population that are going to have a very large fiscal impact on those areas. Specifically up in my area, up in Butte, Nebraska, they're asking for \$400,000 that would go away if this amendment does not pass. The town of Niobrara with Rural Workforce Housing, another \$400,000 that would actually go way that-- with-- if you're in any of these small communities, housing is at a premium, and it's a commodity. There isn't housing available. The older homes that are in these communities have either been abandoned or are not available at all. So-- and with a job situation, teachers coming into these communities and stuff, these are needed facilities for people to live in. And I strongly recommend a green vote on AM1402. Thank you.

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**FREDRICKSON:** Thank you, Senator DeKay. Seeing no one else in the queue, Senator Hallstrom, you're recognized to close, and waives. The question before the body is the adoption of AM1402. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 26 ayes, 5 nays on the adoption of the amendment.

**FREDRICKSON:** The amendment is adopted. Next item.

**CLERK:** Mr. President, Senator Clements would move to amend with AM1428.

**FREDRICKSON:** Senator Clements, you're recognized to open.

**CLEMENTS:** Thank you, Mr. President. AM1428 is an amendment request from the Secretary of State. It doesn't affect any general funds, no General Fund impact. It does, again, talk about his Records Management Cash Fund. There, the-- LB264 has a, let's see, a transfer out of the-- this cash fund of \$2 million dollars in the first year, \$1 million the second year. He's requesting to only take \$1 million dollars the first year, \$2 million the second year so that he has some more funds available. He did-- in the LB261, he offered a reduction of \$300,000 per year to the Records Management Cash Fund spending authority, which indicates to me that he can absorb this reduction in the amount of cash funds available, but wants to defer the larger number to the second fiscal year. So, this is just switching the \$2 million to the second year and, and replacing it with \$1 million in the first year. And so, that's-- no General Fund impact, and I ask for your green vote on AM1428. Thank you, Mr. President.

**FREDRICKSON:** Thank you, Senator Clements. Seeing no one in the queue, you are recognized to close, and waives. The question before the body is adoption of AM1428. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 29 ayes, 1 nay on adoption of the amendment, Mr. President.

**FREDRICKSON:** The amendment is adopted. Next item.

**CLERK:** Mr. President, Senator Sanders would move to amend with AM1403.

**FREDRICKSON:** Senator Sanders, you're recognized to open.

**SANDERS:** Thank you, Mr. President. I bring AM1403, which is an amendment intended to correct an overstep in the cash transfer bill, an issue I've discussed with Speaker Arch and Appropriation(s) chair

Clements and staff. As currently written, LB264 would repeal the Nonprofit Security Grant Program in full. AM1403 would instead preserve the program's statutory framework while eliminating its current appropriations. Giving the fiscal challenges of this biennium, this approach allows us to retain the structure of the program while removing the intent to operate language found in Nebraska, our-- revenue [SIC] statute 81-829.10, with the hope that funding can be identified in future years. The Nonprofit Security Grant Program, administered by the Nebraska Emergency Management Agency, provides reimbursement-based grants for targeting, hardening, and physical security enhancements for nonprofits at high risk of violent attacks and hate crimes based on their ideology, beliefs, or missions. This includes churches, schools, historical sites, and other vital community institutions across our state, many of which have already faced threats and vandalism. It supports physical security enhancements like reinforced doors and gates, perimeter lighting, cameras, access control systems, lockdown systems, and blast-resistant or shatterproof windows. To date, there were 13 applicants, and 10 awards were granted. No funds have yet been expended, and reimbursements remain available through 2026. I urge your green vote on AM1403 to preserve this critical program's foundation and to ensure we are positioned to support vulnerable organizations when resources allow. Thank you, Madam President.

**DeBOER:** Thank you, Senator Sanders. Senator Clements, you're recognized.

**CLEMENTS:** Thank you, Madam President. I support Senator Sanders' AM1403. As she said, that-- this would be eliminating a part of that program. In committee, we-- I didn't know that that had been done. I think it was an oversight in the committee, in my opinion, that the funding was transferred out, but the program was not going to be terminated. We had a number of programs like that, that we did leave them available in statute, but this one was one that I didn't recall. So, I appreciate Senator Sanders for agreeing with the committee's action on the funding, but-- and then, just going with this program being continued as-is. So, I do support AM1403. Thank you, Madam President.

**DeBOER:** Thank you, Senator Clements. Senator Juarez, you're recognized.

**JUAREZ:** Thank you, thank you very much. I just wanted to state my support for AM1403 on behalf of the prof-- on the nonprofits, and just wanted to go on the record. Thank you.

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**DeBOER:** Thank you, Senator Juarez. Senator Rountree you're recognized.

**ROUNTREE:** Good afternoon, and thank you, Madam President. I rise also to just to state my support for this, AM1403, brought by Senator Sanders. I do have one house of worship in my district that is impacted by this particular program, impacted by the status that we're in now. So, I want to go on the record as well in stating that I support this amendment. Thank you so much.

**DeBOER:** Thank you, Senator Rountree. Seeing no one else in the queue, Senator Sanders, you are recognized to close. Senator Sanders waives closing. The question before the body is the adoption of AM1403 from Senator Sanders. All those oppo-- all those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 36 ayes, 0 nays on adoption of the amendment.

**DeBOER:** The amendment is adopted. Mr. Clerk, for the next amendment.

**CLERK:** Madam President, Senator Conrad would move to amend with AM1401.

**DeBOER:** Senator Conrad, you are recognized to open on your amendment.

**CONRAD:** Thank you, Mr. President. Good afternoon, colleagues. I've got two amendments that I've filed on Select File in regards to cuts or transfers impacting our shared public safety goals. So, the amendment before you, AM1401, would strike the proposed cash transfers of \$500,000 each year out of the Nebraska State Patrol Public Safety Communications Cash Fund, transfer-- and corresponding transfer to the, the General Fund. So, this fund is generated through a specific earmarked appropriation that is derived from the cigarette tax. So, this isn't just kind of a general fund that comes in or out kind of thing; there's a specific appropriation for this purpose. The statutory framework for this specific purpose seeks to ensure that, first, all of the communication needs of our Nebraska State Patrol are met, whether that's radios, electronics, mobile data, statewide radio system, and maintenance, all of the different equipment and maintenance and costs that go into ensuring that our first responders have the equipment they need in order to do their job safely and effectively. So, assuming if they have all of their communication needs covered, then the Legislature does allow for a transfer to the State Fire Marshal or to the Game and Parks Commission. Typically, that does not happen. I'm, I'm not sure if perhaps it's ever happened. But we, we generally don't see a raid on this fund that's meant to

first fund public safety needs at the State Patrol, or other safety needs at the State Fire Marshal or the Game and Parks Commission just be clawback-- just be subject to clawback, cut, and disbursement and dump into the General Fund to fill a structural deficit. So, I do believe that, while I understand everybody's working as hard as they can and in good faith, I do think it's wrong to balance the budget on the backs of the State Patrol, and scrimping and saving and cutting corners on the kinds of systems and services that they need to do their very important and very dangerous job. And we all know how hard they work, we all know dangerous their jobs are, we all acknowledge the sacrifice that the men and women of the State Patrol make when they put their lives on the line for all of us, and we shouldn't just be going out and grabbing and raiding a specific earmark that was established a long time ago to benefit public safety communication, first at State Patrol, then at Fire Marshal or Game and Parks, if need be. This earmark was never meant to prop up the General Fund, and it's unclear whether or not these other agencies have had all of their communication system needs met which keep frontline officers safe and which advance our shared public safety goals. So, I'm happy to answer questions; I'm planning to waive my close, but I would ask for your favorable support of this modest but meaningful adjustment and amendment to our budgetary package to ensure the fidelity to these funds go-- stay with our first responders. Thank you, Mr. President.

**DeBOER:** Thank you, Senator Conrad. Senator Dorn, you're recognized.

**DORN:** Thank you, Madam President. Listening to Senator Conrad there talk about, I call it, the communications of the State Patrol, we, we also had some bills this year that were, I call it-- Senator Brewer, many of you remember here, had some funds that came about for some communication equipment for the rescue squads and other things, and for the state, state communication system and stuff, so that was all a part of the budget conversation this year, and even this here part was, when we got to-- down to the details of talking about this and whether they need this or not, or can they do without this until next year, and, and all of those types of discussion things. Many, many of the things-- and I really appreciate the conversation we had here of the workforce housing. I, I just enjoyed, I call it, listening to people that know a whole lot more about that than I do. As we go through the budget process, there are so many things that require, I call it, information or, or, or how process works, or how that program works. And one thing we did on, I call it, on General File, was we thanked our Fiscal staff, and been giving some of them a bad time over there today, and I'm glad they're all here, as many of us can ask-- an-- ask them questions and stuff. But our Fiscal staff, we rely on

them very much. Just like to all thank them again for all the work they've done this year and being a part of that process, because it's a, a long process that we start in January, the middle of January, starting to go through all of these agencies and all these programs. Very, very good job. And I know I mentioned it when we had the first, first go-round on General File of this, but really encouraged you to go over there, ask questions of that-- of the Fiscal staff. I noticed that many people have, I call it, trekked over there and asked questions, and get some of the, I call it, the detailed information that we have available to us, or that they run down, or that they check out, or that we rely on them for their expertise on many of these different programs within the agencies. It's definitely a process that we went through this year. I know I've talked about other years, that no, we've, we've had-- been here, and-- oh. Part of the conversation, what I've had-- heard the last day or whatever, is we, we-- before I came here, we had a billion-dollar deficit. I was not part of that, but when I've been here, or as we've been here, or my class has been here, we've got to enjoy, I call it, the good times, the good, the good revenue sources, the good revenue income. And I listen to some of the conversation, and I listen about-- let's be smart with our money, let's be planning long term. Many of those decisions that when we had all that funding, I look back on those today, and I go, we were smart with our money. We just didn't, I call it, do that stuff willy-nilly. Yes, the Perkins Canal, the, the prison, many of those things-- that was smart process, smart planning as we went through that process, so that in the lean times like we come to now, you have that-- those appropriations, you have those things to fall back on. If we had to come up with money today for a prison, that would be a real, real challenge to come up with additional money besides what we have set aside. It looks like by the article that we're going to have maybe a year or two years, or we're going to have a period of time before this all gets, I call it, to the crunch time where we have to know what's going to be funded or not funded, or what the cost is going to be, according to the article that was in the paper this last week. But part of what we do planning-wise for this legislative body, the Appropriations Committee, is that long-term planning. We just don't go out and, I call it, have things that we fund willy-nilly or whatever; we-- there's a process to it. There's a process that we work through, there's a process of prioritizing things, and to make sure that we, I call it, make the best use of all of our state funds. Thank you much.

