

September 21, 1992

GOVERNOR NELSON: Mr. Speaker, members of the Legislature, fellow Nebraskans: We are here to make some tough choices because Washington, D.C. will not. Runaway federal mandates, especially Medicaid, are pushing our state budget to the breaking point. Dictates of the Nebraska Supreme Court only add to the problem. Little more than one month ago, you met in this Chamber and set in place a tax policy that addresses the collective needs of our state. There were difficult choices to be made and you stood tall in making those choices. Our state benefitted then from your wisdom and commitment to its future. I told you, at that time, that we would likely return soon. We have, and this time our choices are even fewer, the decisions even more difficult. But the future of our state is no less at stake, and, perhaps, even more so. In these past five and a half weeks, projected Medicaid costs to the state have grown substantially and the court has refused our request for a rehearing on the Jaksha and Bahensky decisions. Both of these factors weigh heavily on our state budget and on our state's economy. Both are largely outside the control of Nebraska's legislative and executive branches. But the consequences of both are now in our laps to deal with. The federal government and the courts have us in a chokehold. It is frustrating for me and for you, as legislators, to fight this battle with one arm tied behind our backs. I will continue to do everything within my power, including working with other governors and our congressional delegation to halt the growth in federal mandates. I will also continue to work with you and my advisors to explore every avenue possible in dealing with the less than detailed dictates of the Nebraska Supreme Court. In the meantime, we need to roll up our sleeves and tackle the task at hand. The most recent estimates on the Medicaid deficit present a gap of over one hundred fifty million dollars that must be filled by the end of the next biennium. This does not take into account any refunds that may be required under the Bahensky ruling. This is not a crisis we created. This Legislature and this Governor did not spend our way into this shortfall. In fact, together we have significantly slowed the growth of state government spending. Nevertheless, we are in a position that requires substantial cuts. The plan that I propose requires both short-term action, budget cuts now, and long-term action, consideration of additional cuts, reorganization, and other efficiency measures during the 1993 regular session. As I've said before, it is likely that refunds, under the Bahensky case, will require yet another special session. Tough choices must be made. Dealing effectively with this crisis requires the