

Transcript Prepared by Clerk of the Legislature Transcribers Office

Floor Debate May 31, 2023

Rough Draft

ARCH: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the eighty-seventh day of the One Hundred Eighth Legislature, First Session. Our chaplain for today is Pastor Will Miller from Faith Lutheran Church in Lincoln, Nebraska, a guest of Senator Clements. Please rise.

PASTOR MILLER: Good morning. Please pray with me. Faithful Lord, your mercies are new every morning. At the beginning of the day's work, we thank you for the gift of our very lives. And that you always provide for us everything we need in order to preserve this body in life. All of this you do out of fatherly divine goodness without any merit or worthiness in us. Sovereign King, you are Lord of all things in Heaven and on earth. Watch over our community here in Lincoln, prosper our state here in Nebraska, and move in this nation in which we live, guiding all public servants to act justly, love mercy, and walk humbly with you as their God. Enable us to dwell in security and peace, always honoring you and giving you thanks and praise. By your Holy Spirit, grant restoration and peace to those who are broken in heart and mind, body and soul. Grant that each one of us find refreshment in your presence. Open our eyes to the needs of our neighbors. For in them we see you, and in serving them we give our service to you. In the holy, precious name of Jesus, we pray. Amen.

ARCH: I recognize Senator Lowe for the Pledge of Allegiance.

LOWE: Please join with me in the Pledge of Allegiance. 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.

ARCH: Thank you. I call to order the eighty-seventh day of the One Hundred Eighth 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.

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

CLERK: Just one notice, Mr. President, the Health and Human Services Committee will hold an Executive Session under the south balcony at

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10:30 today. Health and Human Services, Exec Session under the south balcony at 10:30. That's all I have at this time.

ARCH: Thank you, Mr. Clerk. Senator Clements would like to welcome a guest under the south balcony, it's Dan McMahan, associate pastor, Faith Lutheran Church in Lincoln, Nebraska. Please rise and be welcomed. Senator Bosn would like to recognize our doctor, our family physician of the day, Dr. George Voigtlander of Lincoln, Nebraska. Thank you very much. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR249, LR253, LR254, LR255, LR256, LR257, LR258, LR259, LR260, LR261, LR262, LR263, LR264, LR265, LR266, LR267, LR268, LR269, LR270, LR271, LR272, and LR273. We will now proceed to the first item on the agenda. Mr. Clerk. Just a reminder, we are on Final Reading. We ask, Senators, if you would please find your seats. Mr. Clerk.

CLERK: Mr. President, Final Reading, LB138e.

ARCH: Colleagues, the first vote is to dispense with the at-large reading. All those in favor vote aye; all those opposed vote nay. Record. Mr. Clerk.

CLERK: 36 ayes, 3 nays to dispense with the at-large reading.

ARCH: The at-large reading is dispensed with. Mr. Clerk, please read the title.

CLERK: [Read title of LB138.]

ARCH: All provisions of law relative to procedure have been complied with, the question is, shall LB138 pass with the emergency clause attached? All those in favor vote aye; all those opposed vote nay. LB138 passes with the emergency clause attached. Record, Mr. Clerk.

CLERK: Voting aye: Senators Aguilar, Albrecht, Arch, Armendariz, Ballard, Bostar, Bostelman, Brandt, Briese, John Cavanaugh, Clements, Conrad, DeBoer, DeKay, Dorn, Dover, Dungan, Erdman, Fredrickson, Halloran, Hansen, Hardin, Holdcroft, Hughes, Ibach, Jacobson, Kauth, Linehan, Lippincott, Lowe, McDonnall, McKinney, Moser, Murman, Riepe, Sanders, Vargas, von Gillern, Walz, Wayne, Wishart. Voting no: none. Not voting: Senators Bosn, Machaela Cavanaugh, Blood, Brewer, Day, Hunt, Raybould, and Slama. The vote is 41 ayes, 0 nays, 2 present, not voting, 6 excused, not voting, Mr. President.

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ARCH: LB138 passes with the emergency clause attached. Next item, Mr. Clerk.

CLERK: [Read LB138A on Final Reading.]

ARCH: All provisions of law relative to procedure having been complied with, the question is, shall LB138A with the emergency clause attached, will it pass? All those in favor vote aye; all those opposed to vote nay. Mr. Clerk, please record.

CLERK: Voting aye: Senators Aguilar, Albrecht, Arch, Armendariz, Ballard, Bosn, Bostar, Bostelman, Brandt, Briese, John Cavanaugh, Clements, Conrad, DeBoer, DeKay, Dorn, Dover, Dungan, Erdman, Fredrickson, Halloran, Hansen, Hardin, Holdcroft, Hughes, Ibach, Jacobson, Kauth, Linehan, Lippencott, Lowe, McDonnell, McKinney, Moser, Murman, Riepe, Sanders, Vargas, von Gillern, Walz, Wayne, Wishart. Voting no: none. Not voting: Senators Machaela Cavanaugh, Blood, Brewer, Day, Hunt, Raybould, and Slama. The vote is 42 ayes, 0 nays, 1 present, not voting, 6 excused, not voting, Mr. President.

ARCH: LB138 [SIC--LB138A] passes with the emergency clause attached. Mr. Clerk, next item.

CLERK: Mr. President, Final Reading, LB298.

ARCH: The first vote is to dispense with the at-large reading. All those in favor vote aye; all those opposed vote nay. Please record, Mr. Clerk.

CLERK: 37 ayes, 3 nays to dispense with the at-large reading.

ARCH: The at-large reading is dispensed with. Mr. Clerk, please read the title.

CLERK: [Read title of LB298.]

ARCH: All provisions of law relative to procedure having been complied with, the question is, shall LB298 pass? All those in favor vote aye, all those opposed vote nay. Mr. Clerk, please record.

CLERK: Voting aye: Senators Aguilar, Albrecht, Arch, Armendariz, Ballard, Bosn, Bostar, Bostelman, Brandt, Briese, Cavanaugh, Cavanaugh, Clements, Conrad, DeBoer, DeKay, Dorn, Dover, Dungan, Erdman, Fredrickson, Halloran, Hansen, Hardin, Holdcroft, Hughes, Ibach, Jacobson, Kauth, Linehan, Lippincott, Lowe, McDonnell,

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McKinney, Moser, Murman, Raybould, Riepe, Sanders, Vargas, von Gillern, Walz, Wayne, Wishart. Voting no: none. Not voting: Senators Blood, Brewer, Day, Hunt, and Slama. The vote is 44 ayes, 0 nays, 5 excused, not voting, Mr. President.

ARCH: LB298 passes. Mr. Clerk, next item.

CLERK: [Read LB298A on Final Reading.]

ARCH: All provisions of law relative to procedure having been complied with, the question is, shall LB298A pass? All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: Voting aye: Senators Aguilar, Albrecht, Arch, Armendariz, Ballard, Bosn, Bostar, Bostelman, Brandt, Briese, Cavanaugh, Cavanaugh, Clements, Conrad, DeBoer, DeKay, Dorn, Dover Dungan, Erdman, Fredrickson, Halloran, Hansen, Hardin, Holdcroft, Hughes, Ibach, Jacobson, Kauth, Linehan, Lippincott, Lowe, McDonnell, McKinney, Moser, Murman, Raybould, Riepe, Sanders, Vargas, von Gillern, Walz, Wayne, Wishart. Voting no: none. Not voting: Senators Blood, Brewer, Day, Hunt, and Slama. The vote is 44 ayes, 0 nays, 0 present, not voting, 5 excused, not voting, Mr. President.

ARCH: LB298A passes. Mr. Clerk, next item.

CLERK: Mr. President, single item, a reference report from the Referencing Committee concerning LR274. Concerning the agenda, Mr. President, next bill, motions to override LB814. First of all, the Appropriations Committee would offer motion 1149 to override the Governor's line-item veto in LB814 in Section 35, Auditor of Public Accounts, Program 506 State Agency and County Post Audits; Section 36, Auditor of Public Accounts, Program 525 Cooperative Audits.

ARCH: Senator Clements, you're welcome to open on the motion.

CLEMENTS: Thank you, Mr. President and colleagues. When the Governor vetoes items in the budget by Rule 6, Section 14, the Appropriations Committee shall meet to review the vetoes for possible overrides. The Appropriations Committee met on Thursday, May 25, to discuss any potential override recommendation of the Governor's line-item vetoes in the mainline budget, LB814. The committee discussed many of the vetoes and reached a majority for three recommendations for the body to consider. The committee report handout that I just had sent out says Appropriations Committee report, shows those items and the sections of the bill affected and shows the roll call vote of each one

of those. And the first item that we're going to take up is regarding Medicaid provider rates. And that's in motion, assume it's 1149. OK, my notes say 1150. Just making sure provider rates are motion 1149. Is that correct, Mr. Speaker? Mr. Clerk?

CLERK: No, Senator, this would be the Auditor of Public Accounts motion 1149.

CLEMENTS: I had requested the provider rates to be first.

CLERK: In that case, Mr. President, motion 1140-- in that case, Mr. President, motion 1150 from the Appropriations Committee, override the Governor's line-item veto in LB814 in Section 96, Agency 25, Department of Health and Human Services, Program 344 Children's Health Insurance; and Section 98, Agency 25, Department of Health Human Services, Program 348 Medical Assistance.

ARCH: Senator Clements, you may continue.

CLEMENTS: Thank you, Mr. President. I apologize for the confusion to the body. And on the committee report you'll see that showing as item number one. You can see the sections-- and the, the votes in the committee. The-- it's-- there are two parts. Children's health insurance called CHIP is one of the items of General Fund. The first year of 3 percent increase is retained by the Governor, but the second year 2 percent increase was vetoed. The amount of that would be \$465,355 of General Funds. And the second part of it is other medical assistance, Medicaid items. The General Fund, again, 3 percent was retained by the Governor, 2 percent was vetoed. And that's \$14,797,042 was the decrease in the second year only. The vote for the-- and the committee recommendation was 5-4 on each of those items. And I-- well, that's my close. I'll be discussing more. If people have questions, I'm willing to answer them. Thank you, Mr. President.

ARCH: Senator Wishart, you're recognized to speak.

WISHART: Thank you, Mr. President. I rise in support of the motion to override the veto on provider rate increases. And before I go into more detail as to why I voted as a member of the Appropriations Committee to advance this to the full body for discussion and, and hopefully for your support, I, I just wanted to point out, especially to the, to the new members, that this is not the first time, many of us in this body have been in this instance in which there is a negotiation and debate about funding in our budget. And I think it's

important to note that, and it's important for me to note that, that just because I, in this instance, disagree with the Governor's decision and the Chair of Appropriations decision, that's not a bad thing. That's the way that legislation is created. It's good for us to, to challenge each other on, on different issues. And so in this instance, I would challenge this body to recognize that what we're talking about today are basically three constituencies. We're talking about seniors, care for seniors, we're talking about hospital care for those who are in crisis situations, and we're talking about children, colleagues. Those are the three constituencies that are impacted by these provider rate cuts. And the reason why I call them a cut is that a 3 percent increase and a 0 percent increase or even a 2 percent increase, as we originally proposed, in an inflationary period of 6 or 7 percent is absolutely a cut, colleagues. We are asking providers to tighten their belt. And while this is going to impact my constituency in Lincoln, the communities that are going to be impacted the most are rural communities by far. And I'm sure you've heard from your constituents over the weekend about the importance of funding the, the, the absolute importance for funding for rural hospitals and the, the necessity of us to continue to support our, our hospitals, especially in rural communities. Because if we don't, colleagues, then people in your districts will not be able to get the services that are lifesaving. And we're also talking about children's healthcare. We have made a lot of decisions this year in this legislative body regarding the impact to children. And for us in these last days to be voting not to continue to fund and increase funding for children's healthcare, I think it's very concerning to me. As a member of the Appropriations Committee, I have watched for over seven years as providers come in year after year talking to us about the fact that they cannot provide the services and cover the cost of those services with the rates that we are giving them. They literally are not-- it's not like they're breaking even. They are in the red.

ARCH: One minute.

WISHART: And what is concerning to me is that this is the same year in which we as a state have chosen to increase state employees' salaries for the Department of Health and Human Services by a 5 percent and then 7 percent. But now we're choosing for those who provide similar services in our communities, our businesses, who provide care for seniors, our hospitals, we are choosing to give them a 3 percent and a 0 percent. Colleagues, that does not make sense. And what we're going to end up with if we continue to not fund the obligations of the state in terms of absolute priority services, emergency room services, is

we're going to end up with more and more of these services shutting down. And we're already seeing it.

ARCH: Time, Senator. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LB138e, LB138Ae, LB298, and LB298A. Senator Vargas, you are recognized to speak.

VARGAS: Thank you very much. You know, it's funny, I was thinking about sort of the missing voice of Senator Stinner, specifically his sort of quarterback father voice, and just missing it in these times where, you know, we don't always agree on every single issue, especially even within the Appropriations Committee. We just don't. I mean, that's, that's just the truth. But there is a, I think there's a special place when there is not necessarily consensus, but there's a group of individuals that say I think we can and should do better. And so this is this kind of picking off of-- picking up off of where Senator Wishart was. I support the override. And my reasons are fairly simple. I think we supported many of the initiatives that the Governor brought forward. I think we were a very fair Appropriations Committee, supported the Education Future Fund. We supported the funding for the canal. We were doing many of these big historic investments because they were really important things to do when we have higher revenue coming into our state. But simultaneously, when we have good revenue years, the two things we prioritize this year, one of which is giving money back to taxpayers in the form of tax cuts, which I support, but the second thing that I have said, both on and off the mike, is that we should be investing in the basic programs that are helping children, families, and seniors. We're not talking about a new program. We're not talking about expanding eligibility. We're talking about whether or not the lowest income individuals, children and families and seniors, are going to continue to get the care that they need and the workforce is there to make sure that they are supported. That's what this is about. I know some people look at this as, well, we got some in the first year. But what I look at is we are losing out on millions of dollars in state General Funds. And from those millions of dollars state General Funds, we will be losing out over the next four years of nearly \$90 million in federal funds, \$90 million in federal funds for two programs that, quite honestly, are the ones that have been driving poverty lower and have been covering more uninsured individuals in the state. To Senator Wishart's point, this is not about whether or not we agree or disagree or sorry, whether or not this is a fight with the Governor of the executive branch. This is whether or not we have a policy or an investment disagreement and the

nature of our budget. I want to support things that are working. And as we have seen, the Medicaid and CHIP have significantly expanded healthcare coverage for uninsured. In its early years, 1997 to 2012, millions of uninsured children gained coverage. And the uninsured rate for children fell by half from 14 percent to historic low of 7 percent. We are talking about whether or not we have the workforce that is needed to make sure that children, families, and seniors have the coverage that is needed. Then the question is, what happens if we don't do this? I know there's some talk that we can come back, we can fund it better, or maybe we don't fund it at all. But the message that we are sending to hospitals, Medicaid providers, assisted living, long-term care facilities, and children across the state right now is wait and see. The majority of people on this floor voted for the budget knowing--

ARCH: One minute.

VARGAS: --that this was part of it and it was a really important thing that we put into the budget. Even though it was in full agreement within the Appropriations Committee, I find that it is really telling when we hear from constituents outside of this floor that this is an important enough thing to protect and that it also is our independence as an Appropriations Committee and as a Legislature saying that we are making historic investments in all these other Governor initiatives and also in tax cuts and tax relief, but also making the investments that are necessary to make sure that seniors, children, and families are protected. That's the reason why I voted for it in committee. It's the reason why I voted for it when it was actually in the budget to begin with. And for many of you that voted for the budget, that's the reason why I think we need to protect it. We said no to about 20 other items or 19 other items and we did not override. This is a critical one that tells Nebraska that we care.

ARCH: Time, Senator.

VARGAS: Thank you.

ARCH: Senator Jacobson, you're recognized.

JACOBSON: Thank you, Mr. President. Well, I rise in opposition to the motion to override the veto of the Governor, and I want to make it clear as to why I've decided to take that approach. I will be opposing all of the veto override attempts, and I'm doing it for this reason. We've had an amazing session, have accomplished a lot. We have a new

Governor who had a very ambitious vision of where he wants to take this state, and we've accomplished many of those goals. So as I've looked at the veto overrides, and I will tell you specifically as it relates to this particular issue, I want to explain the specific points as to why I can support sustaining the Governor's veto. The Governor originally had proposed a zero, zero increase and I was able to work with the Governor, and he was very open with me. There were several issues along the way that I've raised, and the Governor ultimately agreed, as with the Appropriations recommendations, to go to a 3 percent provider rate increase in year one, but has decided to not approve the 2 percent on the second year. I've introduced an interim LR171, which is an interim study as it relates to behavioral health, psychiatric facilities, hospital-based psychiatric units to look at rebasing. We haven't had rebasing of Medicaid rates for many, many years. And I think that's critically important and that will provide the groundwork for why in year two, we will see increases what I would hope to be much greater than the 2 percent that was, that was recommended by the Appropriations Committee. So the fact is we have a 3 percent that's staying in place year one, there's no emergency to do anything now, the Legislature can come back next session and either go to 2 percent or greater next year. So there's no reason to have to do the veto override on this particular issue for that reason. Let me just tell you a little bit about provider rates. I can tell you this is critically important. Everything Senator Wishart said is exactly true. We're going to lose our rural healthcare providers if we cannot properly fund them. And I don't believe 3 percent is enough. I think the committee needed to be more ambitious than they were at 3 and 2. But I can tell you that once we do the study on interim study, I think we're going to have all the pieces we need to move that forward. Let's be clear that when you look at most rural hospitals and, and really any of the hospitals, and in North Platte we have a hospital that we receive about 75 percent of our costs from Medicare and Medicaid. They represent about 60 percent to 70 percent of the total payers. Guess where the rest of that gets made up? Blue Cross and Blue Shield and Medica. The two health insurance-- primary health insurance providers in the state. So at the end of the day, if we don't adequately provide for Medicaid, which is state funded, we're going to put a bigger burden on our insurance companies-- health insurance companies who are going to have to raise premiums to cause-- to offset those additional costs that they're going to be faced with for their insured customers that are getting care in these hospitals. I don't think that's the right place for that burden. I think it needs to be placed more with

the state as a whole. We need to understand that hospitals are required to treat--

ARCH: One minute.

JACOBSON: --everyone who comes-- thank you, Mr. President-- is required to treat every patient that presents themselves. Believe it or not, hospitals are faced with a situation today where you cannot release a patient unless they have a safe place to be released to. And guess who pays for that once they no longer need hospital care but are still housed there? It's the hospital. That's an unsustainable business model. So ultimately, these rates need to go up, but I don't believe it's an emergency this year. I don't think it's worthy of a veto override. Let's take the bigger view, come back next year, decide what we need to do next year. Stick with the 3 percent this year. So I'm going to vote to sustain the veto-- or to sustain the veto and really work to next year, would encourage my colleagues to do the same. Thank you, Mr. President.

ARCH: Senator Conrad, you're recognized.

CONRAD: Thank you, Mr. President. Good morning, colleagues. I rise in support of the motion to override the veto and want to provide just some foundational comments in regards to this specific item and then the other motions that the body will have before it in regards to our budgetary process later today. So as a former eight-year member of the Appropriations Committee, as a senior member of this body, I thought it would be helpful to bring perhaps some context and a lens that I have utilized when making these challenging and important decisions, particularly as we have so many new members before us. And it may be instructive to helping to guide our head and our hearts when we take up these important matters together this morning. When I look at a veto override, particularly in relation to a budgetary matter, I see it not as a denial of friendship with our Governor, but as an embrace of our constitutional duty, authority, and obligation as an embrace of each other in terms of honoring the collective commitment we made to each other through the committee process, through three rounds of arduous debate, and in putting forward a thoughtful proposal to send to the Governor for consideration. When he has reservations, when he has concerns for policy, political, or legal reasons, our process allows him, under a strong separation of powers, to send it back to us for the final word as the people's representative in the people's house. I ask you today to look at the measured approach that the Appropriations Committee and the individual members are bringing

forward. It is not a wholesale rejection in terms of what the Governor vetoed, but it is thoughtful and it is measured to honor our constitutional commitment, our collective commitment to each other, and our commitment to our constituents. When you look at the substantive nature of these measures, particularly this first one, and I'm glad we're starting with healthcare, we know that this issue touches providers in every single one of our districts. This is not an urban, rural split. This is not a blue or red issue. This is an issue that touches all Nebraskans and gives us more opportunity to strengthen our collective commitment to each other and our constituents. We know inflation has challenged our communities, our families, our states, and our businesses. It has also challenged our healthcare professionals. We know in the wake of COVID, there is a great deal of disruption and many, many challenges that our healthcare providers on the front lines are still unwinding from. We know today that about 71 percent of counties in Nebraska are already maternal health deserts. And if we remove adequate funding, modest increases in funding to combat an already overburdened and incredibly stressed healthcare system, that hurts our ability to support our communities. That hurts our ability to ensure we have healthy families. That hurts our shared commitment to growing our state and our economy, economy in every corner of Nebraska. When it comes to sustainability, you have made a clear statement--

ARCH: One minute.

CONRAD: --in regards to the strength of our economy and that is something we should be proud of. When it comes to equity, we cannot and should not celebrate the most significant tax relief for the wealthiest in our state while skimping corners for some of the poorest children in our state. From a sustainability perspective, we can afford it. From an equity perspective, we must override the veto. Bring a lens of commitment for our, our institution, each other, and our constituents, and maintain the bonds of friendship with our Governor while we embark on this important duty and journey together this morning. Thank you, Mr. President.

ARCH: Senator Dorn, you're recognized.

DORN: Thank you. Thank you, Mr. President. Thank you for the discussion so far. This is my fifth year up here and part of throughout all that time there's been a lot of discussion, I call it, on provider rates or those types of issues that we have brought forward. There's also some other comments or things that have stuck

with me through those years up here and one of them I remember, when Senator Groene was here, we were going through redistricting and that type of stuff, and he made a comment of the discussion was why are some of the districts like Senator Linehan growing so fast and some of our rural districts we're, we're losing population, we're losing seats out there and they're moving east? And he made the comment that this body maybe isn't putting enough resources to those areas. And I followed up later that day with a comment that, you know, maybe Senator Groene is right. Part of what these provider rates are doing and part of what we heard in Appropriations that was clear, very clear is in our rural areas, the hospitals, the nursing homes are facing tremendous challenges. They haven't been able to keep up with inflation. They haven't been able to keep up with all the costs that are going on with all of this. We've had nursing homes closed. We will be having more nursing homes close. We will be having more hospitals, especially in the rural areas, facing challenges of closing or not, or how will they stay afloat. This proposal that the Appropriations Committee brought forward, I think Senator Vargas commented on it, was a piece that needs to help rural areas, but also providers in urban areas in a longer-term approach. We've done so many things this year as a body: the tax breaks, the income tax cuts, the, the property taxes to support so many areas in this state. Some monumental things that haven't been done before. And yet we have a segment of our population, a segment of our-- what the state is responsible for, the funding part of it that we are, I think in my mind, shorting. Senator Vargas mentioned, yes, this is a state funding \$14-- \$18 million each of the next three years, but with that goes at least a one-to-one match of federal funds, sometimes a two-to-one match. We are not going to have \$30 million out there each of the next three years in federal funds to help support those entities that are struggling. I do appreciate very much Senator Jacob's comment-- Senator Jacobson's comments about the interim study and those things and we need to do with the base rate. But what I will really do, will challenge all of us to work with the Governor and the Governor's Office to how we can correct this problem going forward because we have issues out there that unless we properly support them, properly fund them, properly have the right base and other things in place, as we go forward in the years ahead, we will face more challenges and more closings. And that population, as it shifts east, will continue and we as a body are doing nothing but helping that population shift. Thank you very much.

ARCH: Senator Linehan, you're recognized.

LINEHAN: Thank you, Mr. President, and good morning, colleagues. I am going to support the Governor and I'm not going to vote for any of the overrides. First, I want to compliment Chairman Clements, I think he's done an excellent job as Chairman of Appropriations Committee. I also want to compliment the whole committee. They do-- it's a hard job. I understand it. They go through the budgets. I'm lucky if I read the whole budget, let alone put it all together. So it's not that I don't appreciate their hard work, I do. And I, I do echo that we have done huge things this year for Nebraska and the tax cuts is part of that, but nobody's mentioned that we've already-- we also put \$1 billion in the Education Future Fund, \$1 billion, committed \$250 million each year going forward and out of the billion there will be \$300 million and new funding for public education in Nebraska, \$300 million. We're going to cover 80 percent of all kids with special ed needs, not just in equalized schools. We're going to make sure every child in one of the-- in a public school in Nebraska gets some funding from the state. So if we're going to talk about what we've all done, we have to talk about all of it. Governor Pillen proposed on provider rates 0 percent and 0 percent. That's what he proposed. He worked with the committee and he has got a picture-- he look-- they look out six years, not just, like, four years like we do, and he is saying we get 3 percent this year on provider rates, which is what the committee proposed. We will come back next year and if there's funding the committee can make adjustments and we won't be losing any federal money if we increase them next year. So an idea of the dollars we're talking about here-- again, the Governor proposed zero, the committee proposed 3 percent. That's \$44 million, \$44 million this year, \$44 million next year. Now I'm not on Appropriations, so if I'm making a mistake, I welcome anybody to correct me. But that's what I understand. What we're reducing is \$15 million in the out-year, which again, we can adjust when we come back next year. I think Governor Pillen and his team have been accessible, willing to listen, easy to work with and I don't want to end the year, a very successful year for many of us, on a bad note that over basically of the billions and billions of things we've done this year, we would have a fight over \$15 million. Thank you, Mr. President.

ARCH: Senator Ibach, you're recognized.

IBACH: Thank you very much, Mr. President, I rise to speak just to a few reminders of what our hospitals are currently facing. And I do appreciate Senator Dorn's, and echo many of his comments as well as Senator Linehan's. I do think the Governor has been very accessible and very helpful. His office has been very helpful in processing where

we're at and what resources we actually have. But we also have to remember that Nebraska hospitals continue to face some of the strongest financial headwinds in decades and I know that specifically as I speak to my critical access hospitals in rural Nebraska. Workforce costs have risen 26.8 percent since 2020, medical supply costs are up 25.4 percent, and drug costs have risen 42.5 percent. Unbelievable. Sixty to 80 percent, 60 to 80 percent of hospitals' revenue is from government payers like Medicaid and Medicare, which we're discussing right now. And the average costs-- the average loss for treating a medicaid patient is 60 percent. So relative to that, we-- I think we all understand the importance of those rates and those rebasing and those costs that our hospitals receive. Nebraska hospitals care for Nebraskans 24/7. And as I speak specifically to my rural critical access hospitals and those elderly care providers that are in rural Nebraska, they're a lifeline for our rural citizens. And for those reasons, I continue-- I urge continued support of their efforts. And thank you very much, Mr. President.

ARCH: Senator Clements, you are recognized to speak.

CLEMENTS: Thank you, Mr. President. Somebody must have dropped out, I didn't know it was going to be this quick. Right, I was a no vote on this override, and I wanted to explain why on the children's health insurance, the CHIP program. Currently in our budget, we have \$22,590,000 for children's health insurance benefits, the 3 percent in the first year that is being retained adds \$677,000 in the first year and \$677,000 in the second year, which means in the second year-- no, excuse me, in the first year it will increase to \$23,267,000, and the second year, again, \$23,267,000. That's combined federal and, and state funds, I do believe, excuse me. Then the larger item, the medical-- Medicaid, and the current Medicaid General Fund budget has \$718,303,000 in fiscal year 2023. The 3 percent increase will add \$21.5 million in the first year and that \$21.5 million in the second year will carry forward. That makes the first-- the 3 percent will increase the first fiscal year to \$739,852,000 of-- that's the General Funds; federal funds, \$1,439,000,000, so it will be \$2,179,000,000. But the, the state General Funds of \$739 million is, as opposed to a-- the veto decreases the amount by \$14.7 million, but the increases of the 3 percent are \$21.5 million in two-- for two years. So that's 44 million that is being increased and \$14.8 million not increased, but the amount of increase is substantial. I do believe that we provide for people on Medicaid. My understanding is we have about 300,000 people receiving Medicaid benefits. If you divide the \$2.1 billion of, of total funding by 300,000, you get \$7,200 per person per year that

is being provided to Medicaid providers. And I believe that the Governor is being reasonable by offering no decrease in the first year. In the second year, we always do revisit the budget and there are opportunities for providers to request an increase and let us know--

ARCH: One minute.

CLEMENTS: --if that's needed and if there are requests, we will review those and prioritize those with next year's budget adjustment. And so I ask for your red vote on motion 1150. Thank you, Mr. President.

ARCH: Senator Raybould, you're recognized.