**ARCH:** Senator Clements, you're recognized to speak.



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**CLEMENTS:** Thank you, Mr. President. I rise in opposition to AM1401. The funding for this-- the programs that this is transferring money to, the-- there's already funding available and the amount that was transferred was excess funds, and I don't believe this is going to make a-- the funding un-- unsustainable. So, the-- all of the different funds in LB264, we analyzed as well as we could, and asked the Fiscal Office to show us what is the revenue, what are the expenses, what are the expenses projected, and what there will be the remaining balance at the end. And this reversal of this transfer is not needed, in my opinion. That was not funds that were obligated; it was unobligated funds that will continue to make the fund sustainable. So, I am not in support of AM1401. Thank you, Mr. President.

**ARCH:** Seeing no one left in the queue, Senator Conrad, you're recognized. Senator Conrad waives close. Colleagues, the question before the body is the adoption of AM1401 to LB264. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

**CLERK:** 13 ayes, 22 nays on adoption of the amendment.

**ARCH:** The amendment is not adopted. Mr. Clerk, next item.

**CLERK:** Mr. President, Senator McKinney would move to amend with AM1427.

**ARCH:** Senator McKinney, you're recognized to open on your amendment.

**McKINNEY:** Thank you, Mr. President. AM1427 is an amendment to stop this Legislature and the Appropriations Committee from reneging on agreed-upon deals. You know, multiple times, people have stood up and said we need to protect investments that are investments for the future sustainability of our state. And that's why I brought this amendment, because if that is true and everybody feels that way, then you should vote for AM1427. AM1427 make sures that transfers that were, that were agreed upon happen how they were agreed upon, and not be stopped a year prior to. Because, in the past, this Legislature agreed on interest payments for three years; in the current budget, it is trying to stop it at two years, which was not the agreement at all. And just to make it clear, Senator Clements, when we were having these discussions in the past, he told us to go talk to the Governor's Office. So, we did, and this is how we came to that deal. We had a deal for three years of interest payments from the Perkins County Canal Fund and the Nebraska Capital Construction Fund for three years. So, I'm just trying to hold everybody true to what was agreed upon, and also make sure that, if we're protecting investments, we protect

all investments and not pick and choose. Because then, that's when I get frustrated and just, you know-- pick my words, right? But I think it's important that we hold each other accountable to what we said we would do. This Legislature in the past voted and supported by a lot of people in here to give three years of interest funds from the Perkins County Canal Fund and the Nebraska Capital Construction Fund. Senator Clements might say he don't like it or he didn't agree, but when he had the chance to have this discussion, he told myself and Senator Wayne at the time to go work with the Governor's Office. We went and worked with the Governor's Office, and that's how we came to this agreement. So, I don't think we should pull back on agreed-upon things, because if that's the case, then everything that is being funded or was funded as an investment for the future of the state needs to be put on the table, because I don't find it fair. If it's, if it's OK for one, it should be OK for all. And if that's not the case, then we have to, and you should, make sure we honor a deal. A deal is a deal. And, no matter the financial situation-- because Senator Clements might stand up and say, Senator McKinney, we're, we're in an economic whatever, but the reality is when this deal was agreed upon, the projections that our state was going to end up in this situation were clear then. So, it's not something new that's occurring, because anybody that was paying attention at this time knew that it was a high probability because of the income tax cuts that we would end up in this situation. It's not a new situation that is occurring. Everybody knew it, and some might have felt like they, they wanted to ignore it and thought things might improve, but that's neither here or there. Because if we're in an economic crisis or we're in a bad financial situation, then any investment needs to be put on the table. But people don't want to put any investment on the table; they just want to pick and choose, and I think that is totally unfair, and it's going back on a deal. And to me, that's where I lose respect for people in general. If you're going to go back on a deal and stand up and say we should protect investments, we should all protect investments; if not, all of them need to be put on the chopping block. And that's my problem. People don't want to, and Senator Clements is probably going to rise up and say he don't support this. But I would say to Senator Clements, do you respect the deal or not? Do you respect that this Legislature voted to invest in economic recovery? And why not-- why can't we continue that? And if you say because of our financial situation, then why ain't you put the funding for other investments on the table? Why didn't you go pull from them? You can't pick and choose. It's, it's-- to me, it would be hypocritical, and I would hope I could get everybody's support for this because a deal is a deal, and a deal should be honored. If not, everything should be put

on the table. And that's why I think you should support this. And I'll listen to Senator Clements when he gets on the mic, and I'll jot down whatever he says. But I just want to say, colleagues, before I get off, this Legislature voted for three years of interest from the Perkins County Canal Fund and the Nebraska Capital Construction Fund up until 2026. All I'm saying is, let's hold true to that deal. If not, then every-- everything should be put on the table because it was an investment for the future viability of our state for economic recovery. Thank you.

**ARCH:** Senator Clements, you're recognized to speak.

**CLEMENTS:** Thank you, Mr. President. I'm opposed to AM1427 and want to discuss some of this. The Economic Recovery Fund [SIC] awards have been fully funded. The extra money that, that we'll have will eventually go to the Inland Port Authority, and the needs there are not yet identified, and-- but the target of this interest transfer was Economic Recovery Contingency Fund, and the awards for that have been funded. The interest is, is estimated of \$20-\$24 million a year that have been already credited in the first two years, and this would take at least \$20 million out of our general funds and change our currently positive \$3 million or-- to negative \$20 million that would have to be found somewhere else. So, the-- I wasn't a part of that deal. I didn't really want the interest transfers, and don't know that it had been identified what the third-year interest was going to be credited to. I think the, the first two years of at least \$20 million a year have benefited the Economic Recovery Fund [SIC], and asking for this to go to the General Fund is reasonable since the awards from the Economic Recovery Fund [SIC] have been funded. So, I ask for your red vote on AM1427. Thank you, Mr. President.

**ARCH:** Senator Hansen, you're recognized to speak.

**HANSEN:** Thank you, Mr. Speaker. I was wondering-- I'm just trying to clarify. I think I remember when a lot of this happened, I think with Senator Wayne, maybe about two or three years ago. I was wondering if Senator McKinney would yield to a question.

**ARCH:** Senator McKinney, will you yield?

**McKINNEY:** Yes.

**HANSEN:** You mentioned this was in a bill. Was it so much a bill, or was it actually an appropriation in the budget?

**McKINNEY:** It was in a bill. It was in LB10-- LB1024 and LB531.

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**HANSEN:** It was an amendment in a bill?

**McKINNEY:** Yeah.

**HANSEN:** OK.

**McKINNEY:** Yup.

**HANSEN:** OK. Thank you, Senator McKinney. That's what I was curious about.

**McKINNEY:** No problem.

**HANSEN:** OK. And so, I-- you know, this, this, this kind of comes back to the heart of what I was talking about before, about the whole idea that I think we do need to kind of look at a lot of the, I want to say nooks and crannies of, of the budget, or what we appropriate money to, or where we take money from, but the whole idea of tightening our belt, I think, as a state, is something that we're really going to have to kind of look hard at. I know Senator McKinney's passionate about a lot of kind of stuff, as-- just as much as Senator Wayne was when he, when he passed it. I know we took money from the Perkins Canal interest rates from my understanding, and that's kind of, I think, the heart of where AM1427-- where Senator McKinney is trying to put back in, is the interest rate that we had to kind of claw back here to kind make up for some of this shortfall. I think Senator Clements has done a, a fabulous job with working with the Appropriations Committee, doing his best to work with the Senators here, but trying to find holes to fill to make up for this budget shortfall. And so, as much as it kind of hurts a lot of us to see some of the, the money towards some of the things that we are hopeful and passionate about kind of go to the wayside to make up for some of this, I think this is some of things we're going to have to kind look at closely with this whole budget process, and I think Senator Clements is doing, probably, the appropriate thing here with the, with the budget. And so, I am a, a no vote on AM1427, even though I see where Senator McKinney is coming from, and it, it makes sense he's passionate about it. But I also have to kind of look at making sure that we, that we do our constitut-- constitutional duty and balance our budget. And so, I think the approach they've been doing by kind of not all taking from one area but kind of from a whole bunch of different areas throughout our budget is probably the most appropriate way to do this. But I think this is just kind of a small reminder of what we're going to look at this year, but what we're going to have to look at for the next year or two coming down the road. We're going to

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have start cutting, maybe, from a lot of other things. I hope we don't have to, but I think that's something we're going to have to prepare ourselves for, so. I am a-- I am a "no" vote on AM1427, and green on LB264. Thank you, Mr. Speaker.