RAYBOULD: Thank you, Mr. President. Good morning, colleagues. Good morning, fellow Nebraskans watching us on TV. I stand in support of the veto override. It is so essential that we increase the provider rates like we have done, but make sure that they know that they will be getting another increase. I can tell you that I have been traveling around our state for at least nine, if not ten years, campaigning in one form or another, having, having listening sessions primarily in our rural communities and paying an adequate provider rate is essential. It is essential to our rural communities. For the last nine years, our, our great service providers have been hanging on by a thread trying to find ways to make their operations work. Trying to find ways to pay the going rate so that they can retain their outstanding, wonderful workforce that is committed to caring for our seniors, that is committed to caring for children, that is committed to caring for the most vulnerable in our community. And Senator Dorn said it so clearly, we are seeing our nursing homes in rural communities close at an alarming rate. And Senator Jacobson spoke so eloquently that what happens to those individuals that are hospitalized, they don't have that conduit to go into that nursing home to get a little bit of additional care. They don't need the hospital care because they're still healing, but they do need a little bit more time in rehabilitative care or assisted care. There's no place for them to go, and guess what, they stay in our hospitals. Senator Jacobson said that that cost is borne by the hospital. Yes, that is true. But guess what, that cost that the hospital incurs, instead of being able to transfer that individual to a less costly form of care, that cost is borne by our taxpayers on Medicaid because that individual is staying at the hospital at a higher rate. It is borne by us, people who pay insurance. A hospital cannot sustain that cost of care for very long. Trust me, we have a number of hospital

administrators and they know that for a fact. It gets passed on into increased rates for all the rest of us. I have always looked on making sure that we provide an operational rate to our wonderful service providers. I consider it a form of rural economic reinvestment, or guess what, they're all going to be moving east. And guess what, they are all moving east. So that leaves an aging population in our rural communities who need access to healthcare, who need access to nursing homes. I know firsthand, my uncles had such wonderful care at a nursing home in Madison that closed. And it's unconscionable. It is unconscionable as people who profess to be of faith to give that extraordinary tax cut to the wealthiest individuals in our state of Nebraska and not take care of the most vulnerable population, our seniors. That's unacceptable. That is unacceptable. I don't know how we can truly profess to be a pro-life state when we do not take care of the most vulnerable in our community. And the truth is, in all--

ARCH: One minute.

RAYBOULD: --thank you-- the truth is, in all my encounters over the last nine, ten years of talking and listening sessions, we have been underfunding our providers for almost a decade and you expect anyone to get caught up of attracting and retaining their workforce with a 2 percent increase or even a 3 percent increase when they're operating at a deficit right now? Colleagues, I urge you to vote yes in support of this override and ask you to do it, to think of how much money would some of those ranchers or farmers in the central part of our state be willing to forgo to make sure that they have closer access to their loved ones so that we can keep our community hospitals viable, we can keep our nursing homes viable, and we can take care of the children in our state of Nebraska. Thank you, Mr. President.

ARCH: Senator Riepe, you are recognized to speak.

RIEPE: Thank you, Mr. President. I apologize for being here tardy. We need to address provider rates, one's health is critical to every other aspect of the good life. Our hospitals, both rural and urban, have been and continue to be challenged with major cost increases which have been cited and with greater federal, that being Medicare and, and state Medicaid patients, a below margin payer mix. It's the payer mix that's, that's the challenge, both of which pay less than the cost save rural critical access hospitals, which gets Cost Plus, but that's only on their Medicaid patients or Medicare patients, I'm sorry. All of healthcare is challenged with the need for staffing. We've talked about that this session, we've talked about it a lot, but

we haven't done a lot of action. We did have one bill that is going to try to develop that, but that's going to take some time. The healthcare business is a labor intensive business. In the interim, the Business and Labor Committee will study the workforce challenges in healthcare to clarify many challenges in search of solutions. One variable in any solution is competitive provider fees for the services as the state requires. We have managed to expand Medicaid into a variety of other services and yet, in my opinion, have failed to provide the fees necessary for the basic services which are essential to support the Legislature's decision and the petition, if you will, to expand Medicaid. So we, we took a voter's referendum to expand Medicaid, and now we have to step up and be accountable and to be, be able to pay for that which takes staff. And as you all know, we are seriously short of medical healthcare nurses across the state. How much time do I have, Mr. President? Do I-- how much time do I have?

ARCH: 2:30.

RIEPE: I would, I would, I would yield my last two minutes to Senator Wishart if she would like to have those.

ARCH: Senator Wishart, 2:20.

WISHART: Thank you, Mr. President. Colleagues, again, I think this has been a, a really good discussion. And the main points that, that I'm hearing is that there is a need for us to continue to increase funding for those that care for seniors, our hospital systems, and children. I recognize that we're doing a 3 percent this year and a 0 percent next year. But, colleagues, this is our biennial budget. What we should be budgeting, just like any person would do with their own smart budgeting techniques at home, is that if there is a need, an absolute priority that we must fund, then we should be funding that this year for the long run. We-- yes, we can come back next year, but I'll be the first to say I find it challenging to understand how next year we will have the dollars to do this when this is the year when we've had historic amounts of revenue. This should be the year with historic amounts of revenue that we are funding our long-term obligations in, absolutely, children's healthcare, our hospital system, and--

ARCH: One minute.

WISHART: --supporters-- and supporting seniors being able to age gracefully. Our priorities that we should have in our budget this year and we should be funding for the long term and they should take

priority over other funding obligations. And that's why I think it's essential that we craft a budget this year that prioritizes those key constituencies. The next time I get on the mike, I want to talk anecdotally about the experiences I hear from doctors, especially those who provide services in hospitals in rural communities and the challenges they experience. And the decision that we're making today is going to only aggravate those challenges into the future. Thank you.

ARCH: Senator DeKay, you're recognized.

DeKAY: Thank you, Mr. President. I agree with Senator Jacobson that our rural healthcare, including in my district, is at a crossroads. Going into the future, we need to be able to properly fund these facilities. I would like to know that we are going to work to achieve this. And if he would, would Senator Clements yield to a question or two?

ARCH: Senator Clements, will you yield?

CLEMENTS: Yes.

DeKAY: Senator Clements, you mentioned earlier that this could be and has the possibility to have a, a budget adjustment coming in, in coming years?

CLEMENTS: Yes, I did. And the-- first of all, the Forecasting Board has given us a positive increase in revenue projections in the next two fiscal years. If those come-- if those hold true, we will have revenues to be able to consider future provider increases. And I'm sure that we will look at that next session with a budget adjustment.

DeKAY: Thank you. With that, with the 3 percent this year and a possible 2 percent next year, do we feel that that is going to be adequate to cover the needs of these facilities, especially the 2 percent that we are talking about?

CLEMENTS: I do, yes. And that's for fiscal year-- the first fiscal year starts July 1. It goes to June 30 of 2024. We will be in session January of 2024 to be able to look at that to make adjustments before July 1 of 2024 comes for the second fiscal year.

DeKAY: OK. One last question, if I may. If we make these readjustments in the following year, would the federal dollars matching fund still be available going forward with each fiscal year?

CLEMENTS: Yes. Yes, federal dollars. There is a federal match. It's adjusted slightly each year. But the, the match for Medicaid, according to the fund-- figures that I had, was federal government is 66 percent of the total funding, on children 71 percent. But that-- we, we will be eligible for federal matching funds in the future.

DeKAY: OK. I appreciate that. Thank you, Mr. President. I yield back my time.

ARCH: Senator Wishart, you're recognized.

WISHART: Thank you, Mr. President. I had told Senator McDonnell I would yield him some time, but I am not seeing him so I will take my time. Oh, I will yield my time to Senator McDonnell.

ARCH: Senator McDonnell, 4:30.

McDONNELL: Thank you, Mr. President. Thank you, Senator Wishart. Like to talk about the, the process for a moment. There was some concern by, by senators and, and the idea of, of this process and, and when we were going through it and this goes back to as a freshman in, in 2017, we had looked at the Governor's vetoes and, and we decided to go a different direction as Appropriations. And you've, you've got it in front of you, and, and Senator Clements commented on it and gave it to you in, in writing, the process we went through with these, these overrides. Now, the Governor had 22 different vetoes. One of them was on, on Shovel-Ready. And the idea of the Governor and his team and their concerns going forward, I, I understand their concerns. I don't, I don't agree with them based on the idea that we do mid-biennium adjustments. We will be back here, and not trying to depress anybody, we'll be back here in seven months. And, you know, January is going to be an interesting time for, for all of us. Some of us, we will be going through our last 60 days. But for us as a state, it's going to be where are we at with our economy? Where are we at with some of the decisions we made within, within the budget? So if you, if you look at where we are today and going through-- and, and as I, I said about the idea of, of dropping Shovel-Ready from \$90 million to \$70 million, I did not disagree with the Governor on that. I did not bring that up in, in Appropriations to make a motion. But the other eight items that we had discussed in Appropriations, I was definitely in disagreement with the Governor. If you talk about provider rates where we are, and it was brought up that it was the Governor at one point, zero, zero, and then we got to three and two and then the Governor come back and, and three-- with three and zero. So there was good discussion and

that, that is part of the process. But the idea of some senators being concerned on how the Governor would, would react to this and us discussing the vetoes and potentially overriding his vetoes, I believe he-- you have to give him credit for understanding the process and, and knowing this is, this is how the Legislature works and this is how the Appropriations process works. And then, and then whatever happens today, you know, we move on and, and, again, we'll be back here in, in January. But I do believe we have shown the, the need for the, the three and two on provider rates. You can, you could all have those calls from your legislative districts that are, are telling you about the stories, the need how this, this dollar-- dollars would, would, would help. And I think we have to focus on that today and as we work through these, these other veto override discussions on how is it going to help our district? How is it going to help the state of Nebraska, east, west, north, south? And I want to focus on that because this is part of the process, but it's also about the people and the people that need this that have reached out to us. And that's why we originally had it in, in the budget. And going through this-- these last five months of preparing this budget and bringing it to you. And that's why we feel strongly about it as Appropriations Committee. And I'm not saying the four people that were opposed to it don't--

ARCH: One minute.

McDONNELL: --feel strongly about it based on the idea of, of how do we, how do we possibly do this mid biennium with the zero? But I think it, it is necessary for us to, to override the Governor on, on, on this-- the provider rates. And I encourage you to vote yes on the override. Thank you, Mr. President.

ARCH: Senator Erdman, you're recognized.

ERDMAN: Thank you, Mr. President. Good morning. So I listened to the debate here this morning and what we've been talking about. Let me share something with you, you may have forgotten, and I thought about is, the Governor originally started out at zero, zero. And then he changed and accepted three, zero. So what we're talking about is next year's funding at 2 percent, the following year, 2 percent. And he went to zero. I hate to break the bad news to you, but in seven months we're going to be back here. I know some of you didn't want to hear that, but that's the truth. We'll be back here in seven months, we'll then have an opportunity to look and see exactly what the 3 percent did, to see if it needs to be adjusted going forward for the next year

and we can make those adjustments then. So it sounds like the sky is falling and everybody's going to close up if we don't override the veto. This will have no effect on this year. None. It's next year that we're talking about, and we'll have an opportunity the next year to work on the budget again. We always do. We make adjustments every year. The biggest adjustment we made was in '17 when we passed the budget and we were \$250 million too high. In '18, we took back to \$250. We made adjustments and that's what we do. It's the second year of the biennium, biennium. So this isn't the end of the world. We'll get a chance to review this again. And in seven short, seven short months, we'll have an opportunity to add to whatever the appropriation needs to be to make people whole. So I understand the concerns out there, and I understand the issue we're going forward with. But be reassured you're going to get the 3 percent this year and it's the outlying year that you're concerned about. And I believe that we'll make adjustments if we need to, to take care of those needs at that time. So I will not be voting to override the Governor's veto. Thank you.

ARCH: Senator DeBoer, you're recognized.

DeBOER: Thank you, Mr. President. Colleagues, I rise in support of provider rates for hospitals, both here and if we have to next year when we are coming back to the mid-biennium budget. Because if we do not help our hospitals keep up with inflation, what happens? Well, for one thing, some of those critical in the moment care options will still be available so long as the hospital is available if they can stay afloat. You know, we say, oh, well, people will stay afloat. They'll stay afloat. But we've seen what's happened with our long-term healthcare facilities in Nebraska. When I first came in here, I attended the Legislative Council meeting before my first session. Technically, I didn't even know until that afternoon if I had won my race because they were still counting votes. But I remember distinctly a lot of things about that day. And one of them was that there was an interim study report about long-term healthcare facilities and how terrible the situation was becoming in Nebraska because so many were closing. The thing about Medicare provider rates is that if we do not adequately fund these folks, they just won't stay open. And these are things that we need throughout our state, not just in Omaha and Lincoln or Sarpy County, but throughout our state. The other issue is that individuals who provide nonemergency care may stop providing those particular types of care. If you can't make enough money on Medicaid or Medicare, then why would you provide those services? Which means fewer and fewer options for people to go to. We have a

responsibility as the state to make sure that those who are providing these services are doing so in a way that they can at least get close to cutting even. Because if we do not, first of all, there will be a group of people who are unable to get care, and that's problematic. But the other thing is, if you're only worried about your own healthcare, I will tell you that it makes it more expensive when hospitals or other providers have to take a loss on some patients. They're going to have to raise costs on others, otherwise they can't make it work. So if we want to keep the whole system going, we've got to make sure that we are providing these rates for this class of individuals, this class of care, so that those folks who are providing these services are able to keep afloat. It's pretty much that simple. So I will support the override. And if it doesn't work out today, the next year, I will support anything that we might do to help these folks get just a little closer to staying even with where they were a few years ago. We're actually decreasing our support to these folks as Medicaid or as in-- as inflation-- couldn't think of the word--

ARCH: One minute.

DeBOER: --as inflation happens. So I urge you all to support the provider rates for all of our providers in Nebraska. Thank you, Mr. President.

ARCH: Senator McDonnell, you are recognized to speak.

McDONNELL: Thank you, Mr. President. I will yield the remainder of my time to Senator Vargas.

ARCH: Senator Vargas, will you yield to a-- oh, Senator Vargas, 4:30.

VARGAS: I'm going to get Mike back for that some day. [LAUGHTER] Colleagues, I support the override motion on LB814. I just wanted to reflect back on part of our, I think part of the responsibility as us individual senators, as members of the Appropriations and that separate branch, the separate branch of government that we all represent. I understand that. Hopefully, people have been listening to the debate and what I've heard, even from individuals that might be against the override motion, is I support the idea for some of the individuals. I support the funding. I don't know if necessarily now is the right time or I want to do it next year. My, my ask is to consider the message we send. And I-- before I said to children and families and seniors, that's separate right now. But the message we're also sending to the institutions that are providing the healthcare to those

seniors and to the children and to families, specifically low-income families. There's a reason why we do our mid-biennium, our biennium budget the way that we do. The reason we do it is particularly to make sure that we are being able to budget for these two years. We're not doing it every single year. It's much more cumbersome to do it that way. And it's an important message in terms of operations and stability and consistency that we also send to the healthcare systems that they're receiving funds and can rely on these funds for the two years and can plan appropriately. But doing it only for the year, and that is an issue that was presented that I spoke on, which is there's a need for consistency, there's a need to make sure that we're doing that. And for me, the other big thing is, is still on the lost federal funds. You know, the, the way that we look at different programs, sometimes we're looking at cost savings when we are sustaining an override. But the way I look at it is we are going to be losing on federal funds that are matching these General Funds we put forward. This is an ability for us to better leverage those taxpayer dollars that the federal government has coming back to us. It's one of the reasons why the voters supported Medicaid expansion. It's because we want to make sure that those taxpayer dollars are going to good use. These programs for Medicaid and CHIP are important ones for making sure we're addressing poverty, making sure we're reducing the uninsured rate across, across the state, our uninsured rate for children, making sure that we are supporting our workforce so that that access is available all across the state. And by not, not overriding this, we are saying you have to pick up the tab in the second year. You have to figure out how to make it work. And I think we have a responsibility, just like the things that I've supported on, on the mike I've said about the Education Future Fund, I've mentioned already about the funds for the water infrastructure and for the canal, many-- and then the tax cuts that we, that we supported, which I also voted for. But we also have a responsibility to take care of children and families and making sure the institutions, that the access is available to these individuals across our state. We have a responsibility to do that. And missing out on federal funds is something that is not a message I want to be sending to our constituents, that we actually leveraged our taxpayer dollars coming back to us so we can put it to good use. We're not talking about starting a new program. We're not talking about expanding the population. We're not talking about any of that. We're talking about whether or not we can sustain our workforce in urban and--

ARCH: One minute.

VARGAS: --rural Nebraska and everything in between so that we have people to provide the services to our lowest income individuals. That's what this is about. And I know for some of us that have been on the committee for years, the reason why we're also supporting it is we've seen what happens when we don't support the workforce. We've seen the closures that happened in long-term care facilities. We've seen more of the big hospital institutions taking on more of the coverage of the cost of the Medicaid rates. They're taking it out of their own pockets and then they rely on philanthropy. But there's only so much that can be done in that regard. Anywhere between 15 to 25 percent of increase in labor costs and contracting costs, in supply costs, that has been happening over the last couple of years. So it's going to cost more to do the same work so keeping it flat--

ARCH: Time, Senator.

VARGAS: Thank you.

ARCH: Senator Vargas, you are next in queue.

VARGAS: Thank you. So keeping it flat has-- yeah, that's on you-- keeping it flat is, is the problem that we're running, running into because they have increased costs. And by keeping this rate flat, we are telling them you have to pick up wherever you can. And, colleagues, I think we have a responsibility, just like we have been doing investments, responsibility to do as much as we possibly can to give taxpayer-- taxpayers their money back like we've done this session, but also utilize the taxpayer funds that we have received for basic services that we know are working and have oversight over our executive branch. And our executive branch has oversight through DHHS and the work that they do here. I want that taxpayer money to come back to us and I want to make sure it's leveraged to good use for our workforce. And rural communities, this is going to impact even more the access. And I think we've heard that. I heard it from Senator Jacobson, and he may not be in support of it right now, but I did hear that and I really appreciated that, that reflection that this is going to impact my district, it's absolutely going to impact my district. But I'm not entirely sure that the money or the will will be there in the previous year and the next year. And so we plan for these biennium budgets. We're not treating every other agency or line item when we're cutting in the second year and then coming back to see what happens. We should be treating this like we treat 99 percent of the rest of our budget, which is fulfilling what we worked on in the floor here or on the floor here and also in committee in Appropriations and funding the

full budget for these provider rates. So, colleagues, I ask you to override and support LB814 and this motion 1150. Thank you very much.

ARCH: Senator Dover, you're recognized.

DOVER: I was a yes vote on the 3 percent increase for the first year and the 2 percent increase for the second year in the initial vote in the Appropriations Committee. The Governor agrees with a 3 percent for the first year and not the second-- or 2 percent for the second year and, hence, the veto. I appreciate Senator Jacobson's interim study of rebasing Medicaid. That is exactly what we need to be doing. We need to address the challenges to the Nebraska healthcare system and especially nursing homes in rural Nebraska. I believe we do need to work together with the Governor on finding a long-term solution. I ask you to vote no to override the Governor's veto and look to gaining more information on this problem. Again, if you do not override the veto, we still have time to address the second fiscal year after having a deeper look into this challenging problem. In an ending, I would ask you to consider that voting to override may just be locking in the wrong solution for the second year. The healthcare challenge is real and we need to make sure that we are addressing it with the right decision. Thank you.

ARCH: Senator Conrad, you're recognized.

CONRAD: Thank you, Mr. President. Good morning, colleagues. I appreciate the thoughtful and informative dialogue we've had in regards to this issue thus far this morning. And I wanted to add some additional thoughts to perhaps provide a counterpoint to some of my friends who are looking to the future in order to identify other solutions to address our shared commitment to ensuring a strong healthcare safety net in Nebraska. And I think my friend Senator Jacobson and then Senator Dover, my friend Senator Dover, just touched upon this as well. And I want to make sure that counterpoint is clear in terms of perhaps a, a helpful lens and then also specific detail as to the timing of that approach and the detrimental effects. If we only look to future opportunities to work together instead of committing to do that and take up this modest increase in critical healthcare services at the present time. So I think that my perspective is this is not an either/or, but this should be a yes/and. We're looking at modest increases that are below the needs, that are below inflation to address healthcare costs now in each and every one of our communities. The providers from children-- those who provide children's health insurance to those that provide critical access through our hospital

systems, they have been crystal clear in regards to their needs today. Those needs have been identified, debated, deliberated upon from an arduous committee process, and three rounds of debate that we collectively took together on our budget in recognition that those modest increases were already going to lead to potential detrimental effects in our healthcare system in Nebraska. So we can and we should and we must override the veto in regards to our commitment to each other, at the institution, our constituents, and healthcare. And we must commit to work with our full diligence in interim studies in upcoming rebasing or other sort of assessments to ensure that we are modernizing and rightsizing our approach to healthcare financing. And let's talk a little bit more about the timing. So in this first year of the biennial budget, these provider rate increases would, of course, then start to take effect starting on July 1 and carrying forward. An interim study will happen over the interim and it does not have any clear commitment to what the future may hold. It is a commitment to continue to talk and to continue to study, and that is important. But it is just that, it's limited in terms of its impact. When we look at rate studies, when we look at rebasing studies, colleagues, it's important to acknowledge in many instances, these kinds of systematic reviews take 12 to 18 months to complete. So in many instances, those processes will not even be complete before we complete our short session together next year. So it's important to be thoughtful about the timing and to remember why it's important to approach this as a yes/and. Yes to modest increases that don't even meet the needs of our healthcare providers today--

ARCH: One minute.

CONRAD: --and a commitment to work together through interim studies and rebasing and rate studies so that we can rightsize and modernize our approach for the future. And let's just take it from a practical perspective. Thank you, Mr. President. An interim study is important. A rebasing is important. A race study is important. They do not bring a doctor back who leaves a rural community. They do not provide an opportunity to buy Band-Aids and supplies and other necessary healthcare items today. We need to take a yes/and approach. We need to ensure a modest commitment today and a thoughtful, deeper, comprehensive commitment for our healthcare opportunities tomorrow. It shouldn't be an either/or. It should be a yes/and. That's how we can advance our shared commitment to ensuring a healthy Nebraska. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. Colleagues, I am probably not going to vote for the motion to override the, the rates for our hospitals. Primarily because I haven't heard from anyone in the medical community on this motion to override. And so I am struggling to find a reason that it would be necessary. I, I do-- I am concerned about the financial well-being of our state, and I think that there are things that have been vetoed that we should be overriding. And I would consider this in that list if it weren't for the fact that no one impacted by it has spoken to me about it. So I'm inclined to think that it's not actually that important to the health and well-being of our healthcare institutions. Otherwise, they probably would have been discussing it over the last several days, starting with last week. So I've seen all of them out there. I've been out there numerous times and no one has approached me on this particular topic. And so I'm probably going to be present, not voting on motion 1150, but I do intend to vote for some of the other overrides because I, I don't agree with the Governor on, on some of his overrides, and I don't particularly agree with this one. But I just assume that if you're not advocating for it to be overridden, then it's probably not essential. So there we go. Thank you, Mr. President.

ARCH: Senator Fredrickson, you're recognized.

FREDRICKSON: Thank you, Mr. President. I rise in support of this motion to override. You know, I think this has been a really compelling discussion. I've appreciated hearing folks' perspectives from both sides of this issue. For me, you know, I-- and this is my sound like kind of an unusual statement to make as an urban-based senator but one of the things that has been particularly compelling to me is the concerns that have been outlined specifically related to our rural healthcare and also how this is potentially going to impact aging Nebraskans throughout our state, obviously, that includes areas like Omaha and Lincoln. But this is also, I think, really going to have the potential to have a really negative impact on our aging population in the rural parts of our state. You know, we talked a lot about broadband expansion this year. We talked a lot about infrastructure that is going to improve the ways we deploy access to information as well as healthcare. And one thing that I have certainly learned in my own clinical practice since I've started doing telehealth is how much of a need there is for healthcare workforce and specifically behavioral healthcare workforce in the western part of our state. And being able to provide telehealth care to folks in those areas has been really transformational in, in many ways. And so I, I do have concerns about the potential impact that this might have on

further decreasing and negatively impacting the rates of population to providers in the western part of our state. And I want to be supportive of folks-- Nebraskans in all areas of our state. So that is a big concern of mine. I've also heard-- you know, a few folks on the mike mentioned that, you know, they want to support the Governor. They want to support the Governor. And, you know, I think that that's all very well intentioned and I think it's important to do. And at the same time, I also want to reiterate that, you know, we can also disagree on issues, and that doesn't necessarily mean that you are not supportive or, or not friends. You know, I've had plenty of policy disagreements with a number of folks in here. And I think that, that is-- you know, good legislation and good policymaking doesn't mean that we always agree on everything. And so, you know, it's OK to not always go along to get along, so to speak. And I actually think that's what leads to the best policy outcomes. So I will go-- I will be opposing or I'm sorry, I will be supporting the motion to override this, as I underscored earlier, specifically as it relates to the rural parts of the state, That's been one of my primary concerns here. Thank you, Mr. President.

ARCH: Seeing no one left in the queue, Senator Clements, you're welcome to close on your motion.

CLEMENTS: Thank you, Mr. President. I appreciate the conversation and the debate. It's been good to hear and I still oppose the motion. I ask for your no vote on the override. It's interesting, to support the Governor's veto you have to vote no. Just make that clear. It can be confusing. Again, the providers are getting the amount from the budget, the 3 percent with no reduction. They're just not getting an extra 2 percent the second year. But the 3 percent in the first year carries forward to the second year. And for the children's health insurance, \$677,000 in each year, bringing it up to \$23.2 million. The other Medicaid programs, the increase is \$21.5, \$21.5 million per year, which is in the budget, will, will be provided as an increase, bringing the state General Funds up to \$739.8 million so the, the two years of \$21.5 is about \$44 million of additional over two years, and it's just a decrease of \$14.7 million with the possibility of being revisited next year. And with the federal match, we are going to be providing \$2.179 billion per year. And I was corrected, the number of Medicaid recipients is about 380,000, which is \$5,735 per person per year, providing \$2.179-- \$2.1 billion a year for people in Medicaid is adequate in my, in my opinion, and I think the Governor has been good with negotiating, with meeting a middle ground starting at zero and increasing to 3 percent with no reduction in the first year. So I do

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ask you for a no vote on motion 1150 to support the Governor's override, and I ask for a call of the house, Mr. Speaker.

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

CLERK: 23 ayes, 3 nays to place the house under call, Mr. President.

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.

CLERK: Mr. President, next item, a motion to override on LB814, override the Governor's line-item veto in Section 240-- 254, Agency 27 [SIC], Department of Economic Development, Program 601, Community and Rural Development.

ARCH: Senator Clements, you're welcome to open on motion 1151.

CLEMENTS: Thank you, Mr. President. Motion 1151 regards rural and middle income workforce housing. It includes community and rural, rural development. It's item number two on the committee report that I handed out. You can see the sections involved. And we had five yes votes, four no votes. And so, it did carry forward to be presented to you. The-- let's see, the appropriations for rural and middle income housing combined are being reduced, reduced by \$20 million in fiscal year '24 and 20-- and \$20 million in fiscal year '25. It's \$10 million for each of those. And there is going to be a-- later on, at the bottom of the committee report, you'll see, in LB818, a companion motion to override the Cash Reserve Fund transfer, which funds this appropriation. That'll be addressed when we move to LB818 the cash reserve bill. The-- so that's-- that was the committee report. Thank you, Mr. President.

ARCH: Senator Aguilar, you are recognized to speak.

AGUILAR: Thank you, Mr. President. And good morning, colleagues and fellow Nebraskans. I rise in support of the motion to override the Governor's line-item veto for the Rural Workforce Housing Fund and the Middle Workforce Housing Fund. Two years ago, I was in a meeting with members of the Grand Island Chamber of Commerce. We were talking about a legislative path forward coming out of the pandemic. At the end of the meeting, one of the members said, Senator, we need three things

from you in order to move our economy forward. We need infrastructure. Infrastructure. Infrastructure. Most importantly, we need housing. If we have housing, we can bring in workers. If we have workers, we can create jobs and grow our economy. It's that simple. We have debated a lot of bills this session where we have talked about how much we are spending in the state. We've asked time and time again how much something costs. Many times when we ask this, we really don't have an idea what our return on the investment will be. And sometimes, we don't exactly know when the seeds we plant will bear fruit. This is definitely not the case with the Rural Workforce Housing Fund and the Middle Workforce Housing Fund. This is a situation where it is prudent for our state to spend money in order to make money. For the past several days, you have been all receiving emails and possibly phone calls from organization who could use these funds. These are forward-thinking organizations who know how to make the most of these funds. Take the time to read some of these emails and you will see that we have already been hard-- they have already been hard at work, developing projects all over the state. This is not simply a pet project for a-- by a handful of senators. This is an investment in Nebraska's workforce. The workers that will use this housing are the backbone of Nebraska's workforce in the upcoming decades. Part of the future of Nebraska's economy will be based on this relatively small investment, putting our workers and their families first shows a commitment to Nebraska traditional core values. We have companies that are willing to work to help make this housing a reality. Now we need to show them that Nebraska is a worker-friendly state by putting forth the money and the innovative spark necessary to help jumpstart this development. Thank you, Mr. President.

ARCH: Senator Lippincott, you're recognized.

LIPPINCOTT: Thank you, sir. I agree with what Ray Aguilar just said a few moments ago. And I would like to look at Grand Island, in particular. And a lot of us have high ideals in terms of how government should work. And for the most part, I'm certainly a free enterprise kind of guy. I believe in supply and demand. But let's look specifically at Grand Island. In 1971, when we used to win national championships, the population of Grand Island was half of what it is today: 25,000 people. And at 25,000 people, it had 970 homes for sale. Almost a thousand, 25,000 people, 1000 homes for sale. Today, the population of Grand Island is almost 60,000 people. And the number of homes for sale today, for \$250,000 or less is 16. Less than 20. That's a lot less than a thousand homes that we had back in 1971. So we do have an issue of supply and demand. And homes today have, on average

2.5 persons per home versus back in 1970, it was 3.14. So it's dropped almost a quarter in terms of the household size. Same population, more homes for the same population. So let's run that down into the numbers. If you have a town that has 10,000 homes in 1970, it would now need 12,500 homes today. So the dynamics have changed. Also, for all the folks here, like Rob Dover and others that are in the housing industry, they all know about the 1 percent rule, the law of entropy, and that is homes just naturally wear out. And they figure that in 10 years, you'll have to replace approximately 10 percent of the houses with new homes, because they wear out. So that's an issue that you need to think about. Nebraska currently has 776,000 homes. So 1 percent, you're going to have to build 7,760 homes per year just due to the fact that homes naturally wear out. And then, we have what happened back in 2008 with the Great Recession. Nationally, we have 5 million homes, fewer than we had a decade ago, that are being built. So the building process has slowed down. Nebraska, specifically our state, before 2008, was giving 900 building permits per month. Nine hundred. Now, after the 2008 housing debacle, it's now 400, so it's less than half. And then finally, you need to look at-- we just talked about the problems. Now the solution: the rural workforce, housing versus federal programs. And of course, there's a lot of brouhaha about, well, there's money available right now, that's in the pipeline that's not being used. That's not necessarily true regarding the federal programs. The federal programs have income restrictions, which limits its ability to go out and help people. The federally funded housing is almost entirely with seniors and disabled people. And of course, what we're talking about is workforce, so seniors and disabled people would fall outside that realm. And federally funded housing does not directly address our--

ARCH: One minute.

LIPPINCOTT: --workforce needs. These restrictions have made it very difficult for a Department of Economic Development to administer these funds and get the money deployed. Whereas, with the rural workforce housing that's not income restricted, to be tailored to meet the needs of each community's workforce. The administration is done at the local level. And DED, Department of Economic Development is able to efficiently deploy this money. Last point and that is builders. What they do is they build large homes with large profit margins versus small homes. We need more smaller homes. Thank you, sir.

ARCH: Senator Erdman, you are recognized.

ERDMAN: Thank you, Mr. President. I am not going to vote to override the Governor's veto. And for anybody who has listened to my comments in the past will not be surprised that I'm not for the government building houses. Not one. If you have a work shortage-- a workforce shortage and the housing is not available, build one. In rural Nebraska, the agricultural world and ranching and farming, if we're looking for an employee to be on our ranch or our farm, we provide housing for them. I have yet to see a place in any constitution or any of the United States or Nebraska that says it's a state's obligation to build houses. We're in a free market enterprise system. I'm going to give you an example. In Gordon, Nebraska, they have a meatpacking plant there. They had a shortage of housing for the workers and the plant bought or refurbished, remodeled at least 12 homes in Gordon to furnish their workers a place to live. That's how it's supposed to work. And people say, well, the communities are making a contribution and they add that to the government money and then they build a house. We should be building that with our own personal dollars. And it's really easy for government to use tax dollars to do things for the public, because it's easy to spend somebody else's money. So if you have a shortage of housing, then build a house for them. That's how that works. But that's not what we do here. So I don't know what you call that building houses by the government, but it's not what I intend to do with tax dollars that people have contributed to the state. But that's what we want to do. And then we talk about house-- workforce housing shortage or middle-income housing shortage. And the reason that contractors don't build those houses is because it's not economically feasible. So they build more expensive or larger homes and they make more money. So the issue is how do we solve the problem? Is the government the solution? Is the government the solution to build houses? Or should it be a free enterprise system where a house is needed, someone builds one and puts an employee in there. And it's part of their compensation. So I will not be voting to override the Governor's veto. And I've never been in the past, nor will I be in the future in favor of the government building houses. Thank you.

ARCH: Senator Brandt, you're recognized.

BRANDT: Thank you, Mr. President. I stand in support of the-- overriding the Governor's veto, echoing what Senator Aguilar and Senator Lippincott said. So I talked to one of our local bankers in Exeter, and I says, what kind of effect does this have? And in the last year, in Fillmore County, we had three rehab projects and three new construction. Five of those in Geneva. And I guess one was in Deshler, which is Thayer county. And then we've got two more in the

pipeline. And these are projects that would run through the Southeast Nebraska Development District. And they're committed to doing the work in, in District 32. But if you'd extrapolate that to all four of my counties down there, it'd be about 24, 25 projects on an annual basis. The realities in rural Nebraska are this: a lot of our small towns don't have lumber yards. You have to bring building materials in from a distance away. You have to bring building crews in from a distance away. So when those individuals leave Lincoln, let's say they're coming out of Lincoln and they have to drive an hour or an hour and a half, you're paying full salary to those people and they aren't doing anything until they get on the worksite. It is very expensive to build in rural Nebraska. This is a program that helps those situations. The inverse of that is our salaries tend to be less than what the urban areas do. This has been a very popular and successful program. When I look at the-- what was vetoed in this and what wasn't in the budget and I see that our friends in Omaha have \$30 million for some fields up there around Creighton University. And then we knock out \$40 million on workforce housing that goes across the whole state. I am, I am definitely going to support the override to help provide housing for rural and middle income across the state of Nebraska. Thank you.

ARCH: Senator Vargas, you are recognized.

VARGAS: Good morning, colleagues. Appreciate you coming to this conversation with an open mind. And hopefully you heard Senator Aguilar's points and Senator Lippincott's points. And I'd like to specifically speak to all of you about the housing elements contained in this override. I support the override motion, both for the funding for rural workforce housing and middle-income workforce housing that were cut from our budget. Here's the reason why I support this. Workforce housing is housing that meets the needs of working families. Many people think of workforce housing as just affordable housing and there are different affordable housing programs. This is a very specific, tailored set of programs. And I think that's important because the development of these middle-income housing options would lead to the recruitment and retention of a workforce in Nebraska's urban communities. Now, Nebraska's housing market plays a critical role in realizing the economic potential for our state and supporting a high quality of life for all Nebraskans. A healthy and robust housing market facilitates job growth, generational transitions, stability of real estate and land values and access to quality housing options across our state's population. Now, the reason why I share this is because the Rural Workforce Housing Program was signed into law in 2017 by Governor Pete Ricketts, as part of the Rural Workforce

Housing Investment Act. The Rural Workforce Housing Program provides competitive matching grants to nonprofit development organizations who administer workforce housing investment funds. The funds are invested in eligible projects to increase the supply and reduce the cost of workforce housing in Nebraska's rural communities. This was a big part of not only Governor Ricketts initiative on rural workforce development, it was also something that we looked at and studied the economic impact from the planning committee. And more importantly, you'll see, in a handout, the supporters of workforce housing and all the different supporters that are listed there of workforce housing. The Middle Income Workforce Housing Fund was created in 2020 and it was under the Middle Income Workforce Housing Act to supply matching grants to nonprofit development organizations that administer local workforce housing investment funds. This is a mirror program of the Rural Workforce Housing Program that was working so successfully. And these funds are awarded for investment into Nebraska's older, urban and higher minority neighborhoods in Douglas, Lancaster and Sarpy County. This is into all those three counties. Now, the reason we brought this and the reason why I voted to override the Governor on this is because of the work that was done in some of the housing studies. And some of you attended this session-- at the beginning of this legislative session, about housing affordability. Housing is unaffordable right now. Forty-four percent of Nebraskan households who earn \$75,000 per year or less spend more than 30 percent of their gross income on housing. Thirty percent of their gross income is on housing, leaving them less money for necessities and reducing their ability to contribute to the economy and build personal wealth. There is insufficient diverse housing. An analysis of the statewide shortage shows that there's 32,230 rental units for renters, with less than \$20,000 in household income. The inadequate, safe and diverse housing options across Nebraska leads to a limited workforce for employers and less vibrant communities, especially for middle-income Nebraskans, seniors, veterans and those with disabilities. I think we can agree that the success of our state depends on solving this housing crisis we are currently experiencing. Rapidly increasing home sales and rental prices, some of which Senator Lippincott mentioned, and issues with quality and quantity of available housing inventory have become a barrier to job growth, community development, talent attraction, retention and overall quality of life for Nebraska and its communities. The stakes really can't be overstated, as the recent--

ARCH: One minute.

VARGAS: --Statewide Strategic Housing Framework Report put it, our state's competitiveness and economic future hinge on solving the housing crisis. You'll also get a handout that was just, that was just handed out, that shows some of the housing projects, the most recent ones that were done for the rural workforce housing, since that one has a longer amount of time of being in, in sort of a successful program. And you'll see, by many of the senators and the project recipients, the leveraging of these local solutions to middle income and workforce housing. This is not an ongoing program where we fund it every single year in the budget. This is, when we fund it, it is extremely nimble and it's successful in that own right and is separate from all the other affordable housing programs that exist. We are talking about workforce housing and meeting that middle ground to grow the middle class and, and make sure we're doing everything we can. I'll get on the mike and talk a little bit more about this, but I wanted to make sure what we're talking about is workforce housing and not the affordable housing programs we've been talking about and that the need is inherent. And I'm thankful that all these supporters, the Chambers of Commerce--

ARCH: Time, Senator.

VARGAS: --League of Municipalities support it. Thank you.

ARCH: Senator Raybould, you are recognized.

RAYBOULD: Thank you, Mr. President. I really do appreciate the comments of Senator-- Senators Aguilar, Lippincott, Brandt and, and Vargas, because they're spot on. Affordable housing is not affordable these days, not anywhere in our country, actually. And, you know, there are so many driving factors, too, that interest rates are increasing, inflation rates, increasing supply delays and increasing in the cost of materials, equipment, especially transformers and electrical panels. Our 300 days out that also contribute to not allowing those who know how to do affordable and workforce housing. And we also heard mentioned, skilled labor. Senator Brandt is spot on. The cost of getting skilled labor subcontractors to the rural communities has a cost-plus on it, because they're coming out of Lincoln and Omaha and Norfolk and other larger communities, Grand Island, as well. And so these contributed-- contribute greatly to the increase in cost and making everything unaffordable. And what I'm hearing from those companies that do do affordable and workforce housing, is they need that funding gap. They have a gap. They look to the Nebraska Investment Finance Agency [SIC] for assistance on helping

them make that financing gap as they're struggling with the workforce cost increase, material cost increase and just trying to get a project done. And I wanted to address something about the Department of Economic Development. I, I travel around the state. We have grocery stores around this state and I hear it from every single community. And Governor Pillen, if you're listening, Columbus is asking and begging for both affordable and workforce housing. How do I know? I'm up there a lot. And-- but it's true in every single community that we have grocery stores in, from Minden to Loup City to Beatrice and to Columbus, everywhere in our state. And this is what those folks that do affordable housing and workforce housing tell me. You know, they work with so many pots of financing. They work with LIHTC, which is low income housing tax credits. They work with the Nebraska Affordable Housing Trust Fund. They work with NeighborWorks, they partner with the nonprofits, because that can allow them to have access to additional pots of funding. They work with NIFA. They work with anyone they can to make sure that they can get this project to succeed. So it's, it's not such a simple equation like, oh, we're giving the money to them. Even in Lincoln, Nebraska, we cannot keep up with the demand of creating additional workforce housing. And I know probably a little bit is because we're getting a lot of rural, rural residents moving to Lincoln and Omaha, which we do appreciate. But that means we can't abandon our rural communities because you should look on it, as I've said before, is economic reinvestment in our rural communities. We want them to be sustainable. We want them to be viable. And this is a tremendous need. Don't listen to me. Don't listen to me about it. Listen to the Nebraska Chamber of Commerce. What are their top three fundamental issues that the state of Nebraska needs to jump on? Workforce? Absolutely. Affordable housing and then child care. Child care. Senator Vargas told about how 30 percent or more of your income goes towards your housing budget. That's significant. The next big chunk of that is child care for those working families. And we know in our state of Nebraska, demographically, both parents have to work outside the home and that is very costly. So if we want to retain, attract and keep our population in our state of--

ARCH: One minute.

RAYBOULD: --Nebraska, this, this should be a slam dunk. And for those folks that don't get out much, you really need to get out and listen to your communities. The rural communities, I think they get it. They understand this is a huge need and the cost of getting the subcontractors to come out there, deliver the materials, it's an added-on cost. So please, please override this veto. This is a

desperately needed thing to reinvest in our rural communities. Thank you very much.

ARCH: Senator McDonnell, you're recognized. Excuse me. Mr. Clerk, for items.

CLERK: Mr. President, some items, quickly. Explanation of vote regarding the final passage of LB138, from Senator Slama. Additionally, bills presented to the Governor this morning, LB138e, LB138Ae, LB298 and LB298A were presented to the Governor at 9:55 a.m. And notice that the Judiciary Committee will meet under the south balcony at 11:30 for an executive session. Judiciary, south balcony, 11:30, exec session. That's all I have at this time, Mr. President.

ARCH: Senator McDonnell, you are now recognized.

McDONNELL: Thank you, Mr. President. I did a-- I just-- the pages brought around a, a handout. I'd like you to take a look at it. I, I don't want people to get confused of what we're talking about between-- affordable housing is, is definitely different than workforce housing. And, and as Senator Aguilar started off, by, by speaking about the economic development of that and what do we look like as a state going forward. And we know there's the population and trying to retain and recruit people in the, in the state of Nebraska, but also, there's been a shift. If you look at us, looking from the west to the east and if we were looking as, as, as a lifeboat, we're all shifted to one side of the state and therefore we tip and we, we, we all drowned. The idea that if we look at our state to maintain and increase, we need workforce housing. And just to make sure that you understand about when you look at the handout, I don't want you to get confused with the difference between rural workforce housing and middle-income workforce housing with the Nebraska affordable housing, ARPA workforce housing, Economic Recovery Act housing, the National Housing Trust, home ARPA, there's so much-- people have said, well, we've got millions, hundreds of millions of dollars, well over \$200 million we're talking about with housing. But that's where we differ. Because that is affordable housing, that is definitely needed. But we're talking about workforce housing and I want to make sure-- it is estimated that we will need between 30 and 50,000 workforce housing level homes/units developed by 2030. This is in our state. Just want to make sure we understand, 30,000-50,000. Even at current funding levels, we will fall short of this need. The rural workforce housing and middle-income housing programs were created to fill this specific need and shouldn't be lumped in with the use of Affordable Housing

Trust Fund. Do the math. Assume that the funds are being used in-- for low-income interest loans and can be, and can be regenerated as those loans are paid off. Even at the lowest level of funding, \$125,000, let's use that as our low end, \$40 million will only cover the cost of that development of 320 homes/units, with that average cost of, of homes in Nebraska hovering around \$300,000, but we are using the low number of \$125,000. Workforce housing funding requirements. New owner occupied housing costs no more than \$325,000, new rental housing units costing no more than \$250,000, owner-occupied or rental housing units for which the cost is substantially related-- exceeds and doesn't exceed 50% of the, the unit's assessed value. Upper-story housing-- the, the, the list is-- and I'm going to make sure everyone has a copy of this. And then you get into middle-income housing funding requirements. Construction of new, new owner-occupied housing has to have an after-construction appraised value of \$125,000 and not more than \$330,000, owner-occupied housing units for which the cost is substantially-- does not exceed 50 percent of the units before construction assessed value. Upper story housing, occupant, occupant, occupant-- occupation by homeowner-- eligible area is limited to the city of, of, of Lincoln or qualified census tracts, which does not include Douglas or, or Sarpy Counties as described earlier in the handout. So make sure that we're talking about we have a need and don't get confused with the number of dollars that are out in front of you that are not for the idea of, of workforce-- force housing. Thank you, Mr. President.

ARCH: Senator Wishart, you are recognized.

WISHART: Thank you, Mr. President. I rise in support of the motion to override the veto on the investments we made this year on housing. Colleagues, I often repeat this statistic because it is one that I think about every day when I'm coming into the State Capitol. By 2030, our state is facing a population that is going to be a majority 65 and older and fewer people that are-- than, than people who are 18 and younger. Think about that. More people in our state are going to be leaving our workforce and retiring than we have entering into the workforce, by 2030. Ask any Chamber of Commerce director. We have over 80,000 job openings across our state, 80,000 jobs that we cannot fill in our state. And now, we're looking at a population that is continuing to age into retirement and not a younger population in our state, that's either coming to our state or staying in our state, to fill those positions. And then you look at our housing needs: 50,000-plus across the state, units needed; 10,000 alone in Lincoln. We are 10,000 units short in Lincoln for what we anticipate our

population to be. Our goal is, by 2030, to have at least 5,000 more units built to meet the demands of population in Lincoln. When I look at all of these statistics and I think about what we as a Legislature should be prioritizing our time and our investments in. As a state, housing should absolutely be at the top of that list. It solves a lot of these crises we're talking about. It, it is an anchor for young people to come, to grow a family, to build their career. It is an economic development tool for communities that decide across our state we are in-- we are going to grow and we're going to exist as a community. And I really applaud Grand Island, in particular, for filling the Rotunda today and for the amount of work and, and emphasis they have put into supporting economic development projects like building workforce housing. I applaud those communities across the state and you know them and you see them when you drive through them that have made a commitment that we are going to thrive as a community. And one of those commitments that is central to that, whenever I see a community that's thriving is that they're growing their housing. They're not only growing affordable housing, but they're also growing workforce housing so that they can say to the next business that wants to grow or come into their community, we have the places for your employees to live and raise their families, live their lives. Colleagues, we need to make a stand today in prioritizing housing, because this is a priority that is going to help us solve a lot of the challenges we have in front of us as a state. And so, I encourage you to support us in, in overriding this veto. Thank you.

ARCH: Senator Briese, you're recognized.

BRIESE: Thank you, Mr. President. Good morning, colleagues. I'm going to speak briefly to the rural workforce housing component that we're talking about here. And I, I realize the importance of housing to economic growth in our state and I think-- and my family lived the issue here the last six months or so. I think I've described that to some of you. I'm not going to describe it today. But it's my understanding that we have some unused funds in that program. Would Senator Clements yield to a question?

ARCH: Senator Clements, will you yield?

CLEMENTS: Yes. I would.

BRIESE: Thank you, Senator Clements. According to the language of, I believe it's LB814, unused dollars in the Rural Workforce Housing Fund

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are to be reappropriated to that fund and will stay in the fund. Is that correct?

CLEMENTS: Yes. I have page 132 in my hand. The unexpended cash fund for Rural Workforce Housing Investment existing on June 30 of 2023, is hereby reappropriated. That section is not vetoed.

BRIESE: OK. How many dollars are we talking about there?

CLEMENTS: I checked with the Fiscal Office yesterday. There are unobligated rural housing funds of \$8 million that will carry forward to fiscal year '24.

BRIESE: Eight million dollars?

CLEMENTS: Yes.

BRIESE: OK. Thank you very much, Senator Clements. I appreciate that. And so we had a, a budget request here or the Appropriations Committee set aside \$10 million and \$10 million to the Rural Workforce Housing Fund. And so for the first year, the reappropriated dollars essentially gets us to 80 percent of what we're talking about here. And as far as the second year is concerned, we could come back with a biennium adjustment if we're running out of dollars in the fund and attempt to get more dollars in there. And I would be supportive of that. And I would likely introduce a bill to do that if the fund is dwindling by then. But maybe one of my biggest concerns is this: everything we do in this body relative to dollars is interrelated. Dollars going into one program can lead to subtractions in another program. And we need to remember that, especially as we put in place a transformative measure of school funding, funding reform and an historic measure of tax reform. For me, those are the measures that have the greatest beneficial impact for the broadest array of Nebraskans. And I believe tax relief should be the number one goal of this body. It benefits every segment of our economy, has the most widespread economic impact. It will generate economic growth. The tax and education funding reform plans need to be protected. And that likely means sustaining the Governor's vetoes throughout. And again, with workforce housing, housing in general, we have some unused funds that will roll over and we can come back in January to, to make an adjustment and I'm more than willing to do so. Thank you, Mr. President.

ARCH: Senator Hughes, you're recognized.

HUGHES: Thank you, Mr. President. I rise in support of this override. The Rural Workforce Housing Investment Act, LB518, was signed into law in 2017, as was mentioned before. These funds invested in our rural communities through the Rural Workforce Housing Program provide a vital function. They support affordable housing for our workforce. If you drive into the city of Seward in District 24, you would think there's not a shortage of housing due to all the many new homes being built. However, these new homes cost in excess of \$400,000 and are out of reach for a significant percentage of our workforce. Under the rural workforce housing, new owner-occupied housing can cost no more than \$325,000 and new rental units cannot cost more than \$250,000. If you go further west into York County, which is also in District 24, you can stop in and talk to the York County Development Corporation. They will share with you that county-wide, they need more than 550 housing units within the next seven years. Currently, there are about ten a year being built. A recent award there will fund affordable housing in the city of York, as well as in the city of Henderson. Colleagues, these rural workforce housing funds are for housing projects that are not eligible for any other source of funding. And why is this important? Governor Pillen stated in a message to the Legislature, that over the past three years, more than \$200 million has been invested in, in affordable housing in Nebraska, and that he wished to avoid flooding the housing market with government subsidization. Of the more than \$200 million mentioned, since 2021, only \$40 million has been given for rural workforce housing. All those other dollars mentioned in the-- were-- in the Nebraska Affordable Housing Fund, the AR-- ARPA Workforce Housing Fund, the National Housing Trust Fund, or HOME, all capitalized, funds are not available to projects being funded by the Rural Workforce Housing Program. This program is the only tool we have to incentivize the construction of affordable housing units in our rural communities. The program is not one where we are throwing taxpayer money into a vacuum. Local communities have to show a need and have to have skin in the game. Communities must provide a recent or recently updated housing study to define, to define the need for the affordable workforce housing and communities must also provide a minimum of 50 percent in matching funds in order to qualify. So in order to participate, a community must demonstrate a need and put up their own money before they can even apply. When they do apply, communities have to submit a letter of intent detailing specifically how the funds will be used. Once funds are awarded, communities have to submit annual reports to the Department of Economic Development. Colleagues, the Rural Workforce Housing Program is the one program that 90 of our counties rely upon

for affordable workforce housing. Douglas, Lancaster and Sarpy Counties have other programs, but this program is all that greater Nebraska has to use. Please support the motion override. I also wanted to mention some specifics. For Seward County, the first round of rural workforce housing funding, including matching funds, totaled \$1.26 million. This \$1.26 million will create \$15.7 million in investment through construction of 91 new housing units, including the first development in Utica in over two decades, as well as constructing the largest apartment complex in Seward County. The Rural Workforce Housing Fund will serve as a revolving loan fund, utilizing the loan payments of principal and interest to fund additional affordable housing projects. Seward County has already received \$175,000 back through these payments. Seward County raised \$378,000 during the second round of funding--

ARCH: One minute.

HUGHES: --of the rural workforce housing, for a total investment of \$1.1 million to provide more than 70 additional units. These matching funds received in Seward County came from a wide variety of sources. Some of our donors contributed to both rounds. We had families and individuals, small businesses, large businesses and philanthropic organizations. These local donations provide a match of the grants provided by the State of Nebraska through the Rural Workforce Housing Program to provide a significant return on investment, not only in terms of dollars of new affordable housing, but to our workforce itself. Our communities, both rural and urban, have significant needs, and we cannot expect to fill jobs in our communities if a significant portion of our workforce is unable to find affordable housing. Thank you, colleagues. Please support. I yield my time.

ARCH: Senator, Ibach, you are recognized.

IBACH: Mr. President, I rise to speak to the importance of workforce housing, especially as it concerns rural Nebraska. I prioritized Senator Briese's bill for this reason. I've shared many of the models that are currently being implemented with many of you here on the floor and the communities across rural Nebraska really do, do benefit. And it's really-- over the past few years, I know it's been successful and it's really taking off in some of the smaller communities right now. For instance, Gothenburg and Bertrand and Imperial and Lexington and Grant and Seward, these are programs that are working to bring economic development and jobs and also, students to our schools. I thank Senator Briese for bringing this bill. And I commend my

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predecessor, Senator Matt Williams, for embracing the need and for having the strategy and the foresight to put the program in place. So with that, I, I would just reinforce the fact that this workforce housing program is working. And in small communities, housing means jobs. Jobs mean economic success. And I think that this is a valuable program. I know there are other resources in addition to the workforce housing program that benefit our rural communities. And I look forward to really finding more programs that work, federal programs and state programs, so that we can identify the needs of our constituents and our rural Nebraskans to make rural workforce housing work. Thank you, Mr. President.

ARCH: Senator Aguilar, you are recognized.

AGUILAR: Thank you, Mr. President and members. I just want to share with you one of the letters I received this morning. Dear Senator Aguilar and other state senators, I am a business owner and a property developer. My mission is to be a community developer. What does that mean? I want to bring housing to communities that will solve the housing crisis, bring jobs to the community and employers, allow individuals the opportunity to step up from their current living environment and provide the Nebraska way of life with safe, walkable communities. My company, Innate Concepts, will finish its 800th unit this year. We are working on another 120 units. We have built these units across central Nebraska, in Grand Island, Norfolk, Lexington and Kearney. All have been market rate units to date. According to the Nebraska Chamber president, Bryan-- President Bryan Slone, housing is the number one issue in contributing to unfilled jobs across the state. As costs have increased, it takes twice the cash to start a project as it used to. Without additional development tools from the state, developers cannot provide the housing our state needs. Our housing crisis will continue to be a detriment to our state's economy, unless our state senators override the governor's veto and add additional rural workforce housing and middle income housing funds to the budget. This year, Innate Concepts applied for the Nebraska Affordable Housing Trust Funds to create 200 mixed-income, multifamily units in Grand Island, Kearney, Columbus, Aurora, Lexington and Central City. We need additional funds to solve the housing crisis in the state of Nebraska. We need this not only for the people of Nebraska, but also for the business owners of Nebraska, so they will have the proper housing to recruit employees to keep our state thriving and building a better future for the next generation. Colleagues, this is not the state of Nebraska building houses. It's the state of Nebraska making an investment in Nebraska's future.

Another quote I'd like to share with you is from another developer in Grand Island, Raymond O'Connor. He was reading a building magazine and on the cover there was a quote from an unemployed worker. It said, why should I look for a job when there is no place to live? Therein lies the problem, colleagues. Therein lies the problem. Thank you, Mr. President.

ARCH: Senator Vargas, you are recognized.

VARGAS: Thank you very much. I was going to respond to a couple of things that were mentioned on the mike. I appreciate those talking in support of the workforce housing aspect of both of these programs because they work. Look, when you're looking at the, the numbers, there's about the \$7 million in unexpended funds. That's largely because the Department of Economic Development holds onto certain funds year to year to make sure that they have more funds to be able to get out. But that is going to be getting out through another application process. And this is not a reoccurring program. So as we-- I mentioned earlier, once those funds are gone, they're gone. There isn't another funding source in the budget. This isn't an, an ongoing, sort of a base appropriation, so that means that we are relying on us to fill that gap. And \$7 million based on what it has been actually expending and I think you have the sheet in front of you-- this is just from the few first couple of years, the different projects that were done. And I listed each senator on the left-hand side and the different projects that were done. So in Senator Brewer's district, Central Nebraska Economic Development Corporation, Economic Development Council, Buffalo County, Custer Economic Development Corp, North Central Development Center, Spencer Community Economic Development Corporation. To the tune of nearly \$2,000,002.5 million and creating a substantial amount of housing in a place that they may not have actually done that. And that was the whole emphasis and point that we heard from Senator Aguilar and others and Senator Lippincott, as well, which is this is not doing anything other than filling a need where we are missing the middle aspect of housing for working families. And the list continues to go on and on. I want to read a letter, because I think it, it addresses some of the concerns that people brought over the unexpended amount. And that's going to be out. So this is a letter from a list of the Bankers Association, NEDA, real estate association, all the Chambers of Commerce, the architects, every single-- nearly every single one of the economic development corporations across the state and the different Chambers of Commerce in different areas, as well. Dear members of the One Hundred Eighth Legislature, as stakeholders vested in the vitality and growth of

Nebraska, we are grateful for the leadership and support shown from the Legislature to community and economic development this session and in years past. Your hard work does not go unnoticed. Of grave concern, however, are the recent line-item vetoes of the Rural Workforce Housing and the Middle Income Workforce Housing Fund. We respectfully ask you to support the Appropriations Committee veto override for these two critical programs. The availability of quality housing, workforce housing is a serious problem in Nebraska, one that inhibits our ability to maintain, let alone grow our population, at a time when we have approximately 65,000 unfilled jobs in our state. Sixty-five thousand unfilled jobs and we are not meeting the housing needs to even meet those 65,000 unfilled jobs. In announcing his line-item vetoes, the Governor Pillen stated, we've invested more than \$200 million in affordable housing over the past three years, and Nebraska housing developers are busy leveraging the substantial investment to build up our supply. Now, they go on to state, if the Governor is only referring to these two programs, we respectfully disagree with the calculations and believe the figure presented to the Legislature may not be correlated with ARPA funds that have not yet been dispersed due to a lack of federal guidance. This is not the Rural Workforce Housing Program. It's not the Middle Income Workforce Housing Program. Here are the real numbers. Both programs combined have injected approximately \$50 million into these two programs. They've leveraged approximately \$42 million in local matching dollars. So for people thinking whether or not this is a handout and the private sector, they are putting their money where their mouth is, they're putting the dollars towards this in the matching component. Most of the-- many of the other programs do not do all--

ARCH: One minute.