**ARCH:** Senator McKinney, you're recognized to speak.

**McKINNEY:** Thank you, Mr. President. Again, I rise in support of AM1427. And, contrary to what Senator Clements said, said, needs are not identified, if you read the law and you understand what the task of the Inland Port Authority is, the needs are identified, and it's to develop housing, to develop the community economically. The needs are identified in our current statute. And to stand up and say the needs are identified is disingenuous. It's not true. And if the funding for economic recovery can be put back on the table, then we need to put back on the table the funding for the canal and the funding for the prison. If we're in such econ-- bad economic conditions, why, why do we have to take from economic recovery, and why can't we take away from a prison that is delayed, over budget, and, and honestly, we can't afford as a state? So, that's my problem. It's OK to, like, build prisons, but it's not OK for economic recovery. How do you justify that? It's OK to pull away from economic recovery, but it is OK to build a prison. How's that-- how is that even logical? Because if you focus on economic recovery, you keep people out of a prison, and you don't need it. It's already over budget, and honestly, it's going to cost close to a billion dollars. So, you want to pull from economic recovery where the needs are identified, contrary to what Senator Clements said, but we want to build a prison. It's honestly disrespectful. And then, we're not even honoring the deal or deals. But I guess it's convenient, since it's, it's resources that are going to communities that are not in western Nebraska. I guess it's OK, because somehow, you could say economic recovery won't affect the whole state. In, in, in all actuality, it will. You know, contrary to what Senator Clements said, the needs are identified; I just don't know if he's read the law. You know, that's the problem here. We pick and choose, we stand up and say things that are not accurate. The needs are identified, and you're-- and, and you're going back on deals. And multiple people, Senator Rountree, have stood up and said we should protect investments that, that this-- that this Legislature elected to invest in. We should protect them, and we can't go back on those agreements. But for this, I, I guess it's convenient to go back on. Where's the fairness in that? If, if this Legislature agreed on it, then we should stick to it, because the needs are identified. Read the law. Don't, don't just take-- I don't even know where you would get it from that the needs aren't identified-- honestly, I don't know

where that came from, that the needs aren't identified, because they are. And transfers of some of those payments haven't even happened yet because of delays, and I feel like it's some, it's some funny business with that, and I'll get to the bottom of it eventually. But I just find it wrong, it's not fair, and, you know-- it's this Legislature, though. Like, it's been this session, you know, where you work against the people, you pick and choose who you care about. But the, the logic that we need to take money away from economic recovery but still build a prison don't sit well with me, and don't make any sense. Wouldn't you want to invest in economic recovery to keep people out of prisons? It seems like our priorities are backwards, and I don't understand how you can stand up and say it's not. But I'll listen again, and I'll probably get back in. But I, I just honestly feel like this budget is disrespectful, the, the, the comments that the needs aren't identified is just misinformed. And you should go read the law before saying that, because whoever's telling you that is not telling you the truth. I think it's wrong that you're going back on a deal, and if that's so, every investment needs to be put on the table. And if not, you're all hypocrites. Thank you.

**ARCH:** Senator Conrad, you're recognized to speak.

**CONRAD:** Thank you, Mr. President, and good evening, colleagues. I rise in support of my friend Senator McKinney's amendment, and appreciate the dialogue that he's had thus far and him providing context and, and history for this body about decisions and deals that were made in the, the last biennium where-- goodness. I didn't have all of the results that I wanted to have in the last biennium, but we were able to put our heads together to find a path forward where everybody perhaps won a little bit, everybody perhaps lost a little bit, and we forged good-faith compromises to move the body forward, to move the budget forward, to invest in key priorities that were important to members' districts. And I, I really appreciated those challenging but fruitful negotiations, which are in alignment with what Nebraskans want us to do. They appreciate and understand that we don't have one mind when it comes to the challenges before us, or one set of strategies, or one set of priorities. But they do expect that taking those different perspectives, those different priorities, those different strategies, that we can come together to try and figure out a way that we don't pit our communities against each other but instead provide opportunities for all of our communities to thrive. So, it's particularly, I think, short-sighted and mean-spirited to pull back, claw back a good-faith compromise that was meant to provide appropriate investment into north Omaha and inland ports. The under-investment in that community is well-documented. This comes at a

time when there are exciting projects happening with the relief money in general, and with the inland ports specifically, and I think it's important that we allow that planning and that work to continue, as it was just very recently appropriated for those important purposes which benefit us all. And to be clear, this is not belt-tightening, this is not a cut; this is a clawback from a specific purpose and dumped into a structural deficit in the General Fund budget. So, this is not belt tightening; this is just shifting dollars around from a specific purpose in an underserved community through good-faith negotiations to prop up a self-created budget deficit by Governor Pillen and his allies in this Legislature. Additionally, we've heard all kinds of conflicting rhetoric from those who are continually attacking investments in urban Omaha or in our urban communities about, you know, we, we need to pull back on this because it's kind of a last-- a, a-- kind of a, a sequencing issue. If it was funded last, then now we have a budget crisis, now we're going to go claw it back. But the same logic doesn't hold true to other key budgetary items that have a much bigger price tag than the interest directed on this fund for investment in north Omaha and inland ports. So, we don't see the same logic apply to the canal, we don't see the same logic apply to yet-unrealized corporate and individual income taxes. But for some reason, that rhetoric comes to bear when there's a specific investment that was the product of good-faith negotiations to help an underserved community. And the-- while this is a, a meaningful investment in that community, the amount of this appropriation pales in comparison to the prison, to the canal, to the tax cuts. But it's those measures are not on the table when it comes to balancing the budget and addressing a structural deficit that is self-created by this Legislature; only investments in underserved communities have to be put on the table, and I think I disagree with that approach. And I thank Senator McKinney for bringing forward the amendment. Thank you.

**ARCH:** Senator John Cavanaugh, you're recognized to speak.

**J. CAVANAUGH:** Thank you, Mr. President. Colleagues, I rise in support of AM1427. I think I voted for the original bill that would have appropriated this money into the Inland Port Authority Fund. And, you know, I don't know about the ins and outs of deals that were made or things like that, but this is-- the inland port is an investment, and I was there when Senator McKinney and Senator Wayne worked so much, diligently on getting this money set aside for that. And when they, they came to the Legislature, I remember at the, the legislative council meeting we had in, I think it was Nebraska City, and had a presentation about what is been going on in terms of investment in north Omaha community, and what the result of that has been over years

and years of investment, and how we needed to take a new approach, and that this was part of that new approach to invest in job creation and to bring in businesses that were-- are going to employ people in the community. And so, to rectify, you know, some historic wrongs there. And this, though, maybe was part of a deal, it is exactly what Senator Conrad was just talking about, and it-- this is an investment in this community, and this is an investment in the future of Nebraskans, and we have had folks stand up repeatedly on this floor and say that we can't take even \$61 million from the canal to go from 1,000 cubic feet per second to a 500 cubic feet per second because of how important that investment is to communities in Nebraska. This is a similarly important investment in this community, and if there were folks here who think that investing in securing water for a generation should see investing in people for a generation as a similarly valuable investment. And I, I would again echo Senator Conrad's comments about this last-in, first-out philosophy where we refuse to address some of these-- we pick and choose which ones we determine as when they were in and when are they were out, and she correctly points out the tax cuts that have not gone into effect yet. So, we're choosing to take money back from an investment that people have-- are welcoming and are working toward, and are trying to get a, a new, you know, project off the ground in a historically uninvested-in community. And here we are, after we have chosen to invest in this community, which people are very excited about, this Legislature is going to make a statement by choosing to disinvest in north Omaha and the inland port, and they're going-- we're going to choose rather to prioritize these tax cuts for the wealthiest in the state, and preserving those tax cuts rather than investing in these communities. And so, this is an easy one, folks. You vote for AM1427 to put us back on the path that we all agreed on a year ago. I looked this up, it was April of 2024, is when this was passed. So, about a year ago, we chose to invest, and we, at that time, clearly knew what we were doing, and we continue to plan-- this is the interest off of the canal, which everybody says we can't touch that money, we have to leave it there. So, if we're going to leave the canal money there, we need to leave the direction of the interest into the inland port. So, I'm going to run out of time, but I support AM1427. I would encourage you to support AM1427. I don't know specifically how much money it is, because when you look at the budget, it's kind of conflated with a number of other clawbacks of money from other projects. But this is a meaningful amount of money for this community, but we can find other sources in this budget to direct to that money. So, I encourage your green vote on AM1427. Thank you, Mr. President.



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**ARCH:** Mr. Clerk, for items.

**CLERK:** Thank you, Mr. President. Your Committee on Enrollment and Review reports LB32, LB36A, LB50, LB80A, LB166, LB198, LB260, LB262, LB263, LB275, LB311, LB382, LB608, LB640, LB641, LB660 as correctly engrossed and placed on Final Reading. Additionally, your Committee on, on Enrollment and Review reports LB48 to Select File with E&R amendments. Amendments to be printed from Senator Murman to LB391A, LB306; Senator DeBoer to LB79; Senator Kauth to LB89; Senator McKinney to LR171-- or, excuse me. New LR: LR171 from Senator McKinney, LR172 from Senator McKinney, LR173 from Senator McKinney; those will all be referred to the Executive Board. New LR: LR174 from Senator DeBoer; that will also-- and 170-- LR174 from Senator DeBoer; that will be referred to the Executive Board. That's all I have at this time.

**ARCH:** The Legislature will now stand at ease until 6:00. When we return, Senator Conrad, McKinney, and Machaela Cavanaugh are next up.

**Speaker 9:** [EASE]

**SERGEANT AT ARMS:** Attention Senators, the legislature will resume in five minutes.

**KELLY:** Resuming debate, Senator Conrad, you're next in the queue.

**CONRAD:** Thank you, Mr. President. Good evening, colleagues. Hope everybody had a good dinner break, supper break. I was hoping that my friend, Senator McKinney, might yield to a few questions, please.

**KELLY:** Senator McKinney, would you yield to questions?

**McKINNEY:** Yes.

**CONRAD:** Thank you, Senator McKinney, and I know that we've had a chance to talk about this a little bit off the mic, and perhaps it was put on the record in regards to some other related measures moving through the Legislature this year. But I wanted to put a finer point on the issue in-- specifically in regards to AM1427, which you put forward. Could you provide the body with just kind of an update about where things are in terms of the planning process or implementation of the plans with the Inland Port Authority and related appropriations?

**McKINNEY:** Yes. So, the-- currently, the port is going through two processes. One is the process of developing a business park, then also, the process of developing an innovation district within the port authority. And the reason for these interest funds and why they're so

important, it helps make sure those projects are successful. But the port authority has another task of developing affordable housing and those type of things, so we need those funds that are in these interest funds to, to do the affordable housing and develop the housing units. Which is in the law, and I'm not sure if Senator Clements read it or not, but it's an identifiable-- there are-- they are identifiable projects. And a piece of this is developing affordable housing, developing housing units, and looking for other things as far as economic development in the area. And the reason why this amendment needs to pass is because those-- that project, especially the affordable housing piece, is relying on the interest funds that are supposed to be going. And that's what I take big offense to, is that they're saying pull this back, and he said, oh, there's no identifiable projects, and that's far from the truth.