VARGAS: --these matching components. I think that's an-- really important. And as a result, these investments have resulted in the completion of nearly a thousand new units, an additional 357 under construction. A thousand new units. Using a rough calculation, this reflects approximately \$40,000 in state funds per unit. This is a huge economic impact. These programs will be exponential not only in terms of elevating quality of life and earning capacity for residents. They have been extremely successful in Nebraska, both these programs, of several years. Local stakeholders have utilized them strategically in collaboration with the past Governor administration. And they support workforce and workforce housing. It continues to be a top priority for business and communities throughout the entire state. Please support the override for both of these programs. Sincerely, the entire list of

development associations, chambers, real estate, homebuilders, Metro Omaha Builders, Grand Island-- Kearney Chamber of Commerce-- I mean, the list goes on. You can see, there's 25-plus [INAUDIBLE]--

ARCH: Time, Senator.

VARGAS: --associations.

ARCH: Senator Raybould, you are recognized.

RAYBOULD: Thank you, Mr. President. I'm going to say this really simply. If you do not build it, they will not come. I'll say it another way. If you don't build it, they will come to Lincoln and Omaha. Why? Because we still have nursing homes. We still have high-quality, state-of-the-art hospitals. We still will have housing, because I think we get it right. Senator Hughes said it-- gave a great summary that each community, each municipality has to come up with a housing development plan that includes revitalizing your existing housing, but also expanding and creating additional workforce and affordable housing. I just read the handout from Senator McDonnell and he, he does want to differentiate between affordable and workforce housing. He's absolutely right. There is a huge difference between affordable and workforce housing, market-rate housing and high-end housing. Most developers-- I consider myself a developer. We have to look at the totality of a project. We work with the municipalities. Senator Aguilar knows very well what Grand Island has been doing. Grand Island has been very innovative and very progressive. What they're doing is they have offered tax increment financing for single-family homes, which is extraordinary, which has created a lot more workforce housing with that added additional financial component that helps that developer. I do want to say that government is not building these homes. Private sector is. The private sector, our hard-working capitalists out there are delivering these homes. And they're working with all the financial funding tools that they can get their hands on, working with the municipalities. If it's not tax increment financing, it's additional help with the infrastructure. That city, that village, that town steps up and said, yeah, we'll build that intersection, we'll build the curbs. Well, we'll pull the, the sanitary sewer line to where you need it. This is how communities are doing it. And if we-- if they don't get the infrastructure help, they cannot build it. And it's the same with the communities out in our rural areas. What a developer is doing is called New Urbanism. They're not just building a, a track of affordable-rate housing. That can't make their numbers work. New Urbanism means you build that

healthy mix of affordable, workforce housing and market-rate housing. This is what developers are doing in Lincoln and in Grand Island and in Columbus. This is the only way you can make the numbers work. I'll just give you a quick example. In Lincoln, Nebraska, we have a large developer who is building a 150-unit apartment building. In order to get additional funding from the Nebraska Affordable Housing Trust Fund, they've committed to taking 15 of those 150 units to make them affordable. The rest, unfortunately, are all market-rate housing. But this is what developers are doing to make sure that there is this great New Urbanism and they're actually building communities. Ray O'Connor out of Grand Island is a great example. The Mesner families, the Hoppes, they're the ones who understand how to work with each community and get their financial buy-in and get their financial support and working with all the other entities. And the other thing that these developers do, because they're smart, they develop partnerships, they develop coalitions, they develop collaborations with nonprofits that make this funding more plentiful, partnering and developing this collaborations with the nonprofits, like NeighborWorks is a great example that has--

ARCH: One minute.

RAYBOULD: --done that. Thank you, Mr. President. The other thing that developers are doing is in addition to this amazing mix of affordable, workforce and market rate, they're also throwing in senior residential areas as a component of that, units that are specifically designed for our aging population. And if anybody looks at our demographics of our state and they should, we are an aging population, particularly in our rural communities. Affordable, workforce, market-rate housing is-- continues to be a tremendous need. And it will be-- it's an increasing need in our community. I think we all are aware, Nebraska Chamber of Commerce, Lincoln Chamber of Commerce, Omaha Chamber of Commerce, all the Chamber of Commerce across our state agree. This is essential to the growth of our state. We need more taxpayers if we're going to try to pay for the, the tax cuts to the wealthiest individuals in our state, as well as the corporations.

ARCH: Time, Senator

RAYBOULD: Thank you, Mr. President.

ARCH: Mr. Clerk.

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CLERK: Mr. President, some items. Explanation of vote from Senator Day. Additionally, a report from the Executive Board regarding appointments to the LR135 Select Interim Committee, Senators Blood, Brandt, Dover, Hughes and Moser. Committee report from the Government-- for-- excuse me, from the General Affairs Committee concerning the gubernatorial appointment of Brian Botsford to the Nebraska Arts Council. Two Attorney General Opinions addressed to Senator Erdman and one to Senator Ibach. The Planning Committee will hold a brief executive session under the north balcony upon recess. Planning Committee, executive session under the north balcony upon recess. And the General Affairs Committee will meet for an executive session today, under the north balcony at 1:15. General Affairs, exec session, north balcony, 1:15. That's all-- excuse me, Mr. President. A priority motion, Senator Kauth would move to recess the body until 1:00 p.m.

ARCH: Senators, you've heard the motion. All those in favor say aye; all those opposed, nay. We are in recess.

[RECESS]

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: Mr. Clerk, first item.

CLERK: Mr. President. One item. It's an amendment to be printed or excuse me, a motion to be printed from Speaker Arch. Mr. President, concerning the motion to override LB814, pending was motion 1151, motion to override the Governor's line-item veto in LB814, in Section 254, Agency 72, Department of Economic Development, Program 601, Community and Rural Development.

ARCH: Senator Walz, you are recognized to speak.

WALZ: Thank you, Mr. President. Good afternoon, colleagues. I rise in support to override the Governor's veto to remove funds from the workforce housing. Appropriate housing availability is a continuing problem for Nebraska. And as a realtor, I have seen a dramatic decrease in the available homes for sale over the years. Time and time again, we see our buyers getting into bidding wars for the one house

that might fit their family's needs. And Senator, Senator DeBoer understands this firsthand, as we have been house hunting together. So we've been on a journey. The majority of homes for sale often have multiple offers and buyers end up significantly overbid. Many buyers usually settle for a house that needs substantial investment, both in money and time. I'd like to share some of the statistics of the housing market in my area. In Fremont, the population is about 27,000 and as of yesterday, there were 148 listings on the MLS. However, 81 of those listings were lots and only 67 of those listings were homes. So it's not a lot of homes available compared to what there were on the market a few years ago, when the average was about 150 to 160 homes. Nineteen of those homes were-- ranged from \$100,000 to \$250,000, which I consider workforce housing, but mostly, those homes are bought up by investors. There were 35 homes listed between \$250,000 and \$400,000, which is the average new, new home sale price. And there were 12 homes that were available between \$400,00 and \$1.7 million. There's a lot of manufacturing opportunities in Fremont, including Structural Components, Jayhawk Boxing, Wholystone, Lincoln Premium Poultry. Also, we have Fremont Contract Carriers and other large businesses. So there's lots of opportunity for employment and growth. In Valley, the population is a little over 3,000 and there were only 15 homes available. And listen to this, colleagues. Out of those 15, only two homes were priced under \$800,000. That's not affordable housing. The manufacturing opportunities include 3M, Valmont, Valley Irrigation, Blazer Manufacturing and Aero Industries. In Scribner, the population is about 814. There is one house available. Manufacturing opportunities include Central Valley Ag, Land O' Frost, Bowman, Hunkerman [PHONETIC], and Pulstar, Pulstar Manufacturing. And in Hooper, where the population is 843, there are two houses available and plenty of manufacturing opportunities. So as you can see, we have a lot of good opportunity for employment, but not a lot of great options for available housing. I think we're all aware that we have a housing issue in each of our communities and the problem seems to be twofold. The first is the high cost of labor and materials that makes it difficult for builders to construct affordable housing. Secondly, housing is unattainable for the average Nebraska who earns \$75,000 or less a year, but spends more than 30 percent of their gross income on housing, leaving them with less money for other necessities. I have heard from a number of local businesses and constituents in my district who are concerned about this issue. I think we all want to see our communities grow and thrive.

ARCH: One minute.

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WALZ: And housing is vital to making that happen. I hope you will support overriding the Governor's veto and invest in Nebraska and the people who live here. Thank you, Mr. President.

ARCH: Senator McDonnell, you are recognized to speak.

McDONNELL: Thank you, Mr. President. Good afternoon, colleagues. I have an article, dated February 15, 2022, Flatwater Press. Rural Nebraska's housing crunch is costing towns new residents who have nowhere to live, nowhere to live-- costing new towns-- costing towns residents who have nowhere to live. Job creation is, is the easy part, said Dan Mauk, executive director of Nebraska City Area Economic Development Corporation. Without housing and childcare, it's nearly impossible to attract workers to Nebraska's smaller towns, he said. Housing construction in Nebraska slowed after the Great Recession, when the sudden drop in home, home buyers ended up in U.S. construction industry. From 2010 to 2019, only 40-- 46,000 homes were built in the state, less than half the number built in the decade before. We are behind. We were behind five years ago. We are falling further behind. And the idea that if, if we're talking about how we're going to effectively use taxpayers money, this is an investment. This is about an economic development. This is about giving people somewhere to live, based on the ability to, to, to grow those, those jobs and make sure that they have an opportunity to move into these smaller towns. The, the data is there. You can't disagree with the numbers. And earlier, when I handed out to make sure that everyone understood the difference between the, the idea of-- well, people were mentioning, well, we have \$200 million for this. We are not talking about these different categories of, of housing. We're talking about actually, the idea of rural Nebraska's housing crunch is costing towns new residents who have nowhere to live. I mean, it's, it's right here. I'll hand out the article. The, the statistics are there. We have an opportunity to take a step. And this isn't even solving our problem. Earlier, there was some discussion about \$8 million left. And that's-- that is accurate. But that \$8 million is not going to, going to solve our, our problem. At this point, we need to send a message to the people around the state that we're serious about this. We're serious about growing our state and the idea of, of us investing in workforce housing will help that growth. Thank you, Mr. President.

ARCH: Senator Erdman, you are recognized.

ERDMAN: Thank you, Mr. President. Good afternoon. I shared this with Senator Halloran or he shared with me, that generally, nothing one

says on this floor in debate changes anyone's mind. So I would ponder this, that I would guess that not one person has listened to any of what was spoken about this, has changed their mind. But I have a couple of questions for you to answer. One of them, the first one, what happens when government gets involved in anything? What happens? The cost goes up. Example: education. Government gets involved, education costs more. Insurance: government gets involved, insurance goes up. Housing: government gets involved, housing goes up. And we're talking about workforce housing and I've said this before on the mike. I said it a lot when Senator Stinner was here. In my opinion, workforce housing has wheels under it. That's where you start. That's where you start. You buy that one and you work your way up from there. So the whole concept of what we're trying to do by the government building houses is foreign to the free market enterprise system. It's more like socialism. So I don't understand why we think it's the government's obligation to build houses which make houses cost more. Except the only reason I can think of is that's what we've always done. I gave you an example how to do that in Gordon, Nebraska. They've given us the road map how to do that. No one wants to listen to that. The problem we have, we have a broken system. Our taxes are too high. We have our foot on the throat of the economy with our income tax and our property tax and the way we tax people. So if we remove our foot from the throat of the economic engine, all of a sudden some of these issues solve themselves. And until we get ready to fix and have enough intestinal fortitude to fix our broken tax system, we're going to continue to do the kind of things we're talking about here today. So if you haven't looked at the EPIC option, take a look at that. That is a solution. But we don't do solutions. We do Band-Aids on an amputation. And when I asked the question in Appropriations, how much money would it take to solve the housing problem in Omaha? The witness described it this way: \$17.5 billion would solve the problem. I asked, would you come back for more money if we gave you enough? How much is that? And the answer was \$17.5 billion. It's not the government's job to build houses. This is not about how much money is available for workforce, medium income or whatever you want to call it housing. This is a decision whether the government should build houses or not. That's the-- that's the question. Are we a free market enterprise system or are we socialism? You decide. It's not the government's job to build houses. And I will not override the Governor's veto on this one. Thank you.

ARCH: Senator Vargas, you are recognized. This is your last opportunity.

VARGAS: Thank you very much. Colleagues, this is a conversation about how we make investments and how do we incentivize the types of things that we want to see. We do this all the time. We do it with many different programs of economic development. This is not any type of handout. This is a program that looks to leverage matching funds. These programs have been successful. And in terms of this idea that this has always existed, this is a newer program that was created in 2017 and then in 2020, both of which were created to then meet a specific need of incentivizing the kind of housing that wasn't being developed. And there is a calculable impact in terms of the number of units that were created. As I mentioned earlier, there was about 900 units created and more that are being constructed right now, about three or 400 more. If you're even looking at trying to extrapolate the impact of what this or these types of programs are doing, they're incentivizing housing development that is accounting for, estimated about 15 percent of the new housing we're seeing outside of some of our metro areas right now, across the state. So we will see that decrease of about 15 percent when we're not funding these programs, in new housing options across the state. And it's very targeted. They get to choose, based off of a competitive scoring rubric, on which projects are going to work the best. Then I handed this out. Hastings Economic Development Corporation, which operates in Adams County, was awarded \$850,000 in 2018 with matching funds of \$950,000. The resulting total fund was about \$1.8 million. In 2018, the organization awarded a \$900,000 loan for 84 new multifamily units and \$900,000 loan to build 24 new single-family ownership units in the city of Hastings. The project cost about \$12 million. Both projects were under construction throughout 2019. No additional investments were made in other than those investments. The additional project costs came in adjusting a little bit for the reporting costs, but what we ended up seeing was multifamily units and family-- 24 new single-family ownership units creating in the city, city of Hastings. And Holdridge Development Corporation, they were awarded about 400-- \$320,000 in 2018, with matching funds of half a million dollars. The resulting total fund was \$819,000. And in 2018, the agency committed to invest \$800,000 in construction loan to build 8 new single-family home ownership units in the city of Holdridge. Lincoln County Community Development Corporation, which operates in Lincoln County, was awarded nearly 200-- about \$160,000 in 2018, which matching, matching funds of \$280,000, resulting total funds of \$436,000. They used this money as gap financing to build 4 new multifamily units in the city of North Platte. These project costs totaled about \$400,000. And the new construction-- and was made. These are just examples of some of the

types of programs. I'm saying this because there's questions about what kind of developments are made or the impacts of the developments, the private money that's leveraged. This is a program that works. We clearly have a need. You're hearing it from all the chambers. You're hearing it from the realtors, home builders, League of Municipalities, many others, all 20, 30-plus different organizations listed. And it's about whether or not we stand by the investment we made in the budget or we don't. That's what this is about. I'm asking for your support for LB42-- LB814. I'm specifically overriding on this specific item, for workforce housing. And I appreciate the dialogue today. And I'm hopeful to get your support on this, to support these really effective and wonderful programs. Thank you.

ARCH: Senator Blood, you are recognized.

BLOOD: Thank you, Mr. President. I stand in favor of the override for workforce housing. And the reason that I stand in favor is because for decades, we knew this was coming. And for decades, we ignored the issue of workforce development. And what we continue to do and are getting better at though, of overcoming, is that we continue to try and make up for it. But we're still kind of eating the elephant, one bite at a time. So we still don't have a comprehensive approach. But I am thrilled that we are starting to move forward on this. And I would like to briefly respond to Senator Erdman's comment. You are right. More government involved in things is wrong. Parents lost their rights this year. Women lost their rights this year. We decided we were doctors. Government should not be involved in our everyday lives. We need to stay out of it. I absolutely agree with you, Senator Erdman. Thank you for sharing that today. And I would also like to remind everybody how much we talked about women and children earlier in this session and what a shame it was that our previous motion to override did not pass. And many of us will have very long memories that will always remember that that did not pass. And it's really unfortunate we can't do better here in Nebraska. Here's an opportunity for us to do better today. Thank you, Mr. President.

ARCH: Seeing no one left in the queue, Senator Clements, you're welcome to close on motion 1151.

CLEMENTS: Thank you, Mr. President. I rise in opposition to Motion 1151. And I would like to make some comments about that. Senator Briese and I were discussing this earlier, but I'd like to reiterate that according to the Fiscal Office, there was about \$8 million of unobligated rural housing funds yet to be awarded. It may be awarded

shortly, but it's still not going to be used until the next fiscal year, starting July 1, so it will carry into fiscal year 2024. Similarly, there's 2023 middle income housing of about \$21 million, that has not yet been obligated. The bill says that unexpended cash funds for rural workforce housing is hereby reappropriated after June 30, 2023. The unexpended Middle Income Workforce Housing Investment Fund is-- on June 30, 2023 is hereby reappropriated, and so those funds are still available for housing. Then today's green sheet, if you look at the bottom of the page where the Cash Reserve Fund section, the bottom of the page shows \$769,833,000 [SIC] of projected ending balance of the Cash Reserve at the end of the biennium. And the-- I would like to read from the Governor's veto letter. It says, To preserve our Cash Reserve Fund, I have vetoed \$10 million of cash fund appropriations in fiscal year '24 and '25 for rural workforce housing, \$10 million appropriation in fiscal year '24 and '25 for middle income housing. This will preserve our reserve funds and avoid flooding the housing market with government subsidization. The Cash Reserve green sheet of-- showing about \$770 million is well below our goal of \$900 million I was hoping to end the session with. That's \$130 million short. And it would help some the-- let's see. Yeah, the veto would help by \$40 million, but we're still going to be below the \$900 million. The reason that-- one of the reasons that we've talked about, we had funded the Perkins Canal project to save the water in the South Platte River, \$575 million. The prison, \$95 million. And those came out of the Cash Reserve. And this housing money is coming out of the Cash Reserve or it would. And the revenue projections are still stable and we were able to fund that-- over \$600 million dollars out of the reserve this year. And I believe it's reasonable to think we'll be able to allow for housing to be considered in 2024 from the Cash Reserve Funds. And so, I do oppose the motion to override. And I would for those reasons, I think it's prudent to save our Cash Reserve. There have been other years when we skipped a year on the housing funds. There are housing funds carrying forward. And I ask for your no vote on the motion to override.

ARCH: One minute.

CLEMENTS: Thank you, Mr. President.

ARCH: Senators, the question before the body is motion 1151. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 25 ayes, 23 nays, Mr. President, on the motion to override.

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ARCH: The motion is unsuccessful. Mr. Clerk, next item.

CLERK: Mr. President, the Appropriations Committee would move to override the Governor's line-item veto in LB814, Section 35, Auditor of Public Accounts, Program 506, State Agency and County Post Audits. Section 36, Auditor of Public Accounts, Program 525, Cooperative Audits. Motion 1149.

ARCH: Senator Clements, you're welcome to open on motion 1149.

CLEMENTS: Thank you, Mr. President. The third item today is on the committee report, item number three, Auditor staffing and professional development. It shows the section numbers in LB814. And that includes state agency and county post audits, audits and cooperative audits by the auditors agency. The veto would restore the following amounts: General Funds, \$848,703 over two years; Cash Funds, \$340,132. Total of \$1,188,835. The vote in the committee was 5 in favor, 3 no and 1 not voting. That's the committee report. Thank you, Mr. President.

ARCH: Senator DeBoer, you are recognized to speak.

DeBOER: Thank you, Mr. President. Colleagues, I am in full support of this veto override for the Auditor's Office, not because of any particular personality in the Auditor's Office or anything like that. Auditor Foley and I do not agree politically on, on many issues, but he, he is in charge of a very important office that we all really ought to be supporting. We've just had a huge influx of cash from the federal government in the last couple of years. And knowing where that money is, knowing where the interest from that money is, knowing how we can get that money to the right places in the very short timeline that we have to do that without getting federal clawbacks, these are very important things. We have to have an accounting, a knowledge of where our money is. We have to be able to do these audits. We have to know what all is going on financially in our state. Somebody said a second ago, well, why would you suddenly give more money to the Auditor, give the Auditor a bigger raise than you give one of the other departments or something like that. And that's precisely because of all this money that has come into our state from the federal government in recent years and because of the surplus that we had in our state. We've spent it all, but that we had in our state. We've got to keep track of this money. We need to have more folks in the Auditor's Office to help us to do that properly. And, you know, it used to be-- there was some statistic I saw, there used to be 60 members of the Auditor's Office, and now there's only 40 or something

like that. So we actually have brought this number way down. This would bring it up a little bit, but nothing like it used to be. We would still be under those historical numbers. This is something that needs to be done this year. We talked about the other things and they said, well, you could put it off a year. You could put it off a year. We could do it in the, in the mid-biennium budget. This is not one of those things. This is one of those things that we need to address right away and make sure, so that the people's money is being kept track of, so that the people's money is not being used wrongly, so that the people's money is not just sort of sitting idly by somewhere and we don't know about it because we haven't been keeping track. All of this money that has come into our economy in the last few years, we need to be able to, to measure it, to watch it, to see that it's getting out, when it's getting out, where it's going out, to whom it's going out to, all of these things are things that can be done by the Auditor's Office. This is not an issue of left or right or anything like that. This is an issue of good government. This is an issue of being responsible and adult in our governing to make sure that the Auditor's Office has the resources it's need-- it needs, in order to take care of all of these funds that we have had and we've been asked to steward over the last few years. So I will encourage all of you to vote with me to override this veto. I do think that this one-- I understand there's arguments against the other ones. This one is just common sense. We need to make sure that when we've had a significant increase in the amount of work that is going to need to be done in order to keep track of this money and be good stewards of this money, this is something we ought to be working on together. So I encourage your green vote on this override motion. Thank you, Mr. President.

ARCH: Senator Erdman, you're recognized.

ERDMAN: Thank you, Mr. President. Thank you, Senator DeBoer. That was well said. I appreciate that, what you said. Let me, let me just share a little history about the current Auditor. It's a rare time when we have an opportunity to have someone be reelected to a position they once held, that they did an outstanding job in, outstanding, perhaps the best Auditor this state has ever had. That's a proven record. He was there. He did it. The letter that you may have received from Lee Will on what the Auditor's Office actually has in funding was somewhat misleading. It spoke as if he was going to grow his staff from 45 to 54. That's not the case. He's asking for two, two more auditors, two. A lot of auditors have left his office because in the other group, the other agencies have an opportunity that they work for the union. They get a 22 percent increase. And some of his past employees were offered

\$20,000-30,000 to go to another agency, so we've cannibalized his agency at the sake of others. Let me share a couple of things about what has happened in the Auditor's Office over the last four or five years to explain to you that the Auditor will bring in far more revenue than we're possibly going to appropriate with this override. In '20, the Auditor's Office brought in \$1.5 million, '21, \$1.75 in '22, \$1.56 and it's estimated in '23 to be \$2.35 million. Then a cumulative balance in '20 was \$60,000. The balance in '21 was \$244 including the \$60. And in '23-- '22, it was \$485,000 and it-- they left it and projected it to be flat, from there going forward. I think Senator DeBeor described exactly why we need more auditors. He has shared with me that it's been ten years since the Department of Education has been audited. In general, it's about 5-7 years before each agency in the state gets a look at. That's too long. We cannot afford to tie the hands of the one who's going to determine where all the money went, as Senator DeBoer described. So this is a commonsense approach. This is not adding 14 employees to the Auditor's Office, which the letter kind of indicated that that's what it was. It didn't exactly say that, but they left you to believe that to be the case. That's not true. It's two. The majority of the rest of the money is to help catch up with the raises that he needs to give to the employees that he currently has in the PSL so he doesn't lose more employees. It's very simple, very simple and straightforward. So what I'm asking you to do today is vote to override the Governor's veto on the Auditor's Office. Allow him to have the latitude to hire the people that he needs to do the jobs that we're going to ask him to do. And as you can imagine, a good auditor, no matter what we pay him, is reasonable or cheap. It's time for us to step up and support his agency, so that he can report to us that we know exactly where the dollars went. If you don't care how the money is spent, you don't care to know if it was spent correctly, then vote to sustain the veto.

ARCH: One minute.

ERDMAN: Otherwise, if you believe that it's necessary we know the truth about the spending, then this is your opportunity to fix that and vote for the override. So join me in voting green to override the Governor's veto. I'm sorry it came to this, but that's the way it goes sometimes in government. Sometimes you have to make a change and this is a chance for us to do that. Thank you.

ARCH: Senator McDonnell, you're recognized to speak.

McDONNELL: Thank you, Mr. President. I rise to support the override of the Governor's veto. Mike Foley, most of us have gotten to know in one way or another. His experience right now in state government is matched by none, based on serving as a state senator, serving as our Auditor, serving as our Lieutenant Governor. So the idea when, when, when Mike Foley comes in front of us and, and tells us what he thinks he can accomplish with overall, a minimal amount of, of increase in our, in our budget, I believe him. I believe him. And it's based on looking at those, making sure that we're, we're being effective and efficient with every taxpayer dollar. Earlier today, Senator Lippincott handed out a letter from, from Mike Foley to all of us, May 31, 2023, signed by Mike. Being able to hire, train and, and retain a well qualified staff is critical and effective oversight of government finances to ensure taxpayer money is being spent appropriately. As recently as early 1990s, the State Auditor's state-- staff consisted of 60 professional auditors. Over the years, that number has dwindled to 40-45 professionals, due to minimal increases and appropriate resources. While state government expenditures have skyrocketed-- if you look at the, the chart on your desk, you can go through that-- the many large state agencies are now audited every 5-7 years or, or longer, leaving serious financial problems undetected for extended periods of time. According to the negotiated collective bargaining agreement with NAPE, Nebraska, the account, account, account and job classifications are set for a salary increase of 22 percent as of July 1. However, the State Auditor's staff is not covered by the new salary increase in the NAPE contract. In recent times, experienced State Auditor staff have been recruited to work for other state agencies and received salary increases of \$20,000-30,000, thus impairing the mission of the State Auditor's Office as highly-trained staff depart. Based on the proposed biennium budget, our total General Fund budget request amounts to .02 of 1 percent of all appropriations. To put that in context, if you were to allocate just 1 percent of the appropriated dollars for audit purposes, the State Auditor budget increase would, would be \$150 million. The General Fund override motion is for less than a million. The small financial impact of passage of this overall-- override motion would in no way jeopardize the Legislature's goal of significant tax relief this session. Effective auditing exposes significant waste and inefficiencies while enhancing transparency of government expenditures. As the State Auditor's Office has demonstrated time and again over the years, inadequate funding jeopardizes the ability of the office to continue providing this essential service to Nebraska citizens and Legislature. We take great pride in fulfilling our mission to perform independent, accurate and

timely audit reviews, our investigations of financial operations of Nebraska, state and local governments. We hope you consider voting yes on this-- on the State Auditor override motion. Signed, Mike Foley, State Auditor. He's using facts. He's using his experience to make sure that his staff is adequate and fairly compensated to do their jobs. I ask you to please vote for motion 1149 to override the Governor's veto for the State Auditor and for the citizens of Nebraska, based on transparency builds trust and the State Auditor, Auditor makes sure that transparency is there. Thank you, Mr. President.

ARCH: Senator Riepe, you are recognized to speak.

RIEPE: Thank you, Mr. President. I want to speak on behalf of Mike Foley. I usually start with people that I want to relate with is on their character. And I think Mike Foley has the highest standard of integrity that I can describe. And I respect and appreciate him very much. I also like to point out that as a state, we have a budget of over \$10 billion each and every year and that requires oversight and auditing of-- one of my two examples with-- Senator Erdman talked about and that is that the Department of Education has not been audited for 10 years. And the last audit was conducted by Mike Foley and his staff. And second concern that I have and this came through DHHS, was we recently approved a SNAP program and the federal funding for that is supplied. But there was going to be a \$500-and-some-thousand-dollar requirement for administration. And lickety-split overnight, DHHS came up with \$550,000 out of some side draw someplace, the way that I read it. That's not DHHS's accountability to do that. That's this body's and we need to be able to have a greater audit over particularly, I would say, DHHS and also Education, to make sure that we're living up to the expectation of those who elect us and send us here to office. So that's where I'm at. And I, I intend to vote for the override. And I thank you very much for your consideration. I yield my time.

ARCH: Senator Linehan, you're recognized to speak.

LINEHAN: Thank you, Mr. President. And thank you, Senator Jacobson, for reminding me where we are. I'm not going to support this override. I greatly appreciate the abilities of the State Auditor. His many years of public service he's dedicated, I don't know exactly how old he is, but many years. He was in-- he was our Auditor. He was in the Legislature. He was the Lieutenant Governor. And now, he's been reelected as Auditor. So this has nothing to do with how well I think

he will do that job or how much I respect him. However, I have also spent many hours this session with the Governor's team. And they have worked tirelessly to accomplish a lot of great things. And I know they're trying to do as much as they can and make everything happen. So I'm going to stick with their plan. Thank you, Mr. President.

ARCH: Senator Ibach would like to recognize some guests seated under the south balcony, Krista Zobel, Isaac Zobel, Eli Zobel and Eden Zobel, all from Davey, Nebraska. Welcome. Senator Jacobson, you are recognized.

JACOBSON: Thank you, Mr. President. I'll try to be really brief here. I did meet with, with Auditor Foley. I agree with Senator Linehan. He's, he's very, very good at what he's done-- what he does. He's been a state senator. He's been the State Auditor. He's served as Lieutenant Governor. He knows state government incredibly well. The interactions I had with him as the State Auditor, he's, he's very thorough, he knows where the bodies are buried, he knows where to look. My conversation with him this morning and the reason I'm going to vote against the override, is because I believe Mike Foley will operate that department much more efficiently because he's been there, done that. He knows what to look for. He's incredibly good at what he does. I think he's underselling himself in his abilities to get the job done with fewer people and do more volume. This happens all the time in industry. I can tell you in the banking industry, you bring up someone who has never served as a CEO before into a brand new organization, he's going to need all the help that he or she can get to make it work. You bring in a seasoned veteran who's been around the block and I can tell you can operate much, much more efficiently. I have a lot of confidence in Auditor Foley to get the job done. I don't think we're talking about a lot of money. I do think if there is a problem that he runs into, I'm confident that the Governor will work with to find the funding or they'll work for the funding next year. The message has been sent. The question's been raised. But as I said before, I'm going to support all the Governor's vetoes for all the reasons that were brought forward. There are dollars there that could be used. I have a lot of confidence in Mike Foley as an Auditor and I know he'll figure it out and make it happen. And for that reason, I'm going to vote against the veto override. Thank you, Mr. President.