**CONRAD:** Yes. Thank you, Senator. I, I think that is helpful because I remember this came up in our conversation and on debate on some other measures. And, you know, as part of our debate on Select File on LB264, through Senator Hallstrom's amendment and otherwise, we've had a lot of good discussion about how important it is to advance our shared goals when it comes to ensuring access to housing, whether that's in urban communities or in rural communities. Now, we have different strategies about how to, to effectuate that goal sometimes, but it's undeniable hearing what you're saying and looking at the proposal that if we don't adopt AM14-- OK, so the status quo ensures that the interest from the fund goes to support economic development activities including housing. If we take the Appropriations Committee's suggestion and do not adopt AM1427, that means less investment in housing in Omaha.

**McKINNEY:** Yes. And less investment in economic recovery.

**CONRAD:** That's right. And if we dump it into the General Fund, we aren't-- I mean, it's just to backfill holes in the budget. It's not for any specific purpose. Is that right?

**McKINNEY:** That's right. And it's totally going back on a deal that was made.

**CONRAD:** Yeah, and Senator McKinney, can you talk to the body a little bit and for the record about the planning process that the Inland Port Authority is working through? Obviously, fit-- this money was devoted to this specific purpose for a specific timeline. And obviously, it doesn't just spring up overnight; you can't just take in appropriations and immediately start building housing. But you do have

a plan in place that takes into account the existing appropriation and the existing timeline, and this would just throw a wrench in, in all of those planning projects-- progress?

**McKINNEY:** Yes. The, the port authority was developed last year after session, and the port authority has been going through all of the processes to make sure that the funds are utilized in the right way for the best interests of the state and the best interests of the community. So, it's already started working on developing the business park, developing the innovation district, and waiting on interest funds to start developing the, the housing piece to this as well. And to take this away, it just goes against all of that.

**CONRAD:** Thank you, Senator. We're almost out of time. To the best of your knowledge, did the governor or the Appropriations Committee talk to the mayor--

**KELLY:** That's time, Senators.

**CONRAD:** --or anybody in Omaha about this cut? Thank you.

**KELLY:** Thank you, Senators Conrad and McKinney, and McKinn-- Senator McKinney, you're next up in the queue, and this is your last time before you close.

**McKINNEY:** And Senator Conrad, to answer your question, no, I don't think so. Because at the beginning of the session, I asked the governor and other people in his, you know, administration, were they trying to pull back funds? And every response I got was no. But the budget is far from that, so I don't know whether there's some type of miscommunication or people didn't say the right things at the time, but when I asked a question about interest funds, the responses I were getting was, we are not trying to take those funds back. Now-- that's the issue here. Now, whether somehow along the line that changed, that was never communicated to me, and I'm almost sure it wasn't communicated to anybody outside this body. But-- I'm trying not to get frustrated here and, you know-- but I should be. I should be mad, I should be annoyed, because this is just another example of this body showing its true colors, you know? We talk about the need for investments, we talk about the need to stick to what we said we were investing in, and then we get to something like this and it's not the same energy; it's, oh no, we, we need to do this because of economic-- our, our financial situation. What about our financial situation on those other things? Then, people get annoyed when you bring up those other things, like, they're like the holy grail, and this, and this

could just go. And again, you cannot logically sit here and tell me it's better to take away funds for economic recovery and build a prison. You cannot justify it. Because economic recovery and, and making sure that the, the economy of communities is better off, less impoverished makes sure that you don't have to build a prison, you don't have to keep investing in a criminal justice system. But somehow, people feel as though you could take away from economic recovery and still build, build a prison, and that's the right way to go. I don't understand that priority. Would Senator Clements yield to a question?

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

**CLEMENTS:** Yes.

**McKINNEY:** Senator Clements, who told you that there weren't any identifiable projects?

**CLEMENTS:** I asked the fiscal analyst if, if their funds were spoken for in the Inland Port Authority.

**McKINNEY:** But-- OK, even if the fiscal analyst told you that, when you read the law, you see that the port has to develop a business park, an innovation district, develop housing, and those type of things. There are clear, identifiable projects in the current statutes, so I don't understand how anybody could say there isn't identifiable projects.

**CLEMENTS:** OK, well there weren't-- specific dollar amounts were not obligated, is what I would say.

**McKINNEY:** There's specific dollar amounts for some projects, and the other projects like the housing is relying on the interest funds that are to be transferred over. Like-- and-- I'm finished with my questions. My, my problem is that people act as if transfers and things didn't happen, and funds didn't go to other sources based on this overall deal that people are going back on. That's what's so frustrating about this, is it's bigger than just this, and things were agreed upon based around all of the economic recovery and the dollars that was going to different places across the state, and none of that is back on the chopping block, just this. I think it's wrong, completely wrong to, to say that we need to pull this money back when you're not trying to pull other dollars back. And you're, you're OK with a-- other pieces of that deal staying true, but this is the thing you want to peel back from. I think it's disrespectful, honestly speaking. Thank you.

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**KELLY:** Thank you, Senator McKinney. Senator Machaela Cavanaugh, you're recognized to speak. Senator Guereca, you're recognized to speak.

**GUERECA:** Thank you, Mr. President. Good evening, colleagues. I rise in support of 1427-- AM1427. When we talk about the Inland Port Authority, let's, let's be honest. If we don't have a port on the Missouri River, we have our state's largest airport. When we put a business park next to Eppley-- we're talking about a new international airport-- the companies and businesses that will be there will be international logistics and shipping, and the innovation that will happen will be focused around Eppley Airfield, this state's largest airport. So folks, moving forward, when we think of the Omaha Inland Port Authority, that's what I want you to think of: the new and improved international airport at Eppley Airfield. We want to power Nebraska into the future and build up industry and businesses, and small businesses and local businesses, all around this state's largest airport that will be an international airport, I believe, in 2028. So, that is why I'm rising in support of AM1427, because that is a significant amount of money that will turbocharge Nebraska businesses focused around this state's largest airport. Thank you.

**KELLY:** Thank you, Senator Guereca. Senator Spivey, you're recognized to speak.

**SPIVEY:** Thank you, Mr. President. I rise in support of AM1427, and as a member of Appropriations, really try to bring some color and context to the work happening through this Inland Port Authority, because it does touch a part of my district as well. I would also say that I would encourage everyone to mark your calendars now for September 18, as I've been working with Senator McKinney, Guereca, and Juarez on doing a tour of the investment of the ARPA dollars into some of these areas. Since folks have not gone out into community to see them, we wanted to make sure that we extended that opportunity. So, that will also be forthcoming to help make sure people have the right information about this work. With that, Mr. President, I yield the rest of my time to Senator McKinney.

**KELLY:** Senator McKinney, you have 4 minutes, 6 seconds.

**McKINNEY:** Thank you. And thank you, Senator Spivey, for your time. You know, we talk about the need to develop our state and develop it for the future, and bring jobs, and make sure we have jobs for communities, and those type of things. But all of that, to me, falls on deaf ears if you don't support this. We talk about honoring investments, honoring deals that the Legislature made in the past. You

guys told me on multiple occasions we can't take back the money for the prison because, to y'all, it's an investment. Well, for me, this was and is an investment that we should still honor. And the fact that Senator Clements don't want to honor it is baffling. It makes no sense. It's also crazy that people would sit and say that there are no identifiable projects. Do y'all not go read the bills? Do y'all not read the statutes? Or do you just see, like, oh, like, it's, it's something going on there, but, you know, it's no identifiable projects. And you could come ask me, what are their identifiable projects? I would tell you. And the fact that nobody has is, is also, you know, eye-opening, but I'm not surprised, because why, when you think that it's OK to try to take these dollars back? And I've asked multiple times this year, was this occurring? And multiple people told me no. Even Senator Clements said that last week before he got corrected that this wasn't happening. So, who's telling the truth? Who's being honest? That's the issue here. It's, it's all these people with different motives and, and these type of things. And then, at the end of the day, my community is getting the short end of the stick. And it's OK for some people; they'll vote against this and then say, oh, we-- how's things going in your community? How's that development going? Well, you take these dollars away, it's not going to make that development go, go any better. It's still going to be successful because people going to persevere and make sure things go right, but it's still wrong to go back on the deal. Senator Clements told me and Senator Wayne to go to the governor's people and negotiate a deal, and we did that. Three years of interest payments. And they're trying to take a year away. I think that is wrong. Because if you didn't want us to negotiate that deal with the Governor's Office, you wouldn't have told us to go to them. That's the problem. Why, why is it OK to go back on a deal? A deal is supposed to be a deal, and you're supposed to honor a deal as an honorable person, and this is not honorable. The, the whole budget is not honorable. And I just think it's wrong, and I think it is disrespectful. Because when people have brought up other funding and taken-- and putting other things back on the table, so many people stood up like, oh my gosh, this can't happen. It's, it's, it's going to be end of the world. But it's OK, I guess, because the funds aren't going to western Nebraska, so it's OK to take these. It's, it's really just-- I don't know. I'll say "hilarious" because I have other words, but I'll say "hilarious," and it's just really hypocritical of a lot of people. And I'm hopeful that people won't be hypocrites, and they'll vote for AM1427. Thank you.

**KELLY:** That's your time. Thank you, Senator. Senator Spivey, you're recognized to speak.

**SPIVEY:** Thank you. I just wanted to uplift a little bit about an actually for-profit business that is located in the business park area before I turn over any additional time to Senator McKinney. And they actually are former military; they got a defense contract, they have a second location that they built close to the airport for some of the reasons Senator Guereca had named, but they, again, were able to receive ARPA funding in order to grow their company. And so, again, I am their senator, which makes me really proud, but they specifically wanted to intentionally invest in areas that were underdeveloped and undeveloped in order to bring jobs and economic growth to this community. And so, there are impacts for this funding that, while located in the geography-- geographic boundaries of north Omaha, that are impacting Nebraska in general and nationally, because this is a defense contractor. And so, I just think that, again, when we talk about investment and support, there are things that I have supported that have nothing to do with my district because I believe in public health or I believe education, and it impacts one of my colleagues' districts, and I think it's not a zero-sum game. I've talked a lot about our choices that are in front of us, and for us to invest in an economic opportunity will actually bring a return which we need to see as we try to build for the Nebraska of the future. And I also think that, while if some projects that were done in deals or negotiations are quote-unquote off limits, what determines what is not? What is on limits, right? Like, why is this OK? Why are some of the other cash fund sweeps OK when, again, we've made commitments as a state? It's less about the deal but a commitment as a state to invest in our communities, to invest in economic development and growth. So, I think, for me, that's the larger question. Why has that changed, and why is that now our process? And why is that framework not being applied equitably across all of the other decisions that are in front of us? So again, I rise in support of AM1427; I have a lot of great success stories, and I look forward to my colleagues joining us this September to really go out and visit and be in community with these business leaders and community advocates that are able to really create transformation based on this investment. And with that, I yield the rest of my time to Senator McKinney, if he wants it.

**KELLY:** Thank you, Senator Spivey. Senator McKinney, 2 minutes, 25 seconds.

**McKINNEY:** Thank you, Mr. President. You know, the question that is before us is, is it OK or not to go back on a deal? That is the question. Is it OK? Because if the answer is yes, then there's multiple other deals and multiple other things that need to be put on a chopping block. But when people bring those mot-- those other things

up, everybody stands up. "Oh, you can't touch this. This is very important for the future of our state. We need these investments." Well, we need these investments. We need to make sure that communities aren't impoverished and we economically develop them in the right way to make sure we decrease poverty; we, we decrease the likelihood of people ending up in our criminal justice system; we bring jobs to a community that needs more jobs; we create more tax receipts for the state so we don't end up in this financial situation again; increase revenue, those type of things. That's what's needed, and that's what this is for. So, the, the question of the day is, is it OK to pull back money for economic recovery and, and go back on the deal? I, I-- that's the, that's the very question before us. You know? And, you know, I've, I've thought about this, and I've been waiting for this day, because this is a-- this is an accountability vote. This is actually a vote to see who stands by the words they say when they stand up on the mic. All the people that said we need to protect investments for the future of the state, I'm curious to see how you vote. I, I really am. Because I told you, I listen to words, I listen to what people say. So, if you stood up and said we need to protect investments for the future of the state and those type of things, I am very curious of how you'll vote here. Because your words will be hollow if you vote no to AM1427, and it, it will be more clear than ever today, depending on how this vote goes. But I will hope that you understand that I think we should honor what we, you know, decided to invest in.

**KELLY:** That's your time, Senator. Thank you, Senator McKinney. Senator DeBoer, you're recognized to speak.

**DeBOER:** Thank you, Mr. President. Colleagues, I wanted to join my support for Senator McKinney's amendment here. It is my recollection, having been sort of adjacent to the deal that was made, that, for good consideration given, this deal was made, and that it doesn't make any sense to me, if we are making these kinds of deals, that we could go back on our word so easily and change what we do. That makes me worry about how we as a body can continue to find ways to negotiate. I think if we are going to negotiate, we have to do so in a way that is in good faith and that has long-term standing, and that we are not worried that two weeks later somebody will change their mind. That would lead us to not want to negotiate, and I don't think we want a body that is unwilling to negotiate. That's the kind of gridlock that you get when you look at Washington, D.C. So, I'm going to support Senator McKinney here; it's the right thing to do, it's also the deal; there was consideration given. That's where I'm at, and I would yield Senator McKinney any additional time I have, if he would like it.



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**KELLY:** Thank you, Senator DeBoer. Senator McKinney, 3 minutes, 40 seconds.

**McKINNEY:** Thank you, and thank you for your support, Senator DeBoer. You know, a lot of people benefited from that deal across the state. So, let's not get it misconstrued that it wasn't just north and south Omaha that benefited from the Economic Recovery Act. It wasn't just north and south Omaha that benefited from, from this deal. Let's get that understood. Parts of rural Nebraska and western Nebraska, because of the deals that were made, benefited and received funds, and still are going to receive funds based on the agreements. So, to me, that's what you need to understand. It wasn't just my community that benefited from economic recovery. There were part-- there-- if you read the law, because I-- it-- I guess it just seems like people just don't read no more around here-- if you read the law, you will see that it wasn't just north and south Omaha that benefited from the Economic Recovery Act. Millions went to western Nebraska, as well. But people don't like to bring that up because it's convenient not to say that, but I'm just being honest today. Other places besides my community benefited from, from the, from the bill. And for people to not recognize that and understand that your district benefited too-- maybe not all, but some of them for sure-- and then to say, oh, OK, it's OK, we benefited, but we just going to pull back on the deal, because we got ours, that-- that's what it's saying to me, and I think it's wrong. I think we should honor what we say we're going to do according to the words of some people. When people brought up the canal, Senator Jacobson stood up and said we can't touch it. Brought up the prison, people stand up and say you can't touch it. But when it comes to funds for economic recovery in my area, I guess they're touchable. If future investments are untouchable, they all should be untouchable. If not, your words were hollow, and you shouldn't stand up and say that. Just say the future investments in my community are untouchable and, and the other ones could be touched. Say that, and I will respect it more. But if you stand up and make a blanket statement to say future investments should not be touched and people are wrong for ever broaching the conversation, then they all should be put on the table. But they're not, and they weren't, because the body said we have to protect future investments. So, keep the same energy with AM1427; protect future investments for the future viability of this state. I think that's only fair. And again, many people in here benefited from the Economic Recovery Act, and it wasn't just north and south Omaha. And I'll leave it there. Thank you.

**KELLY:** Thank you, Senator McKinney. Senator Conrad, you're recognized to speak. This is your third opportunity on the amendment.

**CONRAD:** Thank you, Mr. President. Good evening, colleagues. I do just want to note for the record a point, a, a finer point that my friend Senator DeBoer made so well. So, in the last biennium, there was also a carefully crafted, carefully negotiated effort that was led by Senator Wayne and Senator Linehan working hand-in-glove with former Secretary and former U.S. Senator Chuck Hagel, to establish veterans courts in Nebraska and help to bring smart justice reforms to our, our present approach to criminal justice issues in certain instances. That effort was-- it, it was hard-fought; it was hard-fought by members of the executive branch, and it ultimately was able to move through. Now, the cuts that this body restored today for veterans and problem-solving courts, thank to Senator Holdcroft's amendment-- that's good. But it, it kind of shows, again, that backtracking on hard-fought negotiations. You go and you look at the hard-fought negotiations that supported the establishment and passage of LB50, which was meaningful criminal justice reform. So then, you have some of the same members of the executive branch suing the Legislature over those-- that same proposal that they helped to negotiate. Now, thankfully, the court saw fit to have a thoughtful ruling in that regard, but there we have it. And now, members of this body have brought repealers on that, that same hard-fought negotiation for meaningful criminal justice reform, and are moving forward with a host of measures that stand out of alignment with those efforts to right-size and modernize our criminal justice system, and instead seek to double down on new crimes and criminal enhancements which exacerbate our budgetary expenditures in regards to criminal justice and worsen our prison overcrowding problems. Now, I just go to put that in the record because it does not go unnoticed by those of us who worked hard in the last biennium to move those issues forward. And those issues moved forward, and we pulled back opposition to a host of other issues that were important. I understand past Legislature can't bind a future Legislature, and there are many members present today who were not a part of those negotiations or dynamics. But it does, it does undercut good faith, it does undercut trust, it does undercut relationship-building, because in order to establish relationships, in order to-- in order to build and maintain trust, in order to enter good-faith negotiations, those, those need to be a two-way street, not a one-way street. And, and that's the overall arrogance on display by this Legislature towards those of us who might have a different idea about how to address important challenges. And no matter how hard we work, polling that we bring forward, court cases that we bring forward, robust emails from grassroots citizens, votes of the people, op-eds-- nothing matters. This body has demonstrated that they're uninterested in citizen engagement; they're uninterested in good-faith

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negotiation. It is raw power on display all day, every day. And it is clarifying, because the utilization of said raw power goes to keep the wealthier wealthy, goes to keep powerful powerful, and puts its thumb on the scale tipped against working Nebraska families. Thank you, Mr. President.

**KELLY:** Thank you, Senator Conrad. Seeing no one else in the queue, Senator McKinney, you're recognized to close.

**McKINNEY:** [MALFUNCTION] house.

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

**CLERK:** 25 ayes, 1 nay to place the house under call.

**KELLY:** The house is under call. Senators, please record your presence. All unexcused senators outside the Chamber, please return and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senators Raybould, McKeon, Bostar, Dover, Dungan, and John Cavanaugh, please return to the Chamber and record your presence. The house is under call. All unexcused members are present. Senator McKinney, you're recognized to close.

**McKINNEY:** Thank you, Mr. President. Colleagues, AM1427 is an amendment to make sure that this Legislature and this body and this institution holds true to agreements that were made for future investments, like many people have said that we need to protect investments that are for the future of our state, the future viability of our state, and that's why I brought this amendment. Because if not, this budget will be going back on agreed-upon deals in the past. You know, the agreement was three years of interest funds from the Perkins County Canal and the Capital Construction Fund. It was agreed upon for three years. And the crazy thing about this is the initial draft was more than three years. Just to make it clear, it was more than three, and we said, OK, we'll just do three, and everybody said it's cool. So, the fact that this budget is attempting to take away a year is really disingenuous, and means that any type of negotiation that occurred in the past as far as this was not in good faith at all. And, and just as I said prior, the Economic Recovery Act and the funding didn't just benefit the eastern part of the state; a lot of money went to western parts of the state as well, in some of your districts. So, if we are being collegial in honoring things, I think you should vote for this, especially if you stood up this year in the past few weeks and said we

need to protect future investments. If we're protecting future investments and they can't be touched and they're all untouchable, then this funding should be untouchable, unless your words were hollow and you only care about what you care about, which is cool. Just stand up and say that. But I hope that, in my optimism, you, you felt that way about all, all investments into the future of the state, to make sure there's jobs; to make there's affordable housing and those type of things; to make sure that communities that have been impoverished for too many years aren't impoverished; to make sure that we're, we're providing livable wage jobs for Nebraskans so we can have better tax receipts, more revenue, and so we don't have to have conversations about building prisons and those type of things. That's what economic recovery is for, that's what investing is for. So, I hope to get everyone's green vote, especially if you stood up and said we need to protect future investments because we should, as you said. We couldn't touch multiple other things, so keep the same energy is all I'm saying. Thank you.