ARCH: Senator McDonnell, you are recognized to speak.

McDONNELL: Thank you, Mr. President. The reason I'm going to disagree with Senator Jacobson is based on, I believe, Mike Foley. I believe

that if he sincerely felt, with his vast experience, I do agree with Senator Jacobson on that, that he's got more experience than probably anybody right now, as an elected official in, in state government, I believe he would have told us that. I believe-- I don't, I don't think he would come in front of Appropriations and say, this is what I need and in, and in reality, wouldn't need it. I just, I just don't. I think with his experience of being the Auditor, of being Lieutenant Governor, of being a state senator, I think he's taken it extremely serious. And I know he wants to protect the taxpayer dollars. And I believe this is-- what he's asking for is exactly what he needs to be success-- successful. And if he's successful as the State Auditor, that makes us successful as the, the state of Nebraska. So I, I believe that Mike Foley has sincerely asked us for what he has-- what he needs to be able to do the best possible job. I'm not saying that he will not give us 100 percent if we do not override the Governor's veto and, and do the best possible job he can do. But what he's saying is, give me these tools and I can do the job that this state deserves. Thank you, Mr. President.

ARCH: Senator Brandt, you are recognized.

BRANDT: Thank you, Mr. President. There are three branches of government. There's judiciary and executive and legislative. The Auditor has access to all three. The Auditor is our insurance, for the taxpayers of the state of Nebraska, all is well. When I worked in private industry a lot of years ago, for IBP, we had our own auditors. And for those of you that have worked in industry, nothing strikes fear into the heart of a department as having an auditor show up. And then that auditor writes a report and then they give that department a chance to rectify or defend what they did. And at the end of the day, they issue a final report. This is critical to the state. This is no place to cut money. We really need to support this override. Thank you, Mr. President.

ARCH: Senator Erdman, you are recognized.

ERDMAN: Thank you, Mr. President. I wasn't going to speak again, but I think it's necessary we have a little more discussion about what exactly this is and what we're going to do here. There are some of you that are sitting on the fence and you haven't decided how are you going to vote. There's some of you are thinking if it gets close, if it's 28 or 29, I may vote yes. It's time for you to make a decision. Senator Jacobson and I agree on almost everything, almost always on the same page. I don't agree with Senator Jacobson today. Saying

because Senator or excuse me. Senator Foley-- Auditor Foley is very efficient in what he did the last time, he don't need the extra employees to carry out the job that we're asking him to do. That's the wrong approach. The approach is to give him the people he needs to do what we're asking him to do. And so, if you vote to sustain this override and in the future, you want information about where the money went, how it was spent, you want an agency audited, you have concerns about how the money was spent, don't come to me. Don't come to me and say, I wish we had that information. But the Auditor couldn't get it done because he didn't have the people to do it. This is a decision you're making today, a long-term effect of what's going to happen in the Audit Division of the state. How long did it take him with the Department of Transportation before he discovered the discrepancies there? Shortly after he took office. It'll be the same way and Senator Brandt described it exactly right: when the auditor walks in, people get concerned. So today is the day to help the Auditor accomplish what we're going to ask him to do in the future. And if you're worried that you've got pressure from somebody to vote a certain way, you were elected to come here and make a decision on what is appropriate and what is correct and what needs to be done. Whoever might be putting pressure on you didn't vote for you. They did not elect you. Those people who did are expecting you to do the right thing. And the right thing is to make sure that the money that those people that pay taxes sent in to us, we can guarantee them we've spent them the way they ask us to do that. And unless we can verify the fact that it was spent correctly, you can't answer that question for them. And so, this is a serious situation we find ourselves in today. And it's not vote against the veto override because someone told you not to do that or told you to do something else. You need to vote green on this one. In my opinion, this one shouldn't have happened. This one should not have happened. As I said earlier, with the past performance of the Auditor that we currently have, one would understand that whatever appropriation, appropriation we make for that agency will be spent correctly, appropriately and efficiently. It's not like he doesn't know what he's doing. He's never done the job before. He was here eight years before. He's a known commodity. His agency will run smoothly and he will be efficient. And as I said last time on the mike, he will bring in more revenue than we're ever going to appropriate for him. If you believe that, if you believe what I've told you to be the truth, vote green. And when you go home tonight, you'll feel good that you did something correct today. Thank you.

ARCH: Senator Halloran, you are recognized.

HALLORAN: Thank you, Mr. Speaker. There's an inscription on the entrance to the Capitol. In the watchfulness of its citizens in Nebraska-- salvation is in the, in the watchfulness of the citizens of Nebraska. Now, citizens can't be-- they can't have access to the books. They can't have access to how the money is spent, where it's going, where the interest is going. And they depend upon the Auditor, like we do, to do his job. And so, I think it's incumbent upon us to make sure that the Auditor's Office, that the salaries are brought up to a level where his staff can't be cannibalized by other agencies and he has the adequate staff, staff to do what he needs to do. There's no, no need for me to repeat, but I will, the integrity of Mike Foley is a given. His talents as an auditor is a given. He's proven himself, but we need to be able to give him the tools. And this is a minor thing that we're giving him, but it's bringing him up to a level where he can do his job correctly. So I encourage an override of this veto and the citizens of Nebraska will thank you for that, because they are watching.

ARCH: Seeing no one left in the queue, Senator Clements, you're welcome to close on the motion.

CLEMENTS: Thank you, Mr. President. This was a committee recommendation, 5-3-1. A yes vote would retain the Auditor's budget. A no vote would reduce the Auditor's budget, partly, by the amount of the Governor veto. Thank you, Mr. President. I request a call of the house.

ARCH: There has 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. Mr. Clerk.

CLERK: 36 ayes, 2 nays to place the house under call, Mr. President.

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 Lowe and Sanders, please return to the Chamber. The house is under call. Senator Lowe, please return to the Chamber. The house is under call. Senator Clements, we are missing Senator Lowe. Would you like to wait or proceed? All unexcused members are now present. There has been a request for roll call in reverse order. Mr. Clerk.

CLERK: Senator Wishart voting yes. Senator Wayne voting no. Senator Walz voting yes. Senator von Gillern voting no. Senator Vargas voting yes. Senator Slama voting yes. Senator Sanders voting no. Senator Riepe voting yes. Senator Raybould voting yes. Senator Murman voting yes. Senator Moser not voting. Senator McKinney voting yes. Senator McDonnell voting yes. Senator Lowe voting yes. Senator Lippincott voting no. Senator Linehan voting no. Senator Kauth voting no. Senator Jacobson voting no. Senator Ibach voting no. Senator Hunt not voting. Senator Hughes voting yes. Senator Holdcroft voting no. Senator Hardin voting yes. Senator Hansen not voting. Senator Halloran voting yes. Senator Fredrickson not voting. Senator Erdman voting yes. Senator Dungan voting yes. Senator Dover not voting. Senator Dorn voting yes. Senator DeKay voting yes. Senator DeBoer voting yes. Senator Day voting yes. Senator Conrad voting yes. Senator Clements voting no. Senator Machaela Cavanaugh voting yes. Senator John Cavanaugh voting yes. Senator Briese voting no. Senator Brewer voting yes. Senator Brandt voting yes. Senator Bostelman voting yes. Senator Bostar voting yes. Senator Bosn not voting. Senator Blood voting yes. Senator Ballard voting no. Senator Armendariz voting no. Senator Arch voting no. Senator Albrecht voting yes. Senator Aguilar voting yes. Senator Hunt voting yes. Senator Fredrickson voting yes. Vote is 31 ayes, 14 nays, Mr. President, on the motion to override.

ARCH: The motion is successful. Raise the call. Mr. Clerk, next item.

CLERK: Mr. President. Some items, quickly. Your Committee on Judiciary, chaired by Senator Wayne, reports LB184 to General File with committee amendments. Additionally, committee report from the gov-- from the General Affairs Committee, concerning a gubernatorial appointment to the State Racing and Gaming Commission. Concerning LB814, Mr. President, the-- excuse me. Senator Dungan would move to override the Governor's line-item veto in LB814, in Section 21, Supreme Court, Operations.

ARCH: Senator Dungan, you're recognized to open on motion 1148.

DUNGAN: Thank you, Mr. President. And good afternoon, colleagues. I rise today asking for your support of motion 1148, which is an override of the Governor's vetoes for various Supreme Court operations. In this motion, there are two distinct items that are contained in that. The reason for that, colleagues, is when these things are vetoed, if they get vetoed in one line item, then in order to override it, both must be a part of the override. So my portion of this is the portion that pertains to payment for court interpreters,

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which I'm going to speak more to here for a little bit. And then I'm going to turn the mike over to my colleague, Senator Dorn, here in a little bit. And he's going to speak more towards his component to make sure folks understand that. But I want to start by talking a little bit about court interpreters. I know we had this discussion during the conversation with regard to the budget and 31 of you voted to include in the budget an amendment that would agree to appropriate a certain amount of funds to make sure our court interpreters are paid.

Colleagues, we have a very dire and serious problem here in Nebraska, with regard to court interpreters. I'm not being hyperbolic when I say this, but we are actually at a crisis point, where court interpreters who provide necessary and statutorily obliged services are getting to the point where they're unable to maintain their court contracts and are actually at a point where we may not have court interpreters moving forward. The main question I get asked is how many court interpreters, certified court interpreters, do we have in Nebraska right now? My understanding as of today is that we have 30. That's it. We have 30 certified court interpreters who are currently exercising court contracts and are certified through our state to provide those services. I heard today that one of them is actually leaving at the end of this year because they're not making enough money. So we're going to have 29 court interpreters, for the entirety of the state, that are certified. That is a huge problem. In my conversations, excuse me, with the certified court interpreters, the main reason that is given, if not the only reason for our lack of having new court interpreters and increasing the amount of people we have there, is money. When the court interpreters became a program that we had here in Nebraska, they were paid really well and we were actually a bastion of places that people who were certified court interpreters wanted to come and work because they knew that we not only had good services, but we paid well. However, the last time that court interpreters had a pay raise here in Nebraska was 2004. So it's been 18 or 19 years since there's been any increase in pay. That means there's been no cost of living increase. There has been no increase based on inflation. They've not received a pay increase since 2004. And because of that, we have seen a lack of people becoming court interpreters or certified court interpreters. My understanding is the last time we had a certified court interpreter in Nebraska get certified, was 2016. So it's been since 2016 that anybody has even stepped up to become a certified court interpreter. And colleagues, that is a huge, huge problem. We have a statute, Nebraska Revised Statute 25-2401 that says, it is hereby declared to be the policy of the state that constitutional rights of persons unable to communicate the English

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language cannot be fully protected unless interpreters are available to assist such persons in legal proceedings. So the Legislature got together and actually said that it is the, is the law of the land that we ensure that there are certified or capable courts interpreter services for folks involved in the justice system. May 2023 commemorated the 50th anniversary of the Supreme Court recognizing language access in the courts. The U.S. Department of Labor projects the need for court interpreters is going to grow 17 percent from 2021 to 2031. What we know is the current demographics show that 11.8 percent, so almost 12 percent of Nebraskans speak a language other than English. And we know that between 2019 and 2022, the number of languages interpreted in the courts and probation cases increased by 32 percent. So we are seeing on one hand, an increase in the need for interpreter services and on the other hand, we are seeing a stagnation or actually even a decrease in the providing of those services. And so, in my conversations with the court interpreters and the organizations that are currently providing those services, it's my understanding that if they don't receive some, even a, a meager increase in pay to try to keep them up with the, the costs of the time, we're not going to have interpreters moving forward. And my concern, colleagues, is not to scare people, but it's to say that we will actually have a crisis on our hands in our courts if there are not certified court interpreters that can provide, provide those services. You're going to end up with people having cases continued not just for days, but for weeks, to get court interpreters there. And what that ultimately means is you are going to end up with a vast increase of costs to the counties and to the states. So we are going to see the increases of states and counties continuing these cases time and time again, when it would actually save us money to give this small pay increase to the court interpreters. So I've talked to the Supreme Court. Corey Steel and a number of people from the Supreme Court were in favor of this being added into the budget. I have spoken with them and they are also in favor of this override, if for no other reason than it is integral that we actually ensure our court interpreters receive a pay increase here, moving forward. I'm happy to answer any questions that anybody might have with regards to the necessity for court interpreter services. But this is not a partisan issue and this is not something that I think it would just be nice to have, this is something that we absolutely need to do here today or we are, or we are actually going to have a crisis on our hands. I did hand out to everybody a color sheet that had some numbered bullet points on there, that talk about the current pay and some concerns the Supreme Court had moving forward. I would ask everybody to take a look

at that. It does a really good job of explaining the issues before us. And so, hopefully, folks can take a look at that. And if you have any questions, feel free to ask me those off the mike or on the mike. But colleagues, I, I would urge you to vote green on this motion, both for my point and for Senator Dorn's, which I'm going to yield to him in just a second. It's necessary that we do this to continue serving the public through our court systems. With that, Mr. President, I'd yield the remainder of my time to Senator Dorn.

ARCH: Senator Dorn, 3:45.

DORN: Thank you very much. Thank you, Senator Dungan. And thank you, Mr. President. Briefly, he was correct. There was a line item in the budget in the, in the bill itself, LB814, which was vetoed as part of that line item. The total dollar amount needs to be, I call it, reinstated if this is overridden. And part of that is the bill that I had for ex-officio clerks. What that amounts to is many counties have district court clerks that are elected. They, the state-- the counties pay the salaries of those people in that. And they run that program. What ex-officio is, is the counties that aren't large enough that do not have an elected person, they are still in charge of-- somebody in that county, generally, it's the county clerk is in charge of doing the district court duties or whatever. They work continually with our court system here at the state of Nebraska. And their issue that they face quite often is they don't have enough I call it business in the district court to be knowledgeable and to be skilled. There are approximately 30-34, I think, ex officio counties that have ex officios as their, their district clerk. Eleven of those, I think 11 or 12 so far, have come into our court system here and our court system here in-- under the Supreme Court is now running those programs. That is a cost to our Supreme Court and that's a cost-savings to the county, but that's a cost to our Supreme Court. They originally came and asked for \$1.8 million for each of the next two years in the budget process through the Appropriations Committee. We put in \$500,000 for each of the next two years and that is why the ex officio part is also a part of this possible veto override. So just a little explanation there. There are more counties-- ex officio counties coming on all the time into the court system, because they just do not have the expertise, the knowledge or sometimes the funding to deal adequately with running a district court in their county, just because of the size of the county. Thank you very much.

ARCH: Senator Bosn, you are recognized to speak.

BOSN: Thank you, Mr. President. Senator Dungan asked if I would speak on behalf of some of the perspective of the County Attorney's Office and the court process that we use interpreters for. Prosecutors do rely on these court interpreters to communicate with both witnesses and victims, regarding communicating when trial is going to be, when testimony will be necessary for them to show up. I have consistently found these individuals to be professional, unbiased and necessary for everyone to be able to rely on and trust the court process. So those services, they'll often meet with us before the trial begins so they can have that relationship with the individual that they're testifying on behalf of or relaying testimony on behalf of. And it's a service that sometimes, you almost have to have two interpreters present because one has to be providing services if the defendant speaks a secondary language other than English or if English is not their primary language, excuse me and then also, for any witnesses. And they have to be separate. So those are some of the reasons that interpreters are often necessary for trials in more than one individual. So with that, I will submit. Thank you, Mr. President.

ARCH: Senator John Cavanaugh, you are recognized.

J. CAVANAUGH: Thank you, Mr. President. I appreciate Senator Bosn submitting on her argument. That's a little inside joke, I guess. So I rise in support of Senator Dungan's motion to override. And I also have experience in courtrooms, with interpreters. And it was just pointed out to me that-- I, I do appreciate Senator Dungan's hand out, but the-- these interpreters are for other-- languages other than English, but as well as for deaf and hard of hearing. And this veto, you know, we've had a lot of conversations about vetoes today, about holding the budget firm and making sure we can do all the great things that we want to do and make sure we still have enough money in the Cash Reserve, but this would be charitably described as penny wise and pound foolish because this is a cut of, of a small amount, \$200,000 a year, that allows our courts to function, not just function more efficiently, which it does, but to function. If we don't have court certified interpreters, courts cannot have hearings. If courts can't have hearings, then things get kicked down the road. And obviously, justice delayed is justice denied. And so we would be denying people access to justice. But each one of those delays is costly to the state. Because the state, in a criminal prosecution, sends a prosecutor, there's a judge, there's usually a court reporter, there's a bailiff, there are sheriff's deputies in that courtroom. All of those people are paid. And then, of course, there can be a public defender or a court-appointed counsel who is also paid by the state.

And so all of these costs are incurred, whether there is a resolution or some action taken. And when we do not have adequate court interpreters there, the hearing cannot go forward, which means you get everybody there, everybody's, you know, dressed for the party, as it were and we can't go forward. And so then we have to reschedule and come back and find a day that works for everybody and find availability of an interpreter. And so, if we do not catch up to the, the-- give a raise to the court interpreters, fewer and fewer people are going to do this. And we have a larger and larger need for this service, because it's not just Spanish that we're talking about. But there are a, a large need for other languages, as well, across the state. And whenever we can't-- don't have an official interpreter there, you can't have a hearing. So that's-- this is an investment in our courts functioning. This is an investment in justice. This is an investment in efficiency, as Senator Erdman correctly talked about on the override for the Auditor of Public Accounts, that this is about making sure that these people, these professionals, do not get poached away by some other profession because they can make more money doing something else. And they will do that. They will stop coming and spending their time in courts if they can't make a living doing it. And this is incredibly important to our criminal justice system and to our other courts as well, to make sure that they can function, that we have approved, court-certified interpreters. So I would ask for your green vote on the motion to override the veto. Thank you, Mr. President.

ARCH: Senator Conrad, you are recognized.

CONRAD: Thank you, Mr. President. Good afternoon, colleagues. I rise in support of Senator Dungan's motion and appreciate his leadership and commitment to this important issue. I think that this opportunity to restore funding for court interpreters, as we committed to each other, as we committed to our constituents during the course of the budgetary deliberations, is important. And it stands as part of a long-standing effort and commitment by the judicial branch, by the Bar Association, by other stakeholders, to ensure that we are doing all that we can to ensure access to justice, that we are doing all that we can to ensure equality under the law. And in order to make sure those key values are not solely platitudes but are realities, we need to meet the moment with funding. So that means ensuring that we have the tools and resources requisite to guarantee access to justice and equality under the law, for all Nebraskans who are seeking services within our judicial branch. That includes being thoughtful about access to justice for low-income Nebraskans. That includes ensuring

access to justice for Nebraskans who are differently-abled, who either have a visual impairment or who are deaf or hard of hearing or who speak a different language. We know, from the court's work, from the Access to Justice Committee, from the State Bar Association and from stakeholders that work in our judicial branch day after day, how important it is to ensure we have these resources in place, so that we do not end up not only with justice delayed or judicial inefficiency or additional wasted costs or incurred in that regard, but we need to make sure that we have these services readily available so that we're not falling short and in fact, risking any potential civil rights issues when it comes to providing accommodations for those that are differently-abled or those that speak and utilize a different language, which then can raise concerns about cultural discrimination, ethnic discrimination or national origin discrimination. So it's very important that we have resources available to make sure that our interpreters can do their job, which is intertwined with the ability of all stakeholders in our judicial branch, in our criminal justice system, to be able to do their work. This is a very, very modest appropriation that could go a very long way to helping to make sure our courts work and that all Nebraskans have access to justice. Thank you, Mr. President.

ARCH: Senator Raybould, you are recognized.

RAYBOULD: Thank you, Mr. President. I stand in support of this funding for the courts and for certified court interpreters. I know this is essential not only in Lincoln and Omaha, but in communities like Grand Island and Columbus, where we have increasing populations. A lot of Hispanic and Spanish speakers are, are needed in these community. I can tell you that my husband was a former certified court interpreter. He's also an attorney. And it's a very rigorous, demanding process of screening and testing to be a certified court interpreter. I haven't watched my husband in action in court, but I had the privilege to be in court one day in Columbus, Nebraska, to watch a-- the certified court interpreter. And they're amazing. They do simultaneous translation. They interpret right there to the judge what the individual or-- is saying and then, right away interpret what the judge is saying to the individual. It's amazing. It's stressful. And so, in order for these people to be gainfully employed, they do need a raise. They work incredibly hard. They have to study incredibly hard to be accepted as a certified court interpreter. Most importantly, you know, the city of Lincoln and other communities are recognized as refugee relocation hubs. We need more people in our state. We need more people to help those people who get in trouble or need services.

And I can think of no more need for court interpreters in working with the courts, in addition to the probation and parole officers and making sure that they know the guidelines and the requirements for them of their terms of release. So it's invaluable. We are a growing community and I see the need out there and I hope you vote support for this. I think it is a modest sum to ask for continued funding for the certified court interpreters. Increase funding, because we have an increased need and demand. So thank you very much.

ARCH: Senator McDonnell, you're recognized.

McDONNELL: Thank you, Mr. President. This is one of the discussions we had when the Governor came out with his 22 vetoes. We had brought some to votes in the Appropriations Committee and, and this was one of the, the eight that we had on our, our original list we discussed. And if, if you look at the dollars over the, the two-year period, approximately \$400,000. But if you look at the impact and where they've been for the number of years and going back to 2016 and not adding any to that number, knowing that number of approximately 30 is, is short for what we need currently for the state of Nebraska. And now, looking at their wages and, and, and retaining those good court interpretat-- interpreters, I think, is essential. And for the people that are actually the, the attorneys in this, this, this body, that have been through that, that process and do this for a living and they understand the idea of, of where they are, as Senator Cavanaugh said earlier, you know, it's-- you're all dressed up nowhere to go based on they have to stop the process just because they don't have that ability to communicate. And then you put yourself in that position of that person that has, has been charged and they can't communicate to, to voice their, their innocence. I think that's a mission of, of our-- of the government to make sure that this is as fair as possible. And without that communication, we know that's, that's not happening. So we're not in a situation where, hey, they've been doing, doing great. This is the x number. The, the individuals do a great job when they're doing their work, but they, they haven't been to where they should be since 2016. They haven't grown and they're not keeping up with the, the need. I would yield the remainder of my time to, to Senator Dungan.

ARCH: Senator Dungan, 3:00.

DUNGAN: Thank you, Mr. President. I appreciate folks getting up and sharing sort of their, their personal experiences and also talking about the importance of this. And Senator McDonnell is absolutely

correct, that this is a, a big return on a relatively small amount of money. So the last few overrides we're talking about have been \$10 million, multimillion dollar lines in the budget. This is-- literally, the interpreter portion of this is \$400,000 in a biennium. And while that may not sound like a lot, to some people, it is enough to help the interpreters continue to pay their bills. It's enough to at least raise that salary enough to try to keep the interpreters working here and signing up for court services. And so that is a large enough amount for them to continue to work, but it's such a small number in the larger conversation around our budget. And so, when we're talking about saving money here and pinching pennies there, I just want to note that the \$400,000 fiscal note for this component of motion 1148 is just incredibly small. But ultimately, you are going to get a large return on that investment. The more court interpreter services we have, the better we can serve justice, the better we can do things in a timely manner. And ultimately, I think the outcome that we're going to see is positive for Nebraska as a whole. Again, I want to reiterate and I'll mention this again in my closing, we currently have 30 court interpreters who are certified, that service the entirety of the state of Nebraska. That number is going down to 29. I keep hammering that home because that is, that is an absurdly small amount of folks servicing a very large area. And so, I know there's a couple other people in the queue. I'll let them speak and then I can get up and talk again at my closing. Thank you, Mr. President.

ARCH: Senator Brandt, you are recognized.

BRANDT: Thank you, Mr. President. Would Senator Dungan be available to answer some questions?

ARCH: Senator Dungan, will you yield?

DUNGAN: Yes.

BRANDT: Senator Dungan, in Lancaster County, how many different languages have you encountered in your time as a defense attorney?

DUNGAN: I have personally encountered more than I can count. I know the stat that I had in front of me here is that I think we had 50 languages back in 2019 that they worked with. Now they service up to 66 different languages.

BRANDT: So typically on a non-English speaker, they are brought before the court for a, a criminal offense. If an interpreter, let's say for

Farsi, is not available on Friday morning or Friday afternoon, what happens to that defendant?

DUNGAN: What's going to happen in that case is, generally speaking, the case is going to get continued. And so, what you'll have, in a lot of circumstances, let's say somebody appears and they're about to get sentenced and that sentence would result in them being released from jail. If the interpreter-- and this has happened to me, where you wait around and the interpreter is not there and you pass over the case and you pass over the case. And then, ultimately, they say, well, I guess we don't have an interpreter here today because they're just too busy and they're elsewhere. The case will get continued, sometimes for a week, sometimes as far as two weeks. And what that ultimately does is it keeps that person in custody when they would have otherwise been released, costing the county and ultimately the property taxpayers a much larger amount of money than what we're talking about here, given the fact that it costs hundreds of dollars to keep somebody in county jail per day.

BRANDT: So for lack of an interpreter, we're going to spend probably \$100 a day to incarcerate that person because we just do not have the means to communicate. Would that be correct?

DUNGAN: That's absolutely right.

BRANDT: So really, the amount of money that we're talking, on this override, will save many times that money. The difference is this: those county costs are absorbed by the local property taxpayer. Is that correct?

DUNGAN: That is correct.

BRANDT: Yeah. So if the state can help our local property taxpayers by passing that, this would be a win.

DUNGAN: I absolutely believe so.

BRANDT: All right. I would encourage everybody to vote for the motion to override. Thank you, Mr. President.

ARCH: Senator Clements, you are recognized.

CLEMENTS: Thank you, Mr. President. I rise in opposition to motion 1148. I'd like to read from the Governor's veto letter. I have line-item veto, General Fund appropriations in fiscal year '24 and '25

for additional funding to the Supreme Court, including \$500,000 per year to assume additional ex-officio clerk services, part of the Section 21 that is proposed to be overridden. Also, it was for ex officio clerk services and costs on behalf of county district courts. Then continuing, \$200,000 per year to increase funding for court interpreters. So it's really \$700,000 per year is what's involved here. And he finishes by saying, the Supreme Court has enough funding to manage potential increases in demand for these services. And in LB814, on page 8, Section 21 says unexpended appropriations on June 30, 2023 is hereby appropriated-- reappropriated. So the court has carryover funds. And the money that they have-- excess money unexpended in-- on June 30 will be carried over-- ability to spend in the, in the next biennium. And there, there is enough funding, according to the Governor's budget office, for the court to fund this out of existing funds. And I urge your no vote on motion 1148. Thank you, Mr. President.

ARCH: Seeing no one left in the queue, Senator Dungan, you are recognized to close on motion 1148.

DUNGAN: Maybe. Yeah. Thank you, Mr. President. Colleagues, I would just again ask you for your green vote on motion 1148. To respond to Senator Clements' points, I think that's a discussion that I've been having with both the Supreme Court folks and the Governor's Office and the interpreters for the entirety of this conversation is-- well, people have said to me as we've talked to other people in the body, doesn't the court already have enough money to pay for this? In raising that question with Corey Steel and other people who work in the language access services for the Supreme Court, the issue with that is twofold. One, the cash fund that the Supreme Court currently operates with, sort of in the background, is obligated to a number of other services. So there are any number of programs, whether it's helping first-time attorneys get up on their feet, if they're doing solo practice or other attorney services programs that that cash fund currently goes toward. So it's, it's essentially obligated to a number of other programs is what was represented to me. That's one problem. They can't just take away from those and give it to interpreters. And two, the other problem with using what's currently in that cash fund to increase salaries is it's not an ongoing sustainable increase in the base rate pay. So what I mean for that is when-- you know, everyone knows when we talk about this budget, what we're doing is we're creating a new base rate that continues on into the future. It creates sustainability and it creates reliability, where court interpreters can say, I know for a fact, based on the budget, that my

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pay rate is going to be-- insert number here. If you're utilizing the cash fund that the Supreme Court currently has and injecting that into the services for a court, a court-- certified court interpreter pay, it's not part of the budget, so it's not assured moving forward. And that's part of the problem, is it would essentially be a one-time payment, but it's not a sustainable movement moving forward, which doesn't create the exponential growth with interpreters that we actually need to see, in order to get more of those services here. So while I understand there is some concern that the Supreme Court has not spent down their cash reserve or their cash fund, rather. When you speak to the people who work with that, they will tell you exactly the programs that's currently obligated for and why that's not a sustainable way to continue to pay court interpreters. And so I do understand the concern. And I spoke with the Governor's Office and other folks about that. And I do hope that no matter what happens, we continue to have conversations about paying court interpreters. But what we need to focus on here today is the problem that's immediately in front of us. This is a dire need that we can't say, oh, we'll figure it out later moving forward. If we don't override this portion of the veto, I have a legitimate concern that we're going to see court interpreters leave this job en masse in the next week. And you're going to see backlogs of cases getting continued time and time again, which, to Senator Brandt's point, is going to end up costing local property taxpayers a ton of extra money because you're going to see people whose cases get kicked down the road. You're going to see people who stay in jail who could have been released otherwise. And frankly, you're going to see victims and you're going to see prosecutors unable to get the benefits for those victims, as Senator Bosn so nicely pointed out, because the court interpreters do more than just represent defendants. The court interpreters represent or work with everybody in the program. They help interpret for depositions. They help interpret for victim impact statements. They help for everybody along the way. And it's a really scary idea that ultimately we're not going to have court interpreters who are certified, working with those folks to ensure that victims and everybody are getting the services they need. So in the larger scheme of things, the \$400,000 for the biennium for my component and the \$500,000 per year for Senator Dorn's component are a very, very small drop in the bucket of our overarching budget. But they represent an absolutely necessary increase that we need to see here today or I genuinely do think we're going to have problems on our hands. So, colleagues, I'm asking you to consider voting green on Motion 1148 on

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the override for the court interpreters. And Mr. President, I would ask for a call of the house and a roll call vote, reverse order.

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. Mr. Clerk.

CLERK: 21 ayes, 3 nays to place the house under call, Mr. President.

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. There's been a request for a roll call, reverse order. Mr. Clerk, please call the roll.

CLERK: Senator Wishart voting yes. Senator Wayne voting yes. Senator Walz voting yes. Senator von Gillern voting no. Senator Vargas voting yes. Senator Slama voting no. Senator Sanders voting no. Senator Riepe not voting. Senator Raybould voting yes. Senator Murman voting no. Senator Moser voting no. Senator McKinney voting yes. Senator McDonnell voting yes. Senator Lowe voting yes. Senator Lippincott voting no. Senator Linehan voting no. Senator Kauth voting no. Senator Jacobson voting no. Senator Ibach voting no. Senator Hunt voting yes. Senator Hughes not voting. Senator Holdcroft voting no. Senator Hardin voting no. Senator Hansen voting no. Senator Halloran. Senator Fredrickson voting yes. Senator Erdman voting no. Senator Dungan voting yes. Senator Dover. Senator Dorn voting yes. Senator DeKay voting no. Senator DeBoer voting yes. Senator Day voting yes. Senator Conrad voting yes. Senator Clements voting no. Senator Machaela Cavanaugh voting yes. Senator John Cavanaugh voting yes. Senator Briese not voting. Senator Brewer. Senator Brewer voting no. Senator Brandt voting yes. Senator Bostelman voting no. Senator Bostar voting yes. Senator Bosn not voting. Senator Blood voting yes, Senator Ballard voting no. Senator Armendariz voting no. Senator Arch voting no. Senator Albrecht voting no. Senator Aguilar voting yes. Senator Lowe voting no. Vote is 20 ayes, 23 nays, Mr. President, on the motion to override.

ARCH: Motion 1148 is unsuccessful. Mr. Clerk, next item.

CLERK: Mr. President, next item--

ARCH: Raise the call.

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CLERK: --Senator Walz would move to override the Governor's line-item veto in LB814 in Section 13, Legislative Council, Program 122, Legislative Services; Section 14, Legislative Council, Program 123, Clerk of the Legislature; Section 15, Legislative Council, Program 126, Legislative Research; Section 16, Legislative Council, Program 127, Revisor of Statutes; Section 17, Legislative Council, Program 129, Legislative Audit; Section 19, Legislative Council, Program 405 [SIC], Office of Public Counsel; Section 20, Legislative Council, Program 638, Fiscal and Program Analysis.

ARCH: Senator Walz, you are welcome to open on your motion.

WALZ: Thank you, Mr. President. I rise to ask your support today to override the Governor's veto of staff salary increases. I understand the Executive Board voted this morning to give 15 percent increases this year and next. And I appreciate Senator Briese's commitment to this. I did have a conversation with Senator Briese. And I understand that next year's increase would come out of carryover funds. He said he did feel comfortable that we had the funds to do that. But colleagues, these funds are not meant for salary-- staff salary increases. These funds are meant to help our body function better. For instance, upgrading technology, such as the screens you see above the President's chair. We used carryover funds this year to help move the Appropriations hearing room and to make better accommodations for our public. In addition, we are already committed to using these funds for replacing the Legislature's laptop computers, Senators' offices and divisions, staffing for the Video Archive Library in the Clerk's Office, funding for the NCSL Pay and Classification Study, analyzing the pay advancement approved in January 2023 and pay advancements in January 2024 and January 2025. So we've already made commitments to using these funds. These dollars have not been used in the past to fund staff salaries and should not be used for staff salaries in the future. We are all on the same page here, I think. We know our staff salaries must keep up with the private sector. We all know how much our staff do for us every day: extensive research, juggling our schedules, constituent communications, numerous meetings, preparing us for introduction of bills and much, much, much more. We are fully aware of the impacts that term limits have had on our legislature. And included in that is the loss of institutional knowledge. Institutional knowledge is absolutely essential to this building running smoothly and we need to ensure that staff have incentives to stay in the positions they are in. We need to make sure that staff are compensated properly for the work they do for us every day. Again, I'd like to reiterate this motion would have the dollars for the next year coming

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out of General Funds, guaranteeing staff increases happen instead of our carryover funds. I know there are a few legislative resolutions that were introduced regarding improving technology, making accommodations for Nebraskans with disabilities and ensuring proper public input. All of these are essential for the Unicameral to continue working for the public and I'm concerned these carryover funds wouldn't be available to make changes. Colleagues, this is not a political issue. It's not a partisan issue. This is sensible. Let's do the right thing. Let's guarantee our staff receive the increases they deserve. Yes, Senator Brewer, even Tony. And let's fund it properly using General Funds. Thank you, Mr. President.

ARCH: Senator Linehan, you are recognized to speak.

LINEHAN: Thank you, Mr. President. And thank you, colleagues. I am not in support of this override. And I think Senator Briese is probably in the queue after me. Would Senator Briese yield to a question?

ARCH: Senator Briese, will you yield?

BRIESE: Yes.

LINEHAN: Thank you, Senator Briese. Are you in the queue after me?

BRIESE: Yes, I am.

LINEHAN: OK. Excellent. This was my bill. I was very happy to introduce a bill to increase legislative staffs. We have to do that. When we lost legal counsels last year. It was very difficult. It was almost laughable at what we could pay. So this is an important bill. But I think the Chairman of Executive Committee agrees with the Governor that there is funding already we have, that we can afford to do this. So, Senator Briese, would you yield for a quick-- another question, please?

ARCH: Senator Briese?

BRIESE: Yes.

LINEHAN: Senator Briese, am I correct in that you believe we have the funding for this?

BRIESE: Yes.

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LINEHAN: OK. I would-- I know I didn't give you a heads up, but I would yield the rest of my time to you, because I think you know this best, as Chairman of the committee. But every staffer who's concerned about this should not be concerned. You're going to get your raises.

ARCH: Senator Briese, 3:40.

BRIESE: Yeah. Thank you, Mr. President. Thank you, Senator Linehan. And I agree 110 percent. Staff should not worry about this. We are committed to getting this done. In his veto letter, the Governor indicated he did this because there is an abundance of reappropriated funds available within the Legislative Council to cover this. And I've spoken with the Governor and he's reaffirmed his belief that we need to honor our commitment to these staff salary increases. And I believe that, as well. And I, I think I can speak for the entire body in saying that I think the bod-- entire body believes that, as well. But as the Governor indicated in his veto letter, the Legislative Council has a surplus of reappropriated funds available to cover this. And Lee Will send out some information also. And, and Lee Will, the budget director, he indicated on behalf of the Governor that our staff, quote, deserves the, the salary increases, unquote. And in fact, the Executive Board met at 8:30 this morning and one of our action items was to vote to approve the 15 percent raises in each of the next two years. And we voted to do that unanimously. And that really demonstrates our commitment to seeing that these raises occur. And as far as I'm concerned, it, it locks in those raises. And so the only question is where does the funding come from? According to the Legislative Fiscal Office, at the end of the current biennium, the Legislative Council will have approximately nine point-- \$9.95 million in carryover or reappropriated funds available. Prior to the Governor's veto, that amount would be drawn down to about \$7.2 million, as we use those funds for a handful of other items. And I think Senator Walz hit upon some of those items: pay advancements, replacing laptops, the video archives, things of that sort. But even after the Governor's veto, we can still use those excess funds to cover the cost of the second year of salary increase. If we use appropriated funds for this purpose, the amount of reappropriated carryover funds would still be over \$5 million at the end of FY 25. Now, again, Lee Will since put some information out that shows those numbers being substantially higher. But I think there's a little discrepancy in how some of those things were calculated there. Maybe certain things were not included or were included on one or the other. So I'm not really going to compare those. But in the Fiscal Office's conservative estimates, we're still going to have over \$5 million at

the end of 2025 if we use reappropriated funds to make-- to ensure that this happens. And I would submit to you that that is a substantial cushion--

ARCH: One minute.

BRIESE: --in a bud-- thank you, Mr. President-- in a budget that currently sits at about \$24 million. And if something would go haywire, I, I would suggest that we can simply return to the Appropriations Committee in January and ask for a mid-biennium adjustment. And we might do that anyway. So really, even though anyone is welcome to try to override this veto, I, I would submit to you that it's not-- it is not necessary. And would Senator Clements yield to a question?

ARCH: Senator Clements?

CLEMENTS: Yes.

BRIESE: Senator Clements, thank you. As Chair of the Appropriations Committee, it would be your intention, I assume, to do whatever it takes, come next January, to ensure that these staff salary increases are kept in place. Correct?

ARCH: Sen-- Senator Briese, you're now on your next time.

BRIESE: Thank you.

CLEMENTS: Yes. In the committee, we discussed this veto. In the committee, there was strong support in the committee to restore the funds if needed-- if the carryover isn't enough. But my information agrees with yours, that the carryover funds will provide the 15 percent in the second year. The, the Governor left in the first year for 15 percent, already.

BRIESE: Yes. Thank you for that. I appreciate that. And as you say, the, the 15 percent wasn't touched by the-- first year's wasn't touched by the Governor's veto. It was simply the second year. And again, so the only question before us is what funding source do we use to pay for it? And I think either way, I submit to you that we have ample funds, ample reappropriated funds in the Legislative Council's budget to do this. And again, in the extremely unlikely event that we would have an issue, we can go to the Appropriations Committee and we've just heard from the Chairman, indicating that there would be widespread support to ensure that this is taken care of. And some have

suggested, well, we go ahead and do that. We could limit ourself on funds for other needs that we might have. But again, a \$5 million cushion on what currently is about a \$24 million budget, I would submit to you is, is an ample cushion and should take care of this. And again, we're going to be going to the Appropriations Committee year after year, requesting sufficient dollars to take care of our needs. And so, with that said, I, I don't support the effort to override the Governor here, but I wholeheartedly intend to ensure that staff salary raises are kept in place and the-- we will honor that commitment. Thank you, Mr. President.

ARCH: Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. President. I rise in support of Senator Walz's motion and I appreciate Senator Walz bringing this. I appreciate Senator Linehan originally bringing the bill. And I support giving our staff the raises that they deserve and that we've promised to them, in meeting our commitment to our staff. I think it is extremely important. They do work hard. They are underpaid and often underappreciated. So it's extremely important. But I think equally as important, is that this body needs to stand and assert itself as an [RECORDER MALFUNCTION]-- branch of this government. This is inappropriate for the Governor to come and tell us how to spend our money, how to go into our Cash Reserves when, as Senator Walz just correctly pointed out, there are intended purposes for that money. And to tell us that we should spend this money differently and that our staff raises should come out of that. We are a co-equal branch of the government, separate from the Governor's Office. There's far too much talk in here about acquiescing to the desires of the Governor. And when it comes to the Auditor's Office, the Governor should stay out of the budget purview of the Auditor's Office. They, they serve an important role in oversight. The Governor should stay out of the budget of the Legislature. We are a separate branch of government and should be treated with respect. And this body needs to assert itself and stand up and say that we are in charge of the Legislature, not the Governor. So I know everybody here, a lot of people have made commitments to ride with the Governor all the way across all of these things, and that may be OK for just a policy decision when it comes to rural workforce housing, which is one I disagree with, but that's different. That is the give and take of this process. But when it comes to how we run the Legislature, we should be the ones who decide. When it comes to whether we give our staff raises, how we give our staff raises, that should be up to us and it should not be the Governor giving that input. So I support this override because our

staff works hard, they deserve these raises and we're going to have trouble keeping and retaining talented people in this body to do the hard, thankless work that they do if we don't give them these raises and we don't make this commitment and demonstrate our support for them, but we're also going to lose our status as a separate, equal branch of government if we do not assert ourselves when it comes to control of the Legislature. So I encourage your green vote for Senator Walz's motion 1155 and supporting our staff. Thank you, Mr. President.

ARCH: Senator Fredrickson, you're recognized.

FREDRICKSON: Thank you, Mr. President. I, too, rise in support of Senator Walz's motion to override the Governor's veto of staff salary increases. I mean, this has been said a few times in here already, but the staff of the Legislature is-- it's, it's absolutely-- they're incredible. My first year here, I have sort of seen both on committees, but also in my own office and in other senators' offices. And, colleagues, how much staff does and this has-- you know, we've talked about this before, but this has been an, an unprecedented year for so many reasons. We've had tons of late nights. And staff has really, truly shown over and over and over again their dedication to the institution, their dedication to us as senators, and their dedication to Nebraskans in the work that they do. I appreciate Senator Linehan and Senator Briese's comments. And I, I do believe that what they are saying is true. I believe that they are also invested in, in ensuring that our staff is compensated well. But I also, you know, I, I also think it's important that we, you know, I think this is an opportunity for us to show, you know, in good faith that we are intending to do this on a permanent, sustainable basis for our staff. And I kind of-- I, I frankly, I view this as bigger than, than a budget line or, or, or a bottom line. I think that this is all about institutional knowledge, the continuation of good governance. And these are all things that our staff does. And I know Senator Brewer's staff got a special shout out from Senator Walz, but I've got to brag a little bit. I think my staff is the best in the building. I'm sure everyone thinks their own staff is the best of the building, but super grateful for them. And I think this is an opportunity again for us to show that we are committed to ensuring that our staff is well taken care of. Thank you, Mr. President.

ARCH: Senator Clements, you're recognized.

CLEMENTS: Thank you, Mr. President. And I stand in opposition to the motion to override and agree with Chairman Briese that there is

adequate funding in the Legislative Council budget. We will be-- I understand we will be buying laptops. There is a 2 percent pay advancement that's coming in addition to this one. And I understand the Clerk's Office will have an additional video technician for the online video that's coming next year. And talking to the Fiscal Office, there still will be funding for the salaries, even with those expenses. And so I urge your no vote on motion 1155 Thank you, Mr. President.

ARCH: Senator DeBoer, you're recognized.

DeBOER: Apologies, colleagues, for that momentary delay. Thank you, Mr. President. Colleagues, I will always, and I think most of you always will as well, stand for our staff. I think we all recognize the importance of our staff. I do have the best staff in the building, but you all have very fine staff, too. So I think that we may all be of similar mind on the fact that our staff needs and deserves this pay raise. So I have a few questions. Would Senator Briese yield?

ARCH: Senator Briese, will you yield?

BRIESE: Yes.

DeBOER: Senator Briese, where did the carryover money come from? Was it earmarked for anything?

BRIESE: Earmarked-- essentially, it was appropriations that were unused over the years. And those dollars, I think it was a handful of years ago, the amount of reappropriated carryover funds was probably in the \$4 to \$5 to \$6 million range. In the last few years, it has climbed substantially to approach the \$9.5 million range and possibly somewhat higher than that.

DeBOER: Is that because we haven't been filling staff positions as quickly? Is that part of the reason, do you think?

BRIESE: Could, could be part of the issue? Yes.

DeBOER: OK.

BRIESE: But I think, I think I've been told retirements have entered into that as well.

DeBOER: OK. Where is it that-- so are those, are those monies going to be sort of siphoned off of any other projects since we're going to be using them now for staff pay?

BRIESE: No, that would-- I'd say short answer would be no and certainly wouldn't be my intention. And I-- no, it wouldn't, wouldn't occur that way.

DeBOER: So after this biennium, because ostensibly we'll use up those additional funds in this biennium. So in the next biennium, we will, we will be paying for those-- these staff salaries through the General Funds. Is that correct?

BRIESE: Well, that would be my preference at that point. At the end of the next biennium, the upcoming, upcoming biennium, if we don't override the Governor and we fund the staff increases in the manner that I've proposed here, we'll still have approximately \$5 million of excess unappropriated funds. What we do with that, you know, we can decide then, but I think it would be in my intention to return to the Appropriations Committee and utilize General Funds to the extent we can and maintain a cushion, ideally in that \$5 million-plus range.

DeBOER: What's the largest expenditure? These are carryover funds, but of the, of the funds that we have in the Legislative Council, is the largest expenditure for staff?

BRIESE: Yes, I, I think that percentage, I think it's 85 percent roughly of staff.

DeBOER: And then what comes after that, is that technology maybe, something like that?

BRIESE: I don't know for sure. I'd have to--

DeBOER: OK.

BRIESE: --look at that.

DeBOER: Well, thank you, Senator Briese. Colleagues, this is one of those situations where there are some questions about what happens in the future. I would like to set this up the way that we intended to from the very beginning, which is we pay our staff from the General Funds, which is where we should be paying them from. If we have some carryover funds, maybe we should use those to address some of these technology issues that we're looking at and some of the other

questions as well. No matter what, I think we should all-- everyone who gets up here, I think will and should--

ARCH: One minute.

DeBOER: --commit themselves to the fact that we are absolutely going to do these pay raises. And even with these pay raises, it's not like our staff are going to be making, you know, a ridiculously large salary. This will help. These are very welcomed. These are good pay raises. But I think we need to remain committed to looking at these numbers for our staff, not just in this particular biennium, but into the future. Thank you, Mr. President.

ARCH: Senator Conrad, you're recognized.

CONRAD: Thank you, Mr. President. Good afternoon, colleagues. I want to thank my friend Senator Walz for bringing forward this motion. And I also want to thank Senator Linehan for her work in bringing forward the original legislation. I know that she stated her perspective in regards to this veto override, but I do lift that because I do think it shows the importance for some of our senior members, like Senator Walz and Senator Linehan, who have come together to recognize the importance of ensuring our institution and our staff have the resources requisite to do their job and to carry out their commitment to public service. A couple of additional points that I wanted to lift in this regard that I'm not sure have, have been clear thus far. Number one, our institution faces the same workforce challenges that many Nebraska institutions, organizations, and businesses face. So with historically low unemployment and incredibly high competition for the best and the brightest, we really need to continually update our compensations and benefits to ensure that we can indeed retain and recruit the top talent in Nebraska to assist us in carrying out the people's business. Additionally, I think one of perhaps the most important untold stories or a story that's perhaps not spoken of loudly enough in regards to our recent work on the biennial budget kind of writ large was the fact that we saw considerable increases negotiated for public employees in the state and a credit to the negotiators that made that happen from DAS to NAPE/AFSCME to the Governor. And those adjustments, those upward adjustments in compensation were incredibly-- were, were very long overdue, and are incredibly appropriate to addressing the contributions our state employees make. So I do want to note, however, that there may be some legal considerations to it, but nevertheless, the staff in the, in the Nebraska Legislature are not a part of those public employee unions,

so they do not benefit from that same sort of kind of across-the-board approach. We also saw considerable raises for public employees in Corrections and appropriately so. And we really need to make sure that we have the ability to do the same for the hardworking staff in this institution. Finally, I reaffirm and share my colleague's commitment to the importance of this matter in the term limits era. And then finally, I would just want to reiterate how important it is that we invest in the Legislature in order to keep it strong, in order to carry out the people's business, not only in the term limits era, but because as a unique, nonpartisan, Unicameral Legislature, historically and, I believe, presently, we still have one of the smallest budgets as in comparison to our sister states when it comes to carrying out legislative function. So I think it's very important to recognize how we are already very austere in regards to our treatment of legislative employees and resources. And when you put it in comparison to how other public employees have seen well-deserved increases, where we stand in regards to our sister state, there is no doubt there can be no question that each dollar invested in the Legislature is a, a smart investment. And I would urge my colleagues to ensure that we take care of our employees by committing ongoing funds--

ARCH: One minute.

CONRAD: --instead of utilizing-- thank you, Mr. President-- cash funds, one-time funds, to have those be committed to ongoing staff salaries. That's just out of alignment with sound budgeting practices. And I think that this motion gives us an opportunity to recognize the contributions of our staff and recommit to a better approach from a budgetary perspective as we committed to in the original budget deliberations. Thank you, Mr. President.

DeBOER: Thank you, Senator Conrad. Senator Vargas, you're recognized.

VARGAS: Thank you very much. I rise in support of the override motion. Thanks, Senator Walz, for bringing this. Mine is a little bit, I guess, some, some nuance here. I supported adding the salaries, at least the authority to support the salaries in committee. I had this conversation with Senator Briese and the committee at large for the Executive Board. I also made a statement in front of the Executive Board that-- I made a statement in the Executive Board that it's, it's not whether or not we can afford it in the biennium, which I believe we can, it's whether or not we as an independent branch are supporting the funding of our own employee salaries and we are saying we support it and following through on it. And the fact that the Governor and the

administration vetoed it, I think this is to Senator John Cavanaugh's point, on policy issues, so we live and die by the different issues we fight, we argue, we agree and they happen. But this is about whether or not we support our own staff salaries and are going to support in the budget. The significance of this is we have said yes to sustaining increases for a whole slew of other things in our budget. I want you to think about every single line item that was increased, either funding to agencies that are increasing their base salaries to different other employees in different areas, funding to different programs, that's what our budget has been doing. We've been funding things in both of these budget years. We're rebasing, we're supporting it. But we're saying that for this item in the second year, we're not going to support that General Fund increase. And I understand the rationale that it's being communicated. I don't agree with it, but I understand it that we will get to it if we need to. If we need the funds, we will fund them. It's not just about my staff. This is about all the staff and whether or not we are saying this is important for us to then do when we're actually doing the budget along with all the other things we agreed to funding for both years, not treating our legislative staff on a year-to-year basis and using the over-- well, the reappropriations that have been identified. The second reason I don't support it, or I support the override, don't, don't support sustaining the veto, is because the current funds that exist are not just funds sitting in one account. These are funds sort of each-- about each department within our entire staff. Some of them have more carryover than others. Some of them it's because of open FTEs. Some of that question was asked before. There's at least 16 open FTEs, up to possibly 20 across all staff, legislative, you know, Clerk's Office, you know, Auditor, everything you can think of, all these different staff, we're about 16 to 20 different open positions right now. Part of this carryover isn't happening significant every single year. The carryover also happens, I think it was mentioned in our Executive Session, about 90 percent, I would say on average, maybe 92 percent. In some years, it was 95 where we fully expended all the expenditures within our budget. So we're not going to be seeing a filling up of the \$10 million, that doesn't happen every single year, that's been happening for years. So if we use all these funds over these next couple of years on this, maybe the next two or three years, we will have to fund through the General Fund. And my concern is if there isn't enough funds later on, this is the first thing that we say that we are going to hold harmless and we are just going to keep at a zero level and then not fund it.

DeBOER: One minute.

VARGAS: Instead, we could fund it here. We could support it in this manner and say that we're not going to just treat it for a year-to-year or every two-year basis. I appreciate the work that's been done with the bills that are introduced, the work that we did in Executive Board and it, and it is important. But the question is not whether or not solely we just support our salaries for our team members and our, and our staff, it's whether or not we are treating it the same way we treat all the other staff across every single agency, which is we're not going to treat you year to year. We're not just going to ask you to use reappropriations. We're going to fund with the General Fund dollars that we have and do our due diligence in that manner and treat everybody, you know, the same. So I understand that and I appreciate the work the Executive Board has done to fund this. That's important. But at the end of the today, I want to make sure that our staff are also being funded. And, again, we're trying to--

DeBOER: Time, Senator.

VARGAS: --increase our salaries. Thank you very much.

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

M. CAVANAUGH: Thank you, Madam President. I rise in support of motion 1155 for a multitude of reasons. The first, and I think possibly the most important reason, is that our staff deserves a raise. And, of course, increasing the salaries is going to help with recruiting for open positions that we have now and in the future. But our staff deserves a raise. And so I think that we should reinstate what we did to begin with when we passed the budget. I additionally support the motion for 1155 because I do think it's a bad precedent to not follow our own budget for our operations. I know the budget on a whole is a negotiation and a balancing act, but I don't believe we've cut things out of the Governor's proposed budget for his operations. And I equally think that we should not have things cut from the budget out of our own operations and that this is an instance in which we should not be getting involved in each other's business that way. So I would like to see the motion to override the veto of the staff salaries reinstated. But really the precedent I think is important but, truly, I just believe that they deserve the raise and we should give it to them. Thank you.

DeBOER: Thank you, Senator Cavanaugh. Senator Dungan, you're recognized.

DUNGAN: Thank you, Madam President. Colleagues, I just also rise in support of motion 1155 here, if for no other reason than the simple fact that our staff deserves it. I understand there's been conversations that I'm not going to rehash here about ways that this salary can ultimately be raised through other mechanisms. And I do want to thank the Executive, the Executive Committee and Senator Briese for their work on that. And I think when we saw, when we saw those emails go out ensuring there would be those raises it made a lot of people more comfortable. But the one thing I do know is that we have in this building some incredible staff, and this is not an easy job, and it's also not a job that pays a lot of money. I genuinely believe that every single person who's working in this building is doing it because they want to be here. And in a time where we're seeing less and less people civically engaged and in a time where we're seeing less and less people want to get involved in things like what we do here, we should be doing everything we can to encourage and incentivize more people being involved. I know, for example, my staff does this because they care about this, they love this work and they love what this institution stands for. And when they're trying to provide for themselves and children on this salary, it can at times be difficult. And so generally speaking, I just think we should be doing everything we can as a Legislature to encourage folks to come work here and to make sure the good people that we have working here stay here because they deserve it. So I don't want to belabor the point too much. I know we're getting a little bit late in the day here, but I just wanted to add my voice to the chorus of folks who are saying we have fantastic staff here. They all work incredibly hard and we appreciate you and the work that you do. And I think that this, this motion here, this override would go a long way to both broadcasting that support, but also ensuring that that support is long and ongoing and is sustainable. Thank you, Mr. President-- Madam President.

DeBOER: Thank you, Senator Dungan. Senator Linehan, you're recognized.

LINEHAN: Thank you, Madam President. The ironies of this debate are-- they're-- first of all, we, we have the money to pay the staff. We've always had the money to pay the staff. It was in the veto that there was money there to pay the staff. What are we doing? Senator Briese, so I don't make a mistake as I did earlier today, would yield to a question, please?

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DeBOER: Senator Briese, will you yield?

BRIESE: Yes.

LINEHAN: How much money do we have in the legislative account?

BRIESE: Reappropriated carryover funds, \$9.5 million is a conservative number at this point.

LINEHAN: So is this debate about whether we should hold onto \$9.5 million we don't need, because you did say our expenses are covered, right?

BRIESE: Pardon?

LINEHAN: You did say that we have enough money to cover the projects--

BRIESE: Yes.

LINEHAN: --that we have signed up to do.

BRIESE: Yes, but we're, we're going to take that 9.5 and draw it down to probably 7.2 with some of the new programs, with purchasing laptops, the video archive system, and the pay advancements. But that's still 7.2. And, again, that's on the conservative end, we think. But it's accurate as far as we know. Yes.

LINEHAN: So after we pay for the salaries and the things we've already agreed to do, we'll still be going-- set on \$7.2 million of taxpayer money that we don't really need, we may need it in the future, and I believe in having cushions, but we have got \$7.2 million of taxpayer money that we aren't going to be using.

BRIESE: Correct.

LINEHAN: OK. Thank you, Senator Briese. I know every staffer in this building deserves praise and they deserve a lot of praise and a lot of thanks for this session. We have been here multiple late nights. Many of the staff have had to stay, especially the staff up front. They have worked tirelessly. They get here before we come in the morning. They have to stay after we leave at night. We had a new Clerk that did an amazing job this year under very difficult circumstances. Of course, we all want to pay them, the ones that are here, and we want to be somewhat possible to hire new staff. One of the reasons I'm guessing we have more money, we've had several senior members leave in

the last two or three years, and we know the way salaries work here. The longer you're here, the more you make. So obviously somebody who's been here for 25 years is going to cost considerably more than somebody who's under 30 years old. I had tremendous turnover in my staff this last year. I have four new hires in an office of five. That's the Revenue Committee, there's three members, all new, new LA, and thank goodness, my AA, who takes care of me and my kids and my everything, schedule, stuck with me. So I, I appreciate the staff. I just don't appreciate somehow that we're-- we don't care if we're not overriding the Governor's veto. That's not true at all. We can do this without overriding the Governor's veto. And I'm not-- it's not-- we are a separate branch of government. I get that. And I will fight with the Governor if I need to fight with the Governor or I don't disagree with the Governor, but I don't just make up a problem when there isn't a problem. Thank you, Mr. President.

DeBOER: Thank you, Senator Linehan. Senator Wishart, you're recognized.