**KELLY:** Thank you, Senator McKinney. Members, the question is the-- there's been a request for a roll call vote. The question is the adoption of AM1427. Mr. Clerk.

**CLERK:** Senator Andersen voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Bosn. Senator Bostar voting yes. Senator Brandt voting no. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements voting no. Senator Clouse voting no. Senator Conrad voting yes. Senator DeBoer voting yes. Senator DeKay voting no. Senator Dorn voting no. Senator Dover voting no. Senator Dungan voting yes. Senator Fredrickson voting yes. Senator Guereca voting yes. Senator Hallstrom voting no. Senator Hansen voting no. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes voting no. Senator Hunt. Senator Ibach voting no. Senator Jacobson voting no. Senator Juarez voting yes. Senator Kauth voting no. Senator Lippincott voting no. Senator Lonowski voting no. Senator McKeon voting no. Senator McKinney voting yes. Senator Meyer voting no. Senator Moser voting no. Senator Murman voting no. Senator Prokop voting yes. Senator Quick voting yes. Senator Raybould voting yes. Senator Riepe voting no. Senator Rountree voting yes. Senator Sanders voting no. Senator Sorrentino voting no. Senator Spivey voting yes. Senator Storer voting no. Senator Storm voting no. Senator Strommen voting no. Senator von Gillern voting no. Senator Wordekemper voting no. Vote is 15 ayes, 32 nays, Mr. President.

**KELLY:** AM1427 is not adopted. I raise the call. Mr. Clerk.

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**CLERK:** Mr. President, Senator Clements would move to amend with FA222.

**KELLY:** Senator Clements, you're recognized to open.

**CLEMENTS:** Thank you, Mr. President. FA222 is a proposal to-- it will be a funds transfer of the Cash Reserve, additional transfer from the Cash Reserve. The Fiscal Office has been tracking the changes to the General Fund status as various amendments have been adopted, and the committee, on Select-- excuse me. Yeah, the Select File amendment on LB264 had a \$142 million transfer in it, and that's currently in LB264, would be \$142 million from the Cash Reserve into the General Fund. This change would change the \$142 million to \$147 million to take an additional \$5 million from the Cash Reserve Fund, and that's because of the amount of money that's been spent in various amendments. And this would bring us back to a positive \$2 million, a little over \$2 million of positive balance in the financial status. The Cash Reserve Fund would go down to about \$684 million, which is still above the 12% mark, and that-- I'd rather not take any more, but that's what the body has decided to do. I wanted to go over where we came up with the \$142 million, was-- starting back in January, the General Fund status was \$432 million negative, mostly because of the FMAP, Medicaid increased costs. Then, in committee, we met and came up with the preliminary report, and reduced the 432 by \$170 million so that we were \$262 million short in the preliminary report. And then, we started on the items in the blue book, the celestial blue book, and the items in there show, on page 5, negative \$124 million. And at that time, we were aware of two bills, LB650 and LB645, that if those passed, we would have been balanced with about a \$6 million positive balance. But then, the forecast came, which reduced the financial status to negative \$396 million, not counting the 130-- really, it was \$272 million decrease from the forecast. So, the-- let's see. Then, we have LB261 and LB264. So, the blue book is before the forecast, negative \$124 million, so LB261 and LB264 have brought up the balance, \$267 million, and got us to-- and we had the \$142 million Cash Reserve transfer, getting us to a positive balance, a little over \$3 million. And-- let's see here. That was-- anyway, so the Fiscal Office then, just a little while ago, showed me that where we are currently would be a negative \$2.2 million of our financial status. And in order to correct that, to balance the budget, we need to increase that transfer by \$5 million dollars, and then it's projected that we'd be about \$2.6 million positive. So, the Cash Reserve is being tapped into to help balance the budget, and that is instead of making cuts in more programs, more General Fund cuts, and-- but still does leave a reasonable amount in the Cash Reserve. But I would hope that this would be the last amount that we have to transfer from there. And so,

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I would ask for your green vote, green vote on FA222 to restore the General Fund status, and it is going to transfer another \$5 million from the Cash Reserve into the General Fund to balance the budget. Thank you, Mr. President.

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

**M. CAVANAUGH:** Thank you, Mr. President. Well, this is an additional Cash Reserve transfer, so I'm not sure how I feel about it, but I guess I'll be listening to the da-- debate. But I just wanted to acknowledge what happened on the last floor amendment. So, Senator Dover got up and he waxed poetic about paying our obligations, Daugherty for Food, private partner-- private-public partnership and on and on and on, and then voted against Senator McKinney's amendment. And Senator Strommen has gone on and on and on about the Perkins Canal and our obligation, and that it's going to look like we're not upholding our obligation if we take even a penny from the Perkins Canal, and then he voted against Senator McKenney's amendment. So, I just want to be clear that we're hypocrites in here, and I want to acknowledge it because it's happening in real time. And my colleagues on the Appropriations Committee seem to think that it's OK to get what they want in committee and then screw people on the floor. I yield the remainder of my time.

**KELLY:** Thank you, Senator McKinney-- or, Cavanaugh. Senator McKinney, you're next in the queue.

**McKINNEY:** Thank you, Mr. President. I rise in opposition to FA22. But, you know, I just wanted to say thank you to some people after that last vote. So, thank you, Senator Andersen, Senator Arch, Senator Armendariz, Senator Ballard, Brandt, Clements, Clouse, DeKay, Dorn, Dover, Hallstrom, Hansen, Hardin, Holdcroft, Ibach, Jacobson, Kauth, Lippincott, Lonowski, McKeon, Meyer, Moser, Murman, Riepe, Sanders, Sorrentino, Storer, Storm, Strommen, von Gillern, Wordekemper, the governor's people, Lee Will outside the window: you know the agreement, and don't act like you don't. So, thank you to all you people who went back on a deal and an agreement. But you thought it was OK, and you thought it was so wrong for people to bring up a conversation about not funding the canal, not funding the prison. You all took offense to it, like those were the holy grail. And I guess, you know, funding for economic recovery doesn't fall in that category for a lot of you people. But I know where we're at, and I'm glad I-- like, I'm glad I have this understanding. I'm really appreciative of this session because, going forward, I know how to operate with all

y'all. I know what your priorities are, I know what you care about, and I know what you will hold true to. So, I have no expectations, and that's great. And you know why it's great? That means we can have more fun going forward. So, it is what it is at this point, you know? You go back on agreed-upon deals after Senator Clements told me and Senator Wayne at the time, go talk to the Governor's Office. He said he disagreed with it, but he wouldn't even sit and talk to us about it because he has to follow the governor's direction. So, we went to the governor's people and no-- negotiated a deal down to three years, because it was more than that in, in the beginning. And now, you pulled that back. So, thank you, Senator Clements. Thank you. You know, it's just real, you know, frustrating sometimes, coming into this place, trying to be collegial, trying to do the right thing, trying to, you know, make sure things go how they supposed to be. But, you know, when you're not in the majority and you don't have 32 votes, you're kind of put in a position to just accept it or not accept it. And I don't accept it, and I choose to speak my mind because I disagree with, with what just happened here. And, you know, we'll move forward. But just remember, y'all went back on a deal, so I never want to hear Senator Jacobson stand up and say we have to protect investments for the future of our state that we invested in for the future of our state. I never want to hear it. I never want to hear nobody else say it. Because it's not-- it's hollow; super hollow, because you don't keep the same energy. And you could stand up and say, oh, I disagreed with it at the time, but you voted for the bill. It, it doesn't matter-- it don't matter to me, even if I had a bill in a bill, if I disagreed with the bill, I'm not voting for it. But you voted for it. Oh, I disagreed with it, though. But you voted for it. You shouldn't have voted for it. But it don't matter, you know. We lose a vote here or two, and we lose a bunch of senators, so we lose institutional knowledge on what was, you know, agreed upon at the time. And people have, you know, short-term memory and like to spew misinformation like there isn't, you know, identifiable projects, which is not true because somebody told you this without actually reading the law and ask-- coming to me and asking me questions. So, that's how we operate around here, and it's OK. I just want to say thank you. Thank you. I really appreciate it. I'm glad we're very collegial in this place, so I really appreciate the collegiality. But I'll keep the same energy going forward as far as being collegial. Thank you.

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

**HOLDCROFT:** Thank you, Mr. President. I wanted to thank Senator Clements for including my \$3 million to preserve the problem-solving courts that we approved this morning, so that's part of this, this transfer from the reserve account. You know, based on some of the-- I think it was Senator Dorn who mentioned that there were 34 problem call-- problem-solving courts across the state of Nebraska; there are problem-solving courts in all 12 of our, our court districts. So-- and there are seven different varieties, and I think a lot of folks don't, don't quite understand that. So, I'd like to run through those quickly in the next five minutes on what, what these include, and the first type of problem-solving court is the adult drug and DUI court. And the, the adult drug and DUI courts utilize a specialized team process that functions within the existing court structure. Adult drug and DUI courts are designed to achieve a reduction in recidivism and substance abuse among high-risk and high-need individuals with substance, substance abuse disorder. The court's goal is to protect public safety and increase the participant's likelihood of successful rehabilitation by utilizing validated risk and need assessments, early and individualized behavioral health treatment, frequent and random chemical testing, incentives, sanctions, and other rehabilitative and ancillary services. Intense community supervision and interaction with a judge in non-adversarial court hearings verify compliance with treatment and other court-ordered terms. That's your adult drug and DUI courts. The next type of court is the family drug treatment courts. Family drug treatment courts are, are a juvenile or family court docket of which selected abuse, neglect, and dependency cases are identified where parental substance abuse is a primary factor. Judges, attorneys, child protection services, and treatment personnel unite with the goal of providing safe, nurturing, and permanent homes for children while simultaneously providing parents the necessary support and services to become drug- and alcohol-abstinent. Family drug treatment courts aid parents in, in regaining control of their lives, and promote long-term stabilized recovery to enhance the possibility of family reunification within mandatory legal timeframes. Next is the juvenile drug treatment courts. The juvenile drug treatment court is a docket within juvenile courts to which selected delinquency cases and, in some instances, status, status offenders are referred for handling by a designated judge. The youth referred to this docket are identified as having problems with alcohol and/or drugs. The juvenile drug treatment court's judge maintains close oversight of each case through regular status hearings with the parties involved. The judge both leads and works as a member of a team that comprises representatives from the prosecution and the defense. Over the course of a year or more, the team meets frequently, often



weekly, determining how best to address the substance abuse and related problems of the youth and his or her family that have brought the youth into contact with the justice system. And I wanted to emphasize at this point the role of the judge. In most of these cases, these judges are volunteering their time to keep the costs of these problem-solving courts down, and they are very involved in these cases. The next is the mental health courts. A mental health court is a docket that is focused on those who have been diagnosed with a major mental health disorder and have become involved in the criminal justice system. In Nebraska, there is currently one mental health court in operation as a pilot program, serving individuals who are high-risk and high-need and have a major mental disorder. Mental health courts operate under a team approach, where a judge, prosecutor, defense counselor, coordinator, community supervise-- supervision officer, law enforcement, treatment providers, and other key team members work together to design an individual program for each participant. The goal of this court is to reintroduce the participants to treatment, housing, and other "ancillary" services in order to reduce recidivism and criminal justice involvement.