WISHART: Thank you, Mr. President. I rise in support of the motion to override the, the veto. And this is-- here's where I'm coming from. I, I recognize that we have the funding available in terms of our carryover funding for the next two years to support a 15 percent increase in the first year and a 15 percent increase in the second year. I recognize that, that's not where my concern comes and, and the reason why I've been adamant in, in trying to restore what, what the Appropriations Committee and then the Legislature did in terms of our budget, it's more that we are funding what I think a lot of us consider a long-term obligation and priority out of one-time funding. And first of all, fundamentally, I have concerns with that as just the, the way that, that you put a budget together. But even beyond that, I'm gone next year. And so what we are saying is we are relying on the future Legislature to restore what our previous budget had said we were going to do, which was a 15 percent increase the first year, and then another 15 percent increase on top of that the second year. Because what we're doing, colleagues, if we don't override the veto, is we're seeing a 15 percent the first year and a 5 percent base increase the second year. And internally we'll handle getting that up to 15 percent, but the future Legislature will need to raise that base. They will have to make that decision, otherwise, we do not have the funds to continue to fund internally these staff salary increases. And that's my concern, is that I've got a year and a half left, and as somebody who's been a former staff member in this Legislature, it is absolutely essential that we prioritize staff pay. And my-- what is

driving me in terms of my vote on this is that if we're going to make a commitment to a long-term increase for staff, then it should be reflected in the mechanism at which we are funding this long-term obligation. And if we're concerned about the amount of money that the Legislature has in our savings account, then we should just lapse those reappropriations. I mean, that would be the way I would consider doing it. Next year, we come and we just lapse the additional dollars that we have. We do that about every ten years. But we would know for sure that we are doing a base increase, which means that moving forward, what we are voting on in this budget is the long-term pay increases for staff. And that's-- that is really where I'm coming at when I am supporting this, this veto override. But I do want to thank the Executive Board and-- oh, first and foremost, I want to thank Chairwoman Linehan for coming with this bill and prioritizing staff. I remember her talking about this last year and she put her actions to her words and, and brought this. But when I'm thinking about my vote here and I, and I said this in committee as well, that's really where I'm coming from, is I think we should be in our budget this year, making that long-term commitment and, and using the, the right mechanism for long-term commitments, which is putting in our budget two base increases that will go on in perpetuity. Thank you.

DeBOER: Thank you, Senator Wishart. Senator Briese, you're recognized.

BRIESE: Yes, thank you, Madam Chair. I just wanted to rise once again and just reaffirm our commitment to the staff salary increases. Again, the Executive Board voted unanimously this morning to put in place the 15 percent and the 15 percent for '23-24 and '24-25. We are committed to that. The only discussion today is what source we are going to utilize to pay for that and that we're going to be in good shape on that. And if we have any sort of a problem with the Legislative Council budget, we will return to the Appropriation Committee. And we heard from Chairman Clements, his commitment to ensure that those dollars are available. I submit to you it's not-- it won't be necessary, but we will return to the Appropriations Committee as needed. Thank you, Mr. President.

DeBOER: Thank you, Senator Briese. Seeing no one else in the queue, Senator Walz, you're recognized to close on your motion.

WALZ: Thank you, Madam President. And thank you, colleagues, again. I appreciate Senator Wishart's comments, and I agree with making sure that we are taking care of our long-term commitments. This motion to override the Governor's veto would guarantee that our staff received

the well-deserved increase in salaries using the preferred General Funds as appropriate, as appropriate, instead of using the carryover funds that should remain appropriated for things like technology, public access, and making sure that our Legislature continues to run smoothly. So with that, I respectfully ask for your green vote. Thank you.

DeBOER: Colleagues, this motion requires 30 votes. The question is, shall this portion of LB14-- LB814 become law notwithstanding the objections of the Governor? All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

CLERK: 22 ayes, 21 nays, Madam President, on the motion to override.

DeBOER: The motion fails. Mr. Clerk, for the next item.

CLERK: Madam President, next item, Senator Conrad would move to override the Governor's line-item veto in LB814 in Section 252, Foster Care Review Office, Program 317, Court Appointed Special Advocate State Aid.

DeBOER: Senator Conrad, you're recognized to open on your motion.

CONRAD: Thank you so much, Madam President. Good afternoon, colleagues. I filed two motions to override the Governor's veto in regards to critical programs impacting vulnerable youth. I wanted to bring these forward in terms of recognizing the importance of taking care of the most vulnerable members in our communities and because I think they touch upon a long-standing conversation that we have had in this state, including during this session, in regards to the utilization of General Funds versus TANF rainy day fund. So to start out, I just want to commend and recognize the CASA program for their incredible contributions. I know many of us have had an opportunity to see their work firsthand, to attend their events, to hear from their volunteers, and they work all across the state doing really critical lifesaving work, really important hard work when families are in crisis and many times ensnared in systems. And they provide that extra level of care and support to ensure that when families and when vulnerable kids are immersed in those systems, that they have the support that they need to move through those hard times effectively. So I, I just want to recognize that's at the heart of the work of the, the CASA folks and the volunteers that are out there. And I, I know that probably 49 out of 49 of us agree that they do incredible good work in our communities. So I just want to acknowledge those shared

values kind of right at the outset. But where I think we may find some divergence in our thinking is perhaps how we go about funding some of these critical resources. And I do think that the Appropriations Committee got it right in recognizing the stellar track record this organization has in our state and in our systems and working to provide some additional resources to the CASA program to help families in need. So that was part of the original budgetary proposal that we put forward. You may remember also, colleagues, and I don't want to belabor the point, but I do want to make a clear record on it that there has been a long-running discussion about whether or not we can or should utilize General Funds to fund things like the CASA program or whether or not it is permissible or appropriate to use the TANF rainy day funds that we have been building up year over year over year because we have failed to modernize our system in regards to providing assistance for low-income working families. So I wanted to file these motions to really lift up the important work of both CASA and then later CEDARS in the next motion that will be before you and to revisit the importance of the issue regarding fund source, whether that's General Fund or whether that is TANF rainy day fund. So I'm happy to answer any questions. I don't anticipate belaboring the point on either of these motions. I would definitely appreciate your vote in the affirmative, and then we'll have a bit more to say about some of the unique technical aspects in the CEDARS appropriation and corresponding veto on the next motion but thank you. With that, Madam President.

DeBOER: Thank you, Senator Conrad. Seeing no one in the queue, Senator Conrad, you're recognized to close on your motion. Senator Conrad waives her close. This motion, colleagues, will require 30 votes. And the question is, shall this portion of LB814 become law notwithstanding the objections of the Governor? All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

CLERK: 17 ayes, 22 nays on the motion, Madam President.

DeBOER: The motion is not successful. Next item, Mr. Clerk.

CLERK: Madam President, Senator Conrad would move to override the Governor's line-item veto in LB814 in Section 100, Department Health Human Services, Program 354, Child Welfare Aid, as follows: General Fund and Program Total for fiscal year '23-24 only; Earmark amount in first paragraph, second line; Earmark amount in fifth paragraph, second line.

DeBOER: Senator Conrad, you're recognized to open on your motion.

CONRAD: Thank you, Madam President. Good afternoon, colleagues. I appreciate your consideration of the motion before you. This would ensure that the Legislature has an opportunity to override the Governor's veto in regards to ensuring that we provide resources to an organization that provides services and support and housing for young adults who are pregnant and teen-- who are pregnant and parenting and who are experiencing homelessness. Most notably, the organization that has committed to providing and expanding those services in regards to this specific underlying appropriation come, come through the, the CEDARS program, which has deep roots in our community here in Lincoln and has expanded its reach into many more communities in Nebraska. I had the opportunity to give Senator Hughes a heads up about this, as well as those who represent CEDARS and the Governor's Policy Research Office. I wanted to specifically bring this forward, again, to highlight, I think, again, our shared commitment to the incredible work that CEDARS does on behalf of vulnerable kids and families. There's no doubt that they are changing lives and resetting the trajectory for some kids and some families who have faced incredibly challenging circumstances and have really committed to living out their values of bold and fierce hope and love and not leaving children behind and families behind even when they're facing some of the most challenging circumstances. So I can't say enough from a positive perspective when it comes to the work that CEDARS does in our community and across the state. I really appreciate that Senator Hughes was bringing forward a measure to try and ensure that there are resources available, what, what I see with the reproductive justice lens to support all women and all choices. And when we have young women who are experiencing homelessness and who are also pregnant and parenting, we need to strengthen our safety net to ensure that those families have an opportunity to be successful at those critical stages. So I think that the, the intent that Senator Hughes and others had in bringing this forward is fantastic and something that we all can and should support. You may remember when this measure came forward during our budget deliberations, there was an amendment supported by the Appropriations Committee to fund the programs and services and new facilities at CEDARS for these purposes, relying upon the utilization of TANF rainy day funds. Myself, Senator Machaela Cavanaugh, Senator John Cavanaugh, and others expressed concern during the course of our budgetary deliberations about whether or not that was an appropriate fund source and whether or not if utilizing the TANF rainy day funds, it was even permissible in regards to the

underlying legislation. So we were able to have a fairly spirited debate on that topic during the course of the budget deliberations. And there was an amendment that was adopted in a, a very strong show of support to change the funding source for that appropriation from TANF rainy day funds to General Funds, which was appropriate. So when the Governor utilized his veto in regards to this measure, there was also some information contained in his veto override letter. His explanation of veto or message to the Legislature that he was vetoing these funds for CEDARS to support pregnant and parenting young women who are experiencing homelessness, and that he would instead take care of this, quote unquote, I believe he said something administratively through TANF rainy day funds or otherwise. And I'll make sure to build a, a very specific record on that as we move forward. But, colleagues, this should cause a significant amount of concern for each of us and it's not to cast aspersions upon the Governor. It is not to revisit some spirited or painful discussions that we had about this on-- in the course of our budgetary deliberations. But this raises significant and serious issues, constitutional issues about improper or unlawful appropriations, about special legislation, and specifically about the separation of powers. When the Legislature clearly on record has stated, with, I think it was over 40 votes, that we want to provide services and support to this critical program, but we're going to do it with General Fund dollars. The Governor, I contend, does not have the ability to do anything other than give a thumbs up or thumbs down with his veto pen. He does not and should not have the ability nor the authority to veto and change a fund source to direct to another administrative idea to provide funding outside of the specific appropriation that we presented to him. So I know it is late in the day. I know it is late in the session. I know some of this is a bit esoteric, but it, it really is a serious-- excuse me-- and significant issue when it comes to the separation of powers and the legal parameters surrounding the appropriations' process in Nebraska. So I rarely speak from detailed notes when I'm at my time on the mike, but I do plan to use some time today to do that because I want the record to be precise. Thank you, Madam President.

DeBOER: Thank you, Senator Conrad. Senator Hughes, you're recognized.

HUGHES: Thank you, Ms.-- Mrs., Mrs.-- what the heck, Ms. President. OK. So LB-- so I rise just to talk about this. This was based off a bill I introduced, LB772, and it would partially fund with the rest being privately raised matching grants, a grant to construct-- or matching funds, a grant to construct a facility that would bring pregnant and parenting teens off the street, homeless wards of the

state into a program that would teach them the skills they need to stand on their own feet, as well as to be a successful parent to their child. What the program needed is a dedicated facility so that the programming could leverage the space to get more kids and infants off, off the streets. And right now, CEDARS here in Lincoln is doing this type of programming in the limited space that they already have, that they can provide kind of an independent living situation for these young mothers and just teach them the ropes on just taking care of the home, parenting skills, things like that. The TANF dollars, and I am new to this whole ball game on what can be used appropriately or not, that this was mentioned, it can support, I believe, operations at CEDARS. It cannot be used for facilities. So a facility would provide the opportunity to scale the program up. So rather than three teenage parents and kids off the street each year, we could get up to 18. And considering it cost the state around \$12,000 to reimburse foster parents each year, this program would save the state quite a bit of money, and it was worth investing in. So in short, this investment would more than pay for the \$1 million that in General Funds that we spend now. Furthermore, as Senator Conrad mentioned, the Appropriations Committee originally included this in LB814 utilizing the TANF dollars. And then after discussion and debate, it was adopted, AM1736, on a vote of 41-0 to fund it using the General Funds. So just-- that's kind of the history of it. It is, it is a program worth doing and it is looking forward. It is, it is money saving for the state to help these kids and, and these parents are kids, kids raising kids get off the street and hopefully learn skills to get them up and going on their own. And it is worth funding in the appropriate way. So if we can get to that, that is the most important thing. Thank you. And I yield the rest of my time.

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

M. CAVANAUGH: Thank you, Madam President. I rise in support of motion 1157. I know that the Governor stated in his veto letter that he could use TANF funds. However, Senator Hughes and Senator Conrad stated that we as a body moved this from TANF funds to General Funds because it was not an appropriate use of TANF funds. And while I appreciate the Governor says that he would give CEDARS the money in TANF funds for operations, that is not what their request is for. And, therefore, it would be unusual at best to give a nonprofit in Lincoln, Nebraska, \$1 million for something they didn't request it for. So I think if we have the intention of giving CEDARS the money to build this facility,

that we should override this line item and reinstate the intention of the Legislature. Thank you, Madam President.

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

RAYBOULD: Thank you, Madam President. You know, I just want to review what we've done today. In summary, we have voted no on funding for children's health insurance. We voted no on medical assistance to our communities for our seniors. We have voted no on affordable and workforce housing. We just voted no on CASA. And we know that they do immense, tremendous good throughout the entire state, helping troubled youth and representing them and their rights. And I am guessing that we are just going to vote no on helping CEDARS that does tremendous good helping children, troubled children, getting them back on the right path. And, most importantly, this funding would be to help pregnant teenagers to make sure that they can finish their education and have the ability to, to raise a new Nebraskan. So this reminds me of Sister Joan Chittister, I've read her comments before, and it sort of summarizes maybe the whole session that is deeply troubling and not something that I think Nebraskans should be proud of. And particularly when we say we're a pro-life state, we don't take care of our seniors, we don't take care of our children, we don't take care of the vulnerable in our state, we don't provide housing. This is what Sister Joan Chittister said: I do not believe that just because you're opposed to abortion, that makes you pro-life. In fact, I think that in many cases your morality is deeply lacking if all you want is a child born, but not a child fed, not a child educated, not a child housed. Why do I think that you don't? Because you don't want any tax dollars to go there. That's not pro-life. That's pro-birth. We need a much broader conversation on what the morality of pro-life is. And I can say, as a freshman senator, I find our inability to override these vetoes for our Governor who has dedicated and sequestered so much funding and accelerated tax cuts for corporations and for the wealthiest Nebraskans, many of whom don't even live in our state, I find deeply disturbing. We are our own separate branch of government. We should be doing and voting for the things that help our constituents. I'm an urban senator, but I care deeply about what we're doing to our rural communities. By, by not funding and fighting for what they're telling us is one of their number one concerns, you can't attract people to our rural communities if they have no housing. These are fundamental issues that we should be focusing on. And I've said it from the very beginning, we should be focusing on workforce. We should be focusing on affordable housing and workforce housing and childcare

tax credits. I commend our Governor for doing something incredibly transformative with cost shifting the funding of public education back to the state of Nebraska, that will help our Nebraska families. But doing the things that the Appropriations Committee has worked so hard on, they spent hours listening to groups and organizations telling them how--

DeBOER: One minute.

RAYBOULD: --they could use this funding to help those in their communities. They had so many more funding requests than what you see before you today that help our working families in Nebraska. And I'm ashamed. I'm deeply ashamed of all these no votes to not override these vetoes. Thank you, Madam President.

DeBOER: Thank you, Senator Raybould. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Madam President. I do want to respond to some of the remarks that were just made and, and kind of make clear that, let's not forget, there was \$1 billion that went into the Education Future Fund, an additional \$250 million a year going to public schools. And the Opportunity Scholarship program was passed to allow low-income children to attend private schools that they otherwise could not afford to go to. So I think it's disingenuous to suggest that we don't care about educating young people today. As it relates to CEDARS and any of these other programs. Anyone listening carefully knows that these gubernatorial vetoes were because the funding was already there. So I don't want anyone listening in Nebraska to come to the conclusion that somehow we're taking kids' money away from kids. We're not. The money is there. That's why the Governor went through and looked surgically at these various vetoes and made the cuts with the dollars were already there. As it relates to rural housing, I'm a rural senator. I've got a large number of emails saying support rural affordable housing. I do support rural affordable housing. But I'm going to give you a little clue here. We have a huge capacity problem right now. We do not have enough tradesmen out there to begin to build the housing that we need. We also have interest rates that have skyrocketed over this past year that has caused housing to be unaffordable. This is a massive problem that we're trying to fix with a very small Band-Aid. There are a lot of things that have to happen to be able to move housing forward. One of the concerns that the Governor has had, and I tend to agree with, is that pushing housing costs higher by throwing more money at the problem is not necessarily

going to fix it. There's a tremendous amount of ARPA money. Let's all remember that the federal government rained money down on us during the pandemic. Forget about the national debt. I, I can't even, I can't even begin to make a calculator go that high. But that money is floating through the economy, whether it's building housing, whether it's building commercial businesses, whatever it's building, that money is soaking up needs and it's soaking up providers that are focused on building projects. And if you look at unemployment numbers, it's not coming down right now in spite of interest rates going higher because we have too much money in the economy. That's an economic problem. Inflation is driven when you have too many dollars chasing too many few-- too few of goods and services. That's what's happening. That's why inflation is stubbornly high. And that's why as, as interest rates continue to move higher, we're still not fixing it because we have too many resources out there. I think the Governor is focused on that and he's recognizing that and seeing that. So, yes, I've supported every one of the gubernatorial vetoes. I will continue to do that because I think he's looked at those thoughtfully and he's surgically gone in and made the cuts that made sense. And we've got the commitment from the Appropriations Committee Chair and those on the Revenue Committee that will do what we need to do next year if indeed the demand is there and it, and it justifies doing something. And I believe the Governor will be with us as well. Thank you, Madam President.

DeBOER: Thank you, Senator Jacobson. Senator Conrad, you're recognized.

CONRAD: Thank you, Madam President. Again, good afternoon, colleagues. I'm going to try and get through as, as many of my remarks as I can, but if perhaps I run out of time, I will, will hit my light again or can do that in my close. But I started off some of my comments this morning in-- to, to help us set the table in regards to our work and the appropriate lens and considerations that we should be bringing when it comes to veto overrides and particularly as, as part of the budget. So grounded in this motion and all of the motions that we've had before us today is a recognition of the separation of powers and the checks and balances that are critical to our democracy and clearly delineated in our constitution. And I think it's important to note the elegance of the design that ensures that we have the tools available to protect the power of the people and the public interest against encroachment or overreach by any branch of government. And one of the most significant tools available to a legislative body is the power of appropriations, commonly referred to as the power of the purse. And so

when it comes to appropriations, only the Legislature can appropriate. We cannot delegate that authority to another branch of government, and they cannot encroach upon our ability to appropriate. Now, of course, the Governor puts forward a budgetary proposal and has the opportunity to weigh-in with his tools and checks and balances, including the line-item veto, which is specific to the appropriations in Nebraska. However, with the specific action in regards to the underlying substantive nature contained in my motion here on the funding source for the, the CEDARS Home and moving that from General Funds to a veto message, which indicates it will be, quote unquote, administratively handled through TANF rainy day funds that really raises significant legal issues and questions. The Legislature makes appropriations. Article III, Section 22 of the Nebraska Constitution designates that the Legislature is empowered to make appropriations for the expenses of government. The Nebraska Supreme Court has held that the Legislature has absolute power over appropriations and that no money, no money shall be drawn from our treasury except in pursuance of a specific appropriation made by law. And you can see *State ex rel. Meyer v. State Board of Equalization*, 1970. How then, colleagues, can our Governor claim that he can, quote unquote, administratively handle the funding for the CEDARS facility utilizing TANF rainy day funds? There's no basis in law for that. If you look at Section 302 of LB814 on page 164 of the Final Reading copy, which purports to delegate to the Governor the authority to expend federal money as he sees fit. Quote, Any federal funds, not otherwise appropriated, any additional federal funds made available to the credit of the State Treasurer are hereby appropriated to the expending agency designated by the federal government or, if none of it is designated, to such expending agency as may be designated by the Governor. This sort of boilerplate--

DeBOER: One minute.

CONRAD: --thank you, Madam President-- delegation language has appeared in our budgets before, and it became an issue when Nebraska started to receive massive amounts of COVID relief funds while the Legislature was out of session. However, it is important to note that this boilerplate language has never meant to be a complete and total ceding of our power to appropriate federal funds, and it cannot and should not be utilized to cede power in regards to the utilization of federal funds in this instance as well. So these issues have been addressed in regards to COVID funding and a lot of questions were raised. However, some of these questions were not well-established through legal challenges thus far. But to go back, it's important to remember--

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DeBOER: Time, Senator.

CONRAD: Thank you, Madam President.

DeBOER: Senator Conrad, you're next in the queue.

CONRAD: Thank you, Madam President. The Legislature cannot delegate its appropriation authority and power to the Governor. Period. That's unequivocal. Additionally, in Nebraska, appropriations must be specific. The Nebraska Supreme Court has long ago determined that to appropriate means to set apart from the public revenue a certain sum of money for a specified object in such a manner that the executive officers of the government are authorized to use that money and no more for that object and no other. See *State ex rel. Norfolk Beet-Sugar Co. v. Moore*, 1896. Yes, kind of an old case going back there, but important to tease it out. Additionally, all appropriation of public funds by the Legislature must be specific, meaning, quote, a particular, a definite, a limited, and a precise appropriation. See *State ex rel. Klinney [PHONETIC] v. Welches [PHONETIC]*, 1884. Each appropriation must include both the purpose intended for the appropriation and an actual dollar amount in order to pass constitutional muster. See *Bollen v. Price*, 1935. Friends, I encourage you to vote for this motion because allowing the Governor's veto message to stand could set a very dangerous precedent when it comes to the utilization of federal funds. There is no limitation to this delegation to the Governor to use federal funds as he sees fit. We should not abdicate our constitutional duty to appropriate and to appropriate specifically. Moreover, the Legislature overwhelmingly rejected the notion that TANF funds should be used to fund the CEDARS project when it took the vote on May 10, 2023, 41-0-4, in regards to AM1736. Friends, please look seriously at this critical issue. I do not raise it lightly, but I raise it because it is important. This is critical to protecting our separation of powers, to ensuring lawful and permissible appropriations, and it ensures fidelity to our institution, our separation of powers, and should help to carry out the important programming work for CEDARS, and do it in a way that is not legally suspect or that raises significant policy concerns as the Governor has set up in his veto override message. With that, I am happy to answer any additional questions, but thank you, Madam President.

DeBOER: Thank you, Senator Conrad. Senator McDonnell, you're recognized.

McDONNELL: Thank you, Madam President. Just going back to, to LB772 that was, was brought by Senator Hughes. There was no, there was no one disagreeing with actually the, the funding of this from the process we went through with appropriations to the Governor's team. The idea was, OK, how can we fund it? Where does that funding come from? So that's when we looked at TANF and we, we felt as the Appropriations Committee that we could, we could fund it using TANF funds knowing that we have over a hundred million in Cash Reserve, TANF, and we're getting-- bringing in \$56.6 million a year, knowing that we've, we've spent about 46 of that per year for the last five years and that's, that's continuing going into the future. So the idea of this and how we're funding it in this, in this Governor veto and this potential override, no one has ever disagreed with Senator Hughes's bill. We thought it was a good bill. We wanted to, we wanted to fund it. We still do and we're going to. And I believe, again, with the Governor and, and, and, and his team, we'll disagree. We'll disagree on facts. But I, I believe when they say they're going to do something, they're going to do it. And that's what we have to have, I believe at least that trust factor where we can disagree on the facts. But let's not, let's not actually disagree on something that we don't-- we, we believe that can work because we all are on the same page. I haven't heard one person disagree with LB772 that Senator Hughes brought. But I do understand there's, there's hesitance on, on the funding. But originally the Appropriations Committee had voted on, on using the TANF fund for this. Thank you, Mr. President-- or Madam President.

DeBOER: Thank you, Senator McDonnell. Seeing no one else, Senator Conrad-- seeing no one else in the queue, Senator Conrad, you're recognized to close on your motion.

CONRAD: Thank you, Madam President, and I appreciate the comments from my colleagues in regards to this issue. And as my friend Senator McDonnell noted there, there is no disagreement. I think there is widespread support for this really, really important work. That being said, it still has to be done in the right way and I want to ensure that we have a clear record that recognizes that how we achieve that shared goal has not been handled appropriately in regards to our legal framework in Nebraska. So when you look at the veto and the use of TANF monies, the important things to remember are this: on May 24, 2023, Governor Pillen returned these budgetary bills with various line-item reductions. Included in his letter explaining his line-item vetoes to LB814 was this statement and I, quote, Additionally, I have vetoed additional funding for the CEDARS housing facility of \$1

million in General Funds in '23-24 intended for housing, pregnant and parenting homeless youth. Financing operations of this facility is the TANF eligible expense and will be handled administratively instead of utilizing General Fund tax dollars. Again, colleagues, you may remember the spirited debate that we had together on this very matter. On May 10, 2023, during debate on LB814 the Legislature considered a proposal to the budget to permit the use of TANF funds to provide for a grant for a CEDARS plan for housing, homeless, pregnant and parenting youth in AM1730 to LB814. After that spirited debate, the Legislature promptly rejected this concept. We rejected this fund source and we adopted instead AM1736 to LB814, which provided that the CEDARS building would be paid for by General Funds. The vote for that amendment, AM1736, was 41-0-4. So what are we to make of Governor Pillen's explanation that the funding for the CEDARS project would be funded by TANF funds, quote unquote, administratively? Colleagues, this statement alone does not have legal consequence. When you look at *Center Bank v. Department of Banking and Finance of State*, 1981, the court held that if a Governor returns a bill without his signature within five days, it's a veto under Article IV, Section 15. In *Center*, there was a dispute as to the number of senators that were voting for a bill and then later whether or not it was properly presented to the Governor. The court went on to discuss how the Governor returned the bill as a, quote unquote, clerical function without his signature, expressly stating that the accompanying statement was not exercising a constitutional authority to veto a purported piece of legislation. The court held that this return was a veto of the bill. In rejecting the concept of the Governor's ability to return a bill for, quote unquote, clerical reasons, the court held if a Governor returns a bill to the Legislature with his objections, it's vetoed. And the fact that the objections did not go to substantive provisions of the bill was of no consequence. The Governor's notion that he can administratively handle funding of the TANF rainy day funds for the CEDARS facility is incorrect, and it is merely a not, a not-- a nonlegally binding explanation of his veto. In other words, I believe it is a mistaken understanding that impacts the constitutional validity--

DeBOER: One minute.

CONRAD: --of that veto. Thank you, Madam President. That being said, I think our Nebraska Constitution is clear in a host of different articles and sections regarding the separation of powers, regarding the appropriations process. And I think that there is a broad host of case law on point in Nebraska that helps us to understand how these issues play out. Again, this is not personal in regards to my friend

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Governor Pillen, but this, this is a really serious and significant legal issue that, that absolutely must be recorded and addressed. I would ask you to vote for the motion to remedy these legal and policy considerations. And I pledge to you, as I have pledged to the Governor, to work diligently with the Appropriations Committee and the Health and Human Services Committee and the administration to finally, finally come--

DeBOER: Time, Senator.

CONRAD: --up with a long-term plan in regards to TANF rainy day funds. Thank you, Madam President.

DeBOER: Thank you, Senator Conrad. Colleagues, this motion requires 30 votes. The question is, shall motion 1157 be adopted? All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

CLERK: 19 ayes, 27 nays on the adoption of the motion, Madam President.

DeBOER: The motion is not adopted. Mr. Clerk, for the next item.

CLERK: Madam President, Senator Wayne would move to override the Governor's line-item veto in LB814 in Section 105, Department of Health Human Services, Program 502, Public Health Aid.

DeBOER: Senator Wayne, you're recognized to open on your motion.

WAYNE: Thank you, Mr.-- Madam President. Today, colleagues, I woke up this morning and I wasn't going to drop this override. And then I finally read the Governor's letter, and I saw the word veto. But then the next sentence, I saw the word over twice in it so I thought it was a sign to override. But as I look out here, I can see the writing on the wall and I can see the body and where we are and, plus, I still have the bill next year. That is still my priority bill that's not in the budget. So even though this is an important issue to my community and I think this is an important issue that we have to deal with, we will find ways to deal with this next year. And so I will withdraw my motion 1158.

DeBOER: It is withdrawn. Thank you, Senator Wayne. Mr. Clerk.

CLERK: Madam President, some items: letter from the Governor. Engrossed LB754e, LB754Ae, LB243e, LB243Ae, LB583e, and LB583Ae were

received in my office on May 25, 2023. These bills were signed and delivered to the Secretary of State on May 31, 2023. Signed Sincerely, Jim Pillen, Governor. Additional communication from the Governor: Dear Mr. President, Speaker Arch, and members of the Legislature: On August 30, 2022, former Governor Ricketts appointed Gwenniviere Aspen to the Coordinating Commission for Postsecondary Education. Ms. Aspen has recently submitted her resignation effective May 9, 2023. Accordingly, I hereby respectfully request you withdraw her from consideration for confirmation. Her contact information is as follows. Please contact my office if you have any questions. Sincerely, Jim Pillen, Governor. Madam President, next item on the agenda, motions override, LB818. Senator Clements, the Appropriations Committee, would move to override the Governor's line-item veto in LB818, Section 34(32), and Section 34(33) with motion 1152.

DeBOER: Senator Clements, you're recognized to open on your motion.

CLEMENTS: Thank you, Madam President. This is-- LB818 is a Cash Reserve transfer bill. And the item involved here is also regarding the housing, the rural workforce housing and middle-income workforce housing. This is transferring funds to the General Fund and the housing veto in LB814 was sustained, that removed the ability to disperse the funds provided by LB818, making this item a moot point. I urge a no vote so that a conflict does not occur between the two budget bills. Thank you, Madam President.