**KELLY:** That's your time, Senator.

**HOLDCROFT:** Thank you, Mr. President.

**KELLY:** Thank you, Senator Holdcroft. Senator Kauth, you're recognized to speak.

**KAUTH:** Thank you, Mr. President. I'd like to address a little bit-- Senator McKinney has expressed concern about changing deals that we've made. Senator McKinney has a bill, LB290, that is actually asking the Legislature to change an agreement we made last year for the inland port. So, I think it's not true that we don't ever change things. We have to adjust to the realities on the ground every time we're in this legislative body, and one of the things we all know here is we cannot tether future legislators to what we do here. We hope they want to keep it, we hope that things don't change dramatically and that the bills that we put forth will actually be able to go on in-- into the future, but we can't guarantee that. Again, we have to adjust the realities on the ground. So actually, I'd like to ask Senator Dorn a few questions.

**KELLY:** Senator Dorn, would you yield to questions?

**DORN:** Yes.

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**KAUTH:** Thank you, Senator Dorn. Senator Dorn, how long have you served on the Appropriations Committee?

**DORN:** This is my seventh year.

**KAUTH:** So, Senator McKinney has expressed concern about making changes to the appropriations. As you've been on the committee, has it ever happened that we have had to adjust decisions we've made, projects, anything like that through our appropriations?

**DORN:** Yes, very much so, because it-- a lot of it depends on the amount of funding we have out there, whether we have a lot of funding or a short amount of funding. I think one of the big project that comes to mind is the STAR WARS project; many people in this body are familiar with that STAR WARS project, that, that so-called-- when we started that, that had \$200 million dollars in that, in that project. That was for a lake up here on the Platte River near Ashland; that was also part of Lake McConaughy and part of the Lewis and Clark Lake up there. So, that had different, I call it, aspects of where it went to funding. Through the years, much of that has been pulled back, it's been pulled into the budget. So, I think part of it, if I remember right, part of it went to Senator Bostelman for another water project, and then the-- some of it, we just pulled back for other uses in the budget; we did not fund the lake at Ashland up there. The other two part of the projects was Lake McConaughy and, and Lewis and Clark Lake. When we started the budget year this year, there was \$82 million in that part of the funding for the STAR WARS. We pulled \$32 million out of that. We had one time we were going to pull about \$40, \$42 million out there; we ended up pulling \$32 million back so that they have \$50 million left for those two projects, which, originally, they had quite a bit more. So, there's multiple times or many times that we do this, that because of, yes, the Legislature, or this-- or, or in our budget, there is ample funding or there's not ample funding. We have to make priorities, and we have to decide what to do. But numerous times, we have pulled back funds and changed funding.

**KAUTH:** Thank you, Senator Dorn. And has there ever been a time when we've actually had better-than-expected revenues and been able to look at projects that we had either said no to or funded at a smaller amount, and then given them more money? So, does this ever work in reverse?

**DORN:** Well, part, part of what we, we, we have the budget process here, and we call them the budget deficits or whatever. We will have different agencies come to us as we're going through their budgets,

going through their process, and they may tell us that, OK, I had a \$10 million budget in this program, and now it looks like this next year, the second year of the budget, I don't need a million dollars. Or, it may look like, due to increased costs, due to inflation, now I-- they may need another million dollars or \$2 million, or something. So, yes, we, we have-- every year, we have changes because their budget didn't quite match up, or there was cost that they didn't plan on, that they didn't know about. Or, sometimes, it's just time will drive up the costs. So, we very definitely change things because there's too much funding or not enough funding.

**KAUTH:** OK. Thank you, Senator Dorn. So basically, what I'm hearing is that never in the history of this body has there ever been anything that is engraved in stone and permanently fixed, and can never, ever be changed by future legislations. We have to adjust to the realities on the ground. We have to adjust to the budgets that we have, to the realities of less federal funding, lower income tax; whatever it is that we have coming up, we have to look at what we're doing now and what we can and can't fund. It is very much like our household budgets. If I told my kids we were going to Disneyland, but then all of a sudden I lost my job or something happened, we had a big major repair, I would have to say we're not going to Disneyland. Those are the types of hard decisions that we have to make here in the Legislature. And I know with the withdrawal of the STAR WARS money, Senator Strommen's district lost, I think, \$15 million. So, this is happening all over--

**KELLY:** That's your time, Senator.

**KAUTH:** Thank you, Mr. President.

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

**DORN:** Oh, yes. I, I thought I was farther down in the queue or whatever, so. One of the other things I wanted to talk about was I, I very much remember as we went through this process of starting to set aside money for the prison. The first, first year in the budget process, Senator Stinner was still here in chairman, and we had what we considered extra funding, long-term planning, knew what was happening to our correction system here in Lincoln and the fact that that's aging out. So, we-- if I remember right, it was in the \$125 million neighborhood we set aside for a future prison project. At that time, really not known what, what it was going to be like, or how

much, or how big, or whatever, but we knew based on the age of our penitentiary here in Lincoln that we had to, I call it, do some strategic long-term planning. Then, with-- when we had all the ARPA funding and stuff, and some things kind of in the budget got funded with that, some things not, but we also had some extra funds, and we put some extra funds in that prison project to the amount of about \$325, \$350 million total. The latest article in the paper said they spent about \$25 million of that or whatever with developing a plan and moving some dirt and stuff. One of the things that really, I, I call it, looking back on it, understand why it happened, but when that fund-- Senator, Senator McKinney with Senator Wayne-- and Senator Wayne, if there was one person I learned some things from up here about looking at funds and what's available or not, or interest or whatever, Senator Wayne had that with, with Senator McKenney's work, they had that interest off of that fund put into special projects to do some-- a bill to do some things; we changed that bill several times based on kind of the funding that was available. But that-- different things that we could use that interest for, looking back on it and looking back at it today, and what the cost in this article stated it might be for the prison, we probably shouldn't have taken that interest and used that interest for other things, other projects. We probably should have continually, I call it, reinvested that interest back in that fund so that instead of \$350 million today, we'd probably be sitting there with \$400 million. That was some long-term planning that I look at myself and this legislative body that we probably didn't do that quite the best. But yet, at the same time, those projects, what Senator Wayne had and some of those bills that they had, they seemed really doable, really viable, that they needed and were important. So, you had to make the decision based on certain criteria you had, certain, I call it, funding we had. Yes, we could probably do that at that time. Now, if this project ends up costing, I don't know, 5, 6, 7, \$800 million or whatever, and you're going to need additional funding, you better hope our revenue is very strong when we come to that point, that we can acquire some additional funding when you look at building that prison, so. There are many things through the budget process, and we have many discussions. Talked today earlier with Senator Clements. My gosh, we have been there since we started committee hearings. We have been there every day. Very seldomly did Senator Clements let us out before 5:00. We were there from 1:30 to 5:00 doing agency stuff, doing program stuff. Since then, since the committees have been done, I don't-- I, I do remember us meeting quite often over the noon hour. I think this year was a longer period of time. There was more discussion, more issues that we dealt with, and as we got closer to, I call it, the budget to

the floor, Forecasting Board, all of those things, here now was some other things that came in, and it said uh-oh, you have some more deficits to deal with. So, I think this year, I will commend Senator Clements, will commend our, our, our Appropriations Committee. The amount of time that it took for-- develop this budget has been very good, committees have-- the committee members have been very good. But it's taken a lot of planning; it's not just two meetings and we're done. Thank you. I'll yield my time.

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

**HOLDCROFT:** Thank you, Mr. President. Continuing with our education on the problem-solving courts, we have-- we had gotten to our fourth problem-solving court, which was the mental health court. And just to finish that up, national research has supported mental health courts as effectively reducing recidivism among participants, improving mental health outcomes, and reducing the length of incarceration for individuals. The first pilot Nebraska mental health court, the Sar-- and the Sarpy Wellness Court entered their first particip-- precip-- their participant in February of 2021. Next is reentry courts. Nebraska's reentry courts are designed for high-risk, high-need individuals who are reentering society from incarceration on a term post-release supervision. Similar to other problem-solving courts, reentry courts operate under a team approach, where a judge, prosecutor, defense counsel, coordinator, community supervise-- supervision officer, law enforcement, treatment providers, and other key team members work together to design an individualized program for each participant. The court's goal is to protect public safety and reduce recidivism, intensive community supervision and interaction with the judge, and non-adversarial court hearings verifies compliance with treatment and other court-ordered terms. Then, our veterans treatment courts. Nebraska veterans treatment courts are designed to reduce recidivism by fostering a comprehensive and coordinated court response using early intervention, appropriate treatment, intensive supervision, and consistent judicial oversight. Nebraska veterans treatment courts adhere to the Nebraska veterans treatment courts best practice standards. Veterans treatment courts operate under a team approach, where a judge, prosecutor, defense counselor, coordinator, community supervision officer, law enforcement, treatment providers, vet-- veterans health administration, and other key team members work together to deter-- to design an individualized program for each participant. Compliance with treatment and court orders is verified by frequent alcohol and drug testing, close community supervision, and judicial interaction in non-adversarial court review hearings.

Veterans treatment courts enhance close monitoring of participants using home and field visits. Veterans treatment courts utilize trained volunteer veteran mentors to act as role models and provide guidance for veterans; veteran mentors help with readjustment issues to assist with reentry into civilian life. Finally, the young adult court. Young adult court is a judicially-supervised program that provides a sentencing alternative for youthful offenders up to age 25 who have been charged with a felony offense and required to participate in a program of selective assessment and rehabilitative services administered by multi-disciplinary agencies. Key, key aspects of the young adult court are community supervisor, substance use treatment, mental health assistance, education, employment, and frequent drug testing. The goal of this 18- to 24-month program is to stabilize participants' lives by providing tools for success, thus reducing recidivism. And I'd just like to close up by saying, if you have the opportunity to go to a problem court [SIC] graduation, it's really a, a moving experience. I happened to attend one, it was a family drug where the mother had-- she was-- she had been on, on methamphetamine for years and years, and her, her teenage sons were there testifying on her behalf about how much she had changed and how much she had returned to the family. And it really-- excuse me. It makes it worthwhile to attend one of those ceremonies and, and see, you know, what can be done. So, with that, thank you, Mr. President.

**KELLY:** Thank you, Senator Holdcroft. Mr. Clerk, you have a motion on your desk.

**CLERK:** I do, Mr. President. Speaker Arch would move to invoke cloture pursuant to Rule 7, Section 10.

**KELLY:** Speaker Arch, for what purpose do you rise?

**ARCH:** Call the house, roll call vote.

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

**CLERK:** 20 ayes, 1 nay to place the house under call.

**KELLY:** The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senators Juarez, DeBoer, and von Gillern, please return to the Chamber and record your presence. The house is under

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call. All unexcused members are present. Members, the first vote is the motion to invoke cloture. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, roll call vote.

**CLERK:** Senator Andersen voting yes. Senator Arch voting yes. Senator Armendariz voting yes. Senator Ballard voting yes. Senator Bosn voting yes. Senator Bostar voting yes. Senator Brandt voting yes. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh voting no. Senator Clements voting yes. Senator Clouse voting yes. Senator Conrad voting no. Senator DeBoer not voting. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting no. Senator Fredrickson not voting. Senator Guereca voting no. Senator Hallstrom voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Juarez voting no. Senator Kauth voting yes. Senator Lippincott voting yes. Senator Lonowski voting yes. Senator McKeon voting yes. Senator McKinney voting no. Senator Meyer voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Prokop voting yes. Senator Quick not voting. Senator Raybould not voting. Senator Riepe voting yes. Senator Rountree not voting. Senator Sanders voting yes. Senator Sorrentino voting yes. Senator Spivey voting no. Senator Storer voting yes. Senator Storm voting yes. Senator Strommen voting yes. Senator von Gillern voting yes. Senator Wordekemper voting yes. Vote is 35 ayes, 8 nays to invoke cloture, Mr. President.

**KELLY:** Cloture is invoked. Members, the next vote is the floor amendment, FA222. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 40 ayes, 3 nays on adoption of the amendment, Mr. President.

**KELLY:** FA222 is adopted. Senator Guereca, you're recognized for a motion.

**GUERECA:** Mr. President, I move that we advance LB264 to E&R for engrossing.

**KELLY:** Members, you have heard the motion. All those in favor, say aye. Those opposed, nay. LB264 is advanced to E&R Engrossing. Mr. Clerk. And I raise the call.

**CLERK:** Mr. President, some items quickly. Amendments to be printed from Senator Clements to LB468, Senator Machaela Cavanaugh to LB264. New LR: LR175 and LR176 from Senator DeBoer; those will both be

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referred to the Executive Board. LR177 from Senator Strommen; that will be laid over. Additional amendments to be printed from Senator Spivey to LB264; Senator Raybould, LB264; Senator Holdcroft, Senator McKinney, Senator DeBoer, Senator John Cavanaugh, Senator Conrad, all to LB264. Next item on the agenda, Mr. President: Select File, Select File, LB513. I have nothing on the bill, Senator.

**KELLY:** Senator Guereca, you're recognized for a motion.

**GUERECA:** Mr. President, I move, I move that LB513 be advanced to E&R for engrossing.

**KELLY:** Members, you have heard the motion. All those in-- Senator Machaela Cavanaugh, you're recognized to speak.

**GUERECA:** Just in time.

**M. CAVANAUGH:** Thank you, Mr. President. It is a debatable motion. This is the judge's salaries, and I'm going to ask for a machine vote on this because I don't think we can afford it. Also, you all just voted to take more money from the cash reserves, the rainy day fund. Not sure if you knew that that's what you were doing or not, or if you just voted for it because it was a white man's amendment and he had the right letter of party registration, so. That seems to be the only factors that matter here. Thank you, Mr. President.

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

**McKINNEY:** Thank you, Mr. President. I am opposed to increasing the judge's salaries, and really just standing up to correct Senator Kauth. She said that I brought LB290, which is changing things. LB290 has nothing to do with money. It has to do-- it has something to do with giving flexibility for projects, but it's not like I came back and said, Legislature, you invested in this, give it back. So, when you stand up and try to act like you're checking me or correcting me, you're really not. So, it's, it's just funny that, you know, you wanted to have a rebuttal about that, but it's not fully accurate. LB290, yes, asks for flexibility for the project, which is supported by the city of Omaha, supported by the Cham-- Chamber of Commerce in, in Omaha, supported by a lot of people. But, you know, it's still-- it's been sitting on Final for two months because we got people in this body who don't understand or know how to, I don't know, comprehend what, what is actually being done, and that's the problem. You know, you went back on a deal, this Legislature went back on a



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deal; 32 people did, the Governor's Office did. And you know, I said "thank you" because I'm just glad people show who they are and show what priorities are, you know, needed and not needed. So, that's, that's all, you know. It's just-- it's real interesting, you know. Stand up and like, "Oh, Senator McKinney brought this bill" or "Senator Dorn, have we ever made changes?" Yes, we made changes before, in the past. But the past is the past, because the past doesn't matter. Deals from the past don't matter, and the reason why I brought up protecting investments is because this whole session, that's all y'all done is stand up and say we shouldn't take away from investments that the state invested into. That's my problem, that's why I said thank you. But if we went on past precedents, then that, that wouldn't have been taken away. But y'all don't care about that, and that's the issue here. So, don't try to stand up and act like you're checking me or getting on the mic to, like, correct me and you just made this elaborate, like, rebuttal about what I said, because you didn't. You just showed who you were. And it's, it's OK, as I've stated. I said thank you, because, you know, as I've said in the past, you should be careful what you do while you're in power, because one day, you won't be in power, and then the shoe will be on the other foot, and I don't want you to complain. So, yeah, this year we don't have the votes to, you know, stop a lot of things, and next year we won't have a lot of votes to stop a lot of things, but that don't mean it's forever. So, be careful what you do when you're in power, because if the, if the tide shifts, you're going to have a lot of regrets, and chickens are going to come home to roost because of it. So, that's all I'm saying. Like, the game is the game, you know? I understand what we walked into this year, so I'm not totally surprised. What I-- what is annoying about it is people stand up and make these elaborate speeches on the floor about collegiality, protecting future investments and all these type of things, and go against it, which is the annoyance of it. I would rather you get up and say, this is what I care about, and all of these other things, I don't. Don't try to make it sound sweet and fancy, or like we're, we're doing all this great things in here. No. We're going against the will of the people in this body, we're going back on deals, and it's-- you know, it is what it is. But we live to fight another day, and hopefully you don't need my vote one day. Thank you.

**KELLY:** Thank you, Senator McKinney. Seeing no one else in the queue, members, you've heard the motion from Senator Guereca. There's been a request for a machine vote. Mr. Clerk. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 35 ayes, 3 nays on advancement of the bill, Mr. President.

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**KELLY:** LB513 is advanced to E&R Engrossing. Mr. Clerk.

**CLERK:** Mr. President, Select File, LB534. I have nothing on the bill, Senator.

**KELLY:** Senator Guereca, you're recognized for a motion.

**GUERECA:** Mr. President, I move that LB534 be advanced to E&R for engrossing.

**KELLY:** Members, you have heard the motion. All those in favor, say aye. Those opposed, say nay. LB534 is advanced for E&R Engrossing. Mr. Clerk.

**CLERK:** Mr. President, Senator-- amendment to be printed from Senator Conrad to LB468. And a priority motion: Senator Rountree would move to adjourn the body until Tuesday, May 13, at 9:00 a.m.

**KELLY:** Speaker Arch, you're recognized for an announcement.

**ARCH:** Thank you, Mr. President. Colleagues, before we leave for the evening, I want to provide some information about the rest of the week. I've had a number of questions about that. So tomorrow, we will take up on Select File, first of all, LB415, the Business and Labor Committee priority bill, which includes the Nebraska Healthy Families and Workplaces Act, and LB468, Senator Clements' inheritance tax bill. Those will both be on Select tomorrow. Additionally, tomorrow's agenda will include the Health and Human Service Committee's LB376, eliminating certain DHHS reports, and LB346, my bill to eliminate certain boards and commissions. Wednesday, I plan to schedule Final Reading. We have several bills ready to be read; the Final Reading bills that will be on the agenda include Senator Raybould's LB258, her bill to change provisions of the minimum wage act. At 6 p.m. on Wednesday, I plan to schedule LB89, Senator Kauth's Stand with Women Act, which is currently on Select File. A reminder that I declared this bill a 4-2-1 bill, so LB89 will be eligible for cloture after two hours of debate at this, at this stage of debate. Other bills scheduled on Wednesday will depend on what bills are reported to General File-- we're waiting on some Education and Judiciary bills-- and what bills are processed by E&R Initial tomorrow. On Thursday, we will take up Final Reading of the budget bills, the judges' salaries bill, and state claims bill. While I anticipate additional-- scheduling additional bills than those mentioned, this is the highlighted schedule for the remainder of this week. Thank you, Mr. President.

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**KELLY:** Thank you, Speaker Arch. Mr. Clerk. Members, there's a motion to adjourn. All those in favor, say aye. Those opposed, nay. The Legislature is adjourned.