DeBOER: Thank you, Senator Clements. Seeing no one in the queue, Senator Clements, you're recognized to close on your motion. Senator Clements waives close. Colleagues, this motion requires 30 votes. The question is, shall motion 1152 be adopted? All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

CLERK: 1 aye, 30 nays, Madam President, on the motion to override.

DeBOER: The motion is not successful. Mr. Clerk, for the next item.

CLERK: Madam President, Senator Wayne would move to override the Governor's line-item veto in LB818, Section 15.

DeBOER: Senator Wayne, you're recognized.

WAYNE: Thank you, Madam President. Colleagues, I would ask everybody to vote green on this to see what happens when the first part of the bill did not go forward. I just kind of want to cause some confusion.

So let's just see what happens. Don't vote green because you want to override. We were just trying to cause confusion. So let's vote green and cause some confusion on the last day. See, I don't know, do they pull it back to fix the-- like, this is a great idea. What happens? Does anybody know? This is why we're going to vote green. Thank you. I withdraw this motion.

DeBOER: Thank you, Senator Wayne. It is withdrawn. Mr. Clerk. Senator Briese, you're recognized for a point of personal privilege.

BRIESE: Thank you, Madam Chair. Colleagues, as you know, our legal counsel to the Executive Board, Trevor Fitzgerald, lost his father unexpectedly last week. And we have a resolution in honor of his father signed by all of us that I'd like to read and then present to Trevor. Resolution: One Hundred Eighth Legislature, First Session. Whereas, Bill Fitzgerald was a loving husband, father and grandfather, and a friend to many. And, whereas, Bill was a true leader in high school athletics throughout the state of Nebraska. And, whereas, Bill had a successful career at numerous schools in Nebraska, including as the activities director and assistant principal at Fremont High School. And, whereas, Bill was the executive director of the Nebraska State Interscholastic Athletic Administrators Association. And, whereas, Bill Fitzgerald will be greatly missed by his family, friends, and colleagues. Now, therefore, be it resolved by the members of the One Hundred Eighth Legislature of Nebraska, First Session, that the Legislature recognizes Bill for his contributions to his community and the state of Nebraska and offers its condolences to the family of Bill Fitzgerald.

DeBOER: Thank you, Senator Briese. Mr. Clerk.

CLERK: Madam President, Committee Reports: the Health and Human Services Committee would report favorably on the gubernatorial appointment of Noah Bernhardson to the Board of Emergency Medical Services.

DeBOER: Senator Hansen, you're welcome to open on the Health and Human Services Committee report.

HANSEN: Thank you, Madam President. Today, I do have two more gubernatorial appointments to go through, and I'm sure they'll be pretty quick and easy to get through. So first up is Dr. Noah Bernhardson, who is-- needs confirmation by the Legislature to the Nebraska Board of Emergency Medical Services. Dr. Bernhardson is a

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board-certified emergency medicine and EMS physician and currently works both in the emergency department as well as in the role of physician medical director for multiple volunteer agencies in the state. He currently serves as a representative to the EMS Oversight Authority Board in Lancaster County and is also a member of the Nebraska Task Force One as a medical team manager. Prior to attending medical school, he was a licensed and practicing firefighter and paramedic. Currently, he holds an active paramedic license as well as a physician's license in the state. I would ask for your green vote to approve Noah Bernhardson to the Nebraska Board of Emergency Medical Services. Thank you, Madam President.

DeBOER: Thank you, Senator Hansen. Seeing no one else in the queue, Senator Hansen, you're recognized to close. Senator Hansen waives. The question is the adoption of the report offered by the Health and Human Services Committee. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

CLERK: 40 ayes, 0 nays on adoption of the committee report, Madam President.

DeBOER: The report is adopted. Mr. Clerk.

CLERK: Madam President, the Health and Human Services Committee would report favorably on the gubernatorial appointment of Timothy A. Tesmer as Chief Medical Officer of the Division of Public Health, Department of Health Human Services.

DeBOER: Senator Hansen, you're recognized to open on the confirmation report of the Health and Human Services Committee.

HANSEN: Thank you, Madam President. The Health and Human Services Committee is reporting Dr. Timothy Tesmer for confirmation by the Legislature for the position of Chief Medical Officer for the Department of Health and Human Services. Dr. Tesmer comes to the department from his private practice as an ear, nose, and throat specialist. Prior to starting his practice, he was at the CHI's physician network, ENT Nebraska, where he served as a physician specializing in ear, nose, and throat otolaryngology. Dr. Tesmer holds a Bachelor of Science from Nebraska Wesleyan University. He earned, he earned his MD from the University of Nebraska College of Medicine. Dr. Tesmer also completed an internship in general surgery and a residency in otolaryngology at the University of Louisville School of Medicine. Dr. Tesmer is certified by the American Board of Otolaryngology. Dr.

Tesmer has a long history of public service, evidenced by his service on the Nebraska State Board of Health since 2010 and currently serving as the board's chair. We believe the department will benefit greatly from Dr. Tesmer's experience and knowledge in the world of medicine, and we would ask for your green vote for his confirmation to the position of chief medical officer. And one other thing, I am handing out a letter from the Nebraska Medical Association in support of Dr. Tesmer's nomination, just thought it would be some pertinent information for people to have. So with that, thank you, Madam President.

DeBOER: Thank you, Senator Hansen. Senator Riepe, you're recognized.

RIEPE: Thank you, Madam President. I did serve as a member of the Health and Human Services Committee and I do want to-- I did vote for Dr. Tesmer. I think he's eminently qualified. He has been in the community for a number of years, and I think he will do an excellent job. We do understand that he will have a difficult job, probably more difficult than medical directors have had in the past just becomes-- because of some of the issues that will be coming before him. But he's up to the task. He's a quality individual and I give up the rest of my time. Thank you, sir.

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

M. CAVANAUGH: Thank you, Madam President. I rise in opposition to Dr. Tesmer's appointment to the board-- or I'm sorry, to the chief medical officer. I have several concerns starting with-- I actually would ask if Senator Hansen would yield to a question? In his testimony or his hearing, Senator Riepe asked Dr. Tesmer about the October 1 enacting date of LB574. Senator Hansen, would you yield to a question?

DeBOER: Senator Hansen, will you yield?

HANSEN: Yes.

M. CAVANAUGH: Thank you, Senator Hansen. So in the hearing, Dr. Tesmer mentioned-- we-- Senator Riepe asked about the October 1 date, and Dr. Tesmer said that he would not be able to have the rules and regulations promulgated for LB574 by October 1. Was that your understanding?

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HANSEN: I believe he said not, or they were and do their best to, but probably not. I don't know the exact terminology but, yes, he could have very well said not-- no.

M. CAVANAUGH: Well, I believe when we asked what-- if there was a timeline, he wasn't able to give us one at all.

HANSEN: Yes.

M. CAVANAUGH: But he said not--

HANSEN: Yes.

M. CAVANAUGH: --October 1.

HANSEN: Correct.

M. CAVANAUGH: OK. So is it your understanding then, starting October 1, if rules and regulations have not been promulgated by the chief medical officer, that we will have a total ban on gender-affirming care in Nebraska until we have rules and regulations promulgated?

HANSEN: We were looking into that and we're trying to verify with the Attorney General's Office, but that could very well be the possibility. Yes.

M. CAVANAUGH: Was that the intention when you introduced the amendment?

HANSEN: No.

M. CAVANAUGH: Was the intention to have the rules and regulations promulgated on October 1?

HANSEN: That was my intention.

M. CAVANAUGH: OK. Thank you. I appreciate that. I wanted that stated for the record because I didn't know another time to have that clarifying point. Whether or not the timeline fits for, for Dr. Tesmer is not actually what my opposition is. I just wanted to get that, that point clarified. I did have concerns about Dr. Tesmer, I'll start with Senator Hansen asked him a question about handling the public health crisis of COVID and mandates, and he said that he did believe that some mandates can be helpful and which I think maybe, possibly. But the mandates that he specifically spoke to was that he supported

mandates on childhood vaccinations. And I found that to be a concerning point, because we currently do not have a mandate on childhood vaccinations. We have specific rules and regulations for childhood vaccinations in specific settings, mostly educational settings. And that is one of the reasons that parents may choose to homeschool their children, it's because they don't want to do those vaccinations. So I found that to be a concerning comment that he made and that he also mentioned flu vaccines, but that wasn't as specific as a mandate. But I did think that that was concerning. Additional concerns that I had were around discrimination and his openness in stating that he was comfortable with discrimination. And the specifics of that conversation were specific to LB574 and the surgical piece of LB574 and the prohibition on surgery for trans youth. And this discussion was singularly focused on top surgery and that Dr. Tesmer feels that it is OK and appropriate for teenagers under the age of 19 to have breast reduction, breast augmentation, surgery, etcetera, if they identify as the gender that they were assigned at birth. And he did not feel it was appropriate for someone under the age of 19 to have top surgery if they identified not as the gender that they were assigned at birth. And that level of open discrimination I find to be very upsetting and disturbing and pervasive with Dr. Tesmer. And it was very consistent. I gave him numerous opportunities to--

DeBOER: One minute.

M. CAVANAUGH: --to clarify for the record or to mis-- restate his position, and he restated the same position repeatedly. The next thing that I'd like to talk about is his role on the State Board of Health. And, Madam President, I will just yield and begin my next time.

DeBOER: Senator Cavanaugh, you're recognized then.

M. CAVANAUGH: Thank you. His role on the Board of Health. He was the Chair of the Board of Health when LB574 was happening. He was the Chair of the Board of Health when the resolution that was discussed yesterday with Dr. Jaime Dodge was presented and voted on. And he was present for all of that. And when I asked him about the role of the Board of Health and the understanding of the scope of process-- practice process, he acknowledged that it was willfully disregarded, that the Board of Health didn't follow a scope of practice process when it came to LB574 and that he signed onto that letter. He agreed to that letter because of the irreversible piece of the legislation. Which brings me back to the discrimination and the willingness to openly discriminate against trans kids because they are trans kids. He

signed onto a letter that we know was colluded on and drafted in cohort with Senator Kauth and the Board of Health, done in secret, rushed through, and he signed onto it because it aligned with his discriminatory views towards trans children. And that, colleagues, is not the standard that we should have for the chief medical officer of the state. Period. Period. There is a lack of judgment. There is a willfulness and discrimination. There is reasonable argument against Dr. Tesmer, and I hope that you all will consider that. I'm concerned about his views on vaccine mandates for children. I'm concerned about his view about LGBTQ kids. I am concerned about his willfulness to disregard his own board of health's scope of practice processes. This does not, to me, show someone of good thinking, logical thinking, someone who is going to work in good stead with us and partner with us and partner with the medical community. Additionally, I asked some members of the medical community who do gender-affirming care and was informed that Dr. Tesmer never met with them, that the Governor refused to meet with them. And this person will be working under the discretion of the Governor. And it is very concerning to me that we have tasked this individual with the delegation of promulgating rules and regulations around LB574 and healthcare, and they have shown a disregard for working with those people. Again, as I have said many times before, I hope I am wrong. I want to be proven wrong. But every opportunity that I gave to Dr. Tesmer to prove me wrong, he did not take. He stood firm in his beliefs. He stood firm in his actions. And I do not believe that this is who we should have at the helm of healthcare in Nebraska. Thank you, colleagues.

DeBOER: Thank you, Senator Cavanaugh. Seeing no one else in the queue, Senator Hansen waives close. The question is the adoption of the committee report, report offered by the Health and Human Services Committee. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

ASSISTANT CLERK: 29 ayes, 11 nays on the adoption of the report.

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

ASSISTANT CLERK: Madam President, the next motion I have offered by Senator Conrad would be to reconsider the vote on the confirmation of Jason Hayes to the Public Employees Retirement Board. This report is found on page 1742 of the Journal.

DeBOER: Senator Conrad, you're recognized to open on your motion.

CONRAD: Thank you, Madam President. Good afternoon, colleagues. Appreciate your time and consideration of this motion before you today. I want to be very clear. I rise not to cast aspersions upon the process or the applicant, but I wanted to also acknowledge something that was evident in regards to how this confirmation played out. And it is through no one's fault, but due to the compressed nature of our work and having to tackle so many challenging issues in such a short period of time. And I think that when we do recognize that perhaps we haven't had an opportunity to do our due diligence, that we do have safety valves within our rules to provide for a motion to reconsider. So Mr. Hayes was before the Retirement Systems Committee in regards to this very important position in state government. And the next day was then initially confirmed by the Legislature. If you go back and you revisit the initial vote in that regard, you can see, as is no surprise in a nonpartisan body, perhaps a very interesting vote from a political perspective. So as a member of the retirement committee, I had a chance then to kind of look at that vote and see that perhaps there were some concerns there that were not otherwise evident. So I had a chance to talk with some different colleagues and they felt that it would be appropriate under our rules to give us some additional time to do our due diligence in regards to this critical position in state government. So with that, I filed a motion to reconsider as is permitted under our rules. And I think it will provide an opportunity for us to just perhaps hit the pause button and ensure that we have a thoughtful process in place, both in terms of selecting the nominee and perhaps a little bit more breathing room when we're considering important political appointments like this. Thank you, Madam President.

DeBOER: Thank you, Senator Conrad. Senator McDonnell, you're recognized.

McDONNELL: Thank you, Madam President. Again, I, I agree with Senator Conrad that this is definitely part of, of the process and if people want to reconsider. But also, let's make sure we understand the process. This process started months ago. This process started with DAS, a posting. From around the country, applicants came in. Eighteen people applied for this position. At that point, the PERB board narrowed down to six, have six interviews out of those 18. Sit through those six interviews, then they narrowed it again to the top two candidates and they said, OK, we're going to have a public interview with these top two candidates. Then they unanimously came back and said we want Jason Hayes to fill Randy Gerke's position upon retirement, June 20. Those are facts. At that point, starting and

going back to 1971, this process has been going, been going on. In 1996, they add the Governor's Office and this body to the process. So this is definitely part of the process. So it goes to the Governor's Office. His team looks at it. The Governor says, yes, thumbs up on Jason Hayes. It comes to the Retirement Committee. We schedule a hearing. We have Jason there. There's one proponent and his wife that attend. We ask questions. We vote 5-0 with one person absent, and that was Senator Conrad, to move Jason onto this body. Last Wednesday we vote, and Senator Conrad is correct, it wasn't unanimous and it was different people voting different ways, but we voted, 29 of us voted in favor, 4 opposed, 10 not voting, and, and 6 were excused. So at that point, the process was done. I think what we have to try to concentrate on today, was the process fair? What you have in front of you, you have the letter from the Governor, but you also have Jason Hayes's resume. Is he qualified? Is it a fair process? And does he have the qualifications and the experience? Those are all yes, those are all definitely yes. Again, reconsidering this, absolutely. This is part of the process and Senator Conrad, as I mentioned, was not at the, the Retirement hearing that day. So she has every right to, to bring this back. But, again, I don't think we should concentrate on anything but the process and is Jason Hayes qualified and experienced? And then on top of it, you look at, there's a couple of letters in there, again from the Governor saying, yes, thumbs up to Jason Hayes. And then also you have, earlier today we talked about Mike Foley, talked about Mike Foley and the Governor. They were disagreeing on, on the budget and, and we, we had that discussion on the Governor overrides. Well, read Mike Foley's letter and his working experience with Jason Hayes. Go through his resume. Jason Hayes is definitely qualified. This process has been going on for months. Again, 18 people participated around the country. They narrowed that to six. They had interviews and they narrowed it again to two with a public interview, went through the Governor's Office, thumbs up, comes to us as the Retirement Committee. We vote 5-0. Last Wednesday, we bring Jason and his resume to the floor and his qualifications, again, qualifications and experience and we vote, at least 29 of us at that moment in time voted yes on, on Jason. So he again is going to start June 20. But now, Senator Conrad, again, has the right to bring this up. I just think the process is fair. I think Jason is, is qualified and his experience is outstanding. And I believe we should not change our vote from, from last Wednesday. And, again, Jason is, is ready to start June 20. Thank you, Madam President.

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DeBOER: Thank you, Senator McDonnell. Senator Linehan, you're recognized.

LINEHAN: Thank you. Thank you. Excuse me. Thank you, Madam President. So-- and I didn't give him a heads up, so I might-- I am now going to. I might have some questions for Senator McDonnell. But I have known Jason, Mr. Hayes, for a while and I'm looking at the resume and maybe I'm confused of what the job is. So, Senator McDonnell, could you yield to a question, please?

DeBOER: Senator McDonnell, will you yield?

McDONNELL: Yes.

LINEHAN: So what is, what is the responsibility of the Public Employees Retirement Board? What are their responsibilities?

McDONNELL: Well, what Jason Hayes is filling is currently Randy Gerke. He would be a member of the board, but a nonvoting member of the board. But he would be the, the Director of the Nebraska Public Employees Retirement Board, leading the, the team of 58 employees in the state of Nebraska.

LINEHAN: Oh, he is actually an employee, he's not sitting, just sitting on the board.

McDONNELL: He's an employee.

LINEHAN: He's an employee. A state employee?

McDONNELL: Correct.

LINEHAN: So-- and he's doing what?

McDONNELL: He would actually be-- he would be the director taking Randy Gerke's current position of the Nebraska Public Employees Retirement Board, the PERB board.

LINEHAN: So how many people would he be managing?

McDONNELL: I believe 58.

LINEHAN: Has he managed 58 people before or anywhere close to this?

McDONNELL: Yes, and I think if you go back to the idea of going back to-- if you look in your packet, I handed out-- to Mike Foley's letter

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and his experience going back to working with, with Mike Foley, the idea of going back to the Treasurer's Office: I became State Auditor in 2007. It was the first time that Jason took a senior position in the State Treasurer's Office under Shane Osborn. He later became legal counsel to NPERS and was-- interacted yet again while I was State Auditor. In addition, Jason has been an adjunct professor. It goes through the-- and then--

LINEHAN: No, I know, I've, I've read all that, but I still don't understand where it shows that he's had a management position of managing a whole organization and 50 people. I mean, that's a, that's a significant job. So I-- maybe it's because I'm looking, he's been at the Nebraska Education Association since 2012, so that's 11 years there. And then an adjunct professor at Doane, State Agency legal counsel for two years with the Public Employees Retirement Systems. So he did work there as legal counsel, then executive director of the Nebraska Tax Research Council, which I don't think has a lot of people, Chief Deputy State Treasurer and legal counsel. That would be under Shane Osborn, I'm guessing, from 2007 to 2009. So that's two years and then Legislative Committee legal counsel. So would have been-- I think that's the Exec Committee legal counsel for four years and as assistant attorney. So he's been basically in state government or in associations most of his career. Am I reading that right?

McDONNELL: I have an answer.

LINEHAN: OK. Thank you. I, I think I can still ask you a question.

McDONNELL: Can I?

LINEHAN: Yes. Would Senator McDonnell please yield to a question?

DeBOER: Would Senator McDonnell yield?

LINEHAN: Senator--

McDONNELL: Yeah, if you look at the resume and you go back to the Chief Deputy State Treasurer, he was, he was managing 50 people.

LINEHAN: OK. So did that in '07 through '09. But in his current last ten years, he's not been managing people has he?

McDONNELL: I'm sorry, can you repeat the question?

LINEHAN: In the last ten years, he has not been managing people.

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McDONNELL: No, I, I, I can get--

DeBOER: One minute.

McDONNELL: --that job description. But, no, I'm going back to the-- when he was state-- Chief Deputy State Treasurer, he was managing 50 people.

LINEHAN: OK. All right. Thank, thank you, Senator McDonnell. I just-- and it is somewhat about the process, and we've been a really busy year so I understand that. But I believe-- and then somebody on their own time can correct me, that the hearing was the day before it came to the floor. I didn't know anything about this until I saw it on the agenda. And usually when we have nominees, they reach out to people and say I've been nominated and-- or you get a letter or you get a phone call or you get something. And this one just seemed to me to come kind of out of nowhere. So thank you, Madam President.

DeBOER: Thank you, Senator Linehan. Senator McDonnell, you're recognized.

McDONNELL: Just to try to-- thank you, Madam President-- follow-up on the, the hearing and the date and, again, trying to get things done at the, at the, the end of session. Yes, it was-- the hearing was scheduled and we brought it to the, the floor last Wednesday. But, again, going back to the, the process and going back to these qualifications and, and going back to the, the PERB board and the work they did and, and, again, the 18 people that applied, going through that process. This process has been going on for, for months. And, again, looking at-- as you can all go through the packet I handed out, Jason's qualifications and, and experience and then going through the process and finishing in the position he did for the PERB board to unanimously select him. I stand behind the process. I stand behind the Retirement Committee's vote of 5-0 last week and again last Wednesday to the floor vote of 29 people confirming the Governor's confirmation of Jason Hayes. Thank you, Madam President.

DeBOER: Thank you, Senator McDonnell. Senator Linehan, you're recognized.

LINEHAN: I'm sorry, writing too many notes on my desk. Another thing, I think when you-- did a good job of-- Senator McDonnell did of telling us what the process was. He mentioned that in 1996, I guess before then, the Legislature nor the Governor were involved, which I

find somewhat astounding. But in '96, they said the Governor's Office in the Legislature should be involved. So I'm assuming that something happened pre-1996 that caused the issues. And if there's anything on the floor that could explain the history of that, I would appreciate it. I think, I think I know who was Governor in '96, but I don't want to embarrass him. Well, I do know it was Ben Nelson. Ben Nelson was Governor in '96. So I, I wonder what stir up there was that they decided they needed to be involved in this. Would Senator McDonnell yield for another question? And I'm sorry, I'm not giving you a heads-up, but.

ARCH: Senator McDonnell, will you yield?

McDONNELL: Yes.

LINEHAN: So do they manage money at all or it's just-- what do these 50 employees do?

McDONNELL: Oh, yes, they're, they're in charge of-- actually, if you look-- and I can give you the full report just to make sure you all understand that they do an annual report and the dollars they're, they're, they're managing through the, the Legislature, the Retirement Committee. They report every year to us. And I'll make that available for, for all of you. But, yes, they, they manage the, the funds for the, the employees throughout the state. And, again, Randy Gerke, who has just done an amazing job. And where we are sitting financially, I can get that report handed out to you. But they are responsible for the future of, of our, our state employees and, and their retirement funds.

LINEHAN: So they actually invest and manage the money or a different board does that? They actually--

McDONNELL: No, this is-- that's their responsibility.

LINEHAN: So if you were going to be an invest-- a manager, how many-- what is that-- how many hundreds of millions of dollars are they managing?

McDONNELL: I can get that. I can look that up for you right now.

LINEHAN: But I'm guessing it's hundreds of millions, right, not billions?

McDONNELL: Yes.

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LINEHAN: So wouldn't they want people there that have been managing money previously?

McDONNELL: Can you find how much?

_____ : \$1.1 billion.

McDONNELL: So--

LINEHAN: Yes, I'm-- you're still-- we're still talking. I think we can--

McDONNELL: Can I--

LINEHAN: Yes.

McDONNELL: --answer that? OK. So we're looking at \$18.7 billion in assets. Now the Investment Council, of course, is going to do the, the investments, but the idea of NPERS proudly serves 150,585 members and retirees. One in 13 Nebraskans are members of, of NPERS, \$1.1 billion NPERS distributed over the last year, or they've distributed with an average monthly benefit of \$2,217. Eighty percent of the retirement benefit distributions remain within the Nebraska economy; \$27.8 million was NPERS retirement distributions aid. I can give you all the-- more statistics and hand it out also.

LINEHAN: OK, so I'll go back to my original question. If that's their job to manage money, and that sounds like their job, then why wouldn't the person running that have experience in managing money?

McDONNELL: No, yeah, so you have the Investment Council that is doing-- so Michael Walden-Newman, who is an ex-officio of this board, he's not a voting member of the board and neither will-- neither was Randy Gerke or Jason Hayes, but then they go through the Investment Council.

LINEHAN: OK. All right. Thank you, Senator McDonnell. I, I just-- he may be the greatest choice. I just don't like how quickly this kind of came up without a lot of research and I would really like to know why in 1996--

ARCH: One minute.

LINEHAN: --the Legislature and the Governor decided they should be involved, because I'm guessing it was because something didn't go as

planned. And we have already had experience, we know, with the Omaha Public School System. When you're not paying attention to this, bad things happen. Thank you, Mr. President.

ARCH: Seeing no one left in the queue, Senator Conrad, you are welcome to close on your motion to reconsider.

CONRAD: Thank you, Mr. President, and thank you, colleagues, for the thoughtful review of qualifications and process. And I've had an opportunity to visit with quite a few members and just wanted to be really clear about kind of the procedural issues before us. So it doesn't happen frequently. But you may remember, I think it was a keno bill perhaps that Senator John Cavanaugh had earlier in this session, and there was an amendment that he was running there. And it ultimately was-- well, initially it was unsuccessful. And then any member who is in the affirmative voting yes or present, not voting can file a motion to reconsider. So Senator Cavanaugh at that time, I probably think he probably switched to present, not voting and then he was able to file the motion to reconsider. That gave an opportunity for members to get a little bit more information to perhaps rethink the vote that they had just cast. And then that amendment to the keno bill ultimately was adopted and became part of the law. So it's a very similar situation before us today, friends. So the first vote is on my motion, the motion to reconsider. If the majority agrees that we should reconsider the question, so a green vote, a vote yes for the motion to reconsider would then set up a second vote as to whether or not we confirm this appointment. So I would ask for a green vote on the motion. And if that is successful, a red vote on the confirmation of the appointment. Thank you, Madam-- Mr. President.

ARCH: Senators, the vote before us is regarding the motion to reconsider. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 30 ayes, 10 nays on the motion to reconsider the appointment.

ARCH: The motion to reconsider was successful. Senator McDonnell, you are now recognized to open on the confirmation report.

McDONNELL: Thank you, Mr. President. Again, I, I believe that Jason Hayes is qualified. I believe that we went through the, the process and going back to that process where there was the application process through DAS. And at that point, you get the, the applicants of, of 16 people-- or 18 people. You narrow that down to six people through that

interview process, are interviewed, and then two are interviewed publicly. So at that point, there is no issue that the process is being fair-- fairly done. At that point, the PERB board says, OK, we think this is the person to, to lead us and, and take Randy's position upon retirement. At that, that point, it goes to the, the Governor. The Governor, again, in his, his letter recommends Jason Hayes. We have supporting documentation again from, from, from Mike Foley, who has worked with, with Jason. And then you just go through his, his, his resume. So that's what we looked at as the Retirement Committee. And the Retirement Committee then had a hearing. We voted 5-0 to bring that-- Jason to the floor. And then last week, last Wednesday, when we voted, there was 29 of us that voted yes on Jason Hayes, 4 that were voting no, and then there was 10 present, not voting, and 6 were, were excused. But also, I want to, I want to read the letter that I handed out based on the, the committee and what they're, they're telling us, why their recommendation and going back to-- they just updated it on, on May 31 for today. Recommendation of Nebraska Public Employees Retirement System Director Jason Hayes. My name is Kelli Ackerman. I am Chairperson of the Public Employees Retirement Board, PERB. The board conducted an extensive nationwide search for the Nebraska Public Employees Retirement Systems, NPERS, director position. Six finalists-- semifinalists were interviewed, were conducted by the personnel committee of the PERB. Two finalists were then selected by the PERB board to have public interviews. Jason Hayes was unanimously selected by the PERB as the NPERS director on April 17, 2023. Jason brings his, his knowledge of retirement plans, great leadership throughout his career, and the ability to work collaboratively. As a key-- his key attributes being an outstanding-- to being an outstanding director. His valuable experience of working for the Nebraska State Treasurer's Office and the Nebraska Department of Justice shows the commitment of a public servant leader. His previous work in NPERS and knowledge of retirement issues in Nebraska will make him a great leader for the system. As director, he will continue to communicate retirement plan needs with the Retirement Committee of the Legislature. Jason Hayes will begin his duties as NPERS director on June 20, 2023. Governor Pillen has officially appointed Mr. Hayes to this position on the recommendation of the board. Jason Hayes will provide sound leadership and provide great management of the agency. He has a strong work ethic and great communication skills. His experience with the NPERS office and retirement plan will be instrumental in completing the multiyear OSERS management transfer project of September 1, 2024. The PERB fully supports Jason Hayes as a new director of NPERS. Signed Sincerely, Kelli Ackerman, Public

Employees Retirement Board Chairperson. So going through the, the process and having these people, these eight that serve on, on that board and looking at all the applicants, looking at Jason's qualifications, knowing that his experience and qualifications and, again, having a fair process, having the Governor's Office have an opportunity to look at that and pass that onto us to-- with a, with a approval, I believe we should support the retirement committee, their recommendation and the Governor and the PERB board and the process going back to confirming Jason Hayes for a second time, as we did last Wednesday. Thank you, Mr. President.

ARCH: Senator Kauth, you're recognized to speak.

KAUTH: Thank you, Mr. President. I know and like Mr. Hayes, but listening to Senator Linehan's comments about the dangers of not having the right person at the helm of a retirement position, especially in light of what happened with the Omaha Public Schools, it gives me pause. This is an incredibly important job. It handles millions upon millions of dollars that our state employees depend on for their retirement. The qualified-- the qualification-- I pulled this up online. The successful candidate will have an advanced degree, preferably in business administration, public administration, finance, or accounting, or related field. Relevant training in, experience with, or demonstrated knowledge of qualified public employee retirement plan administration, as well as supervisory or management experience. And I'm just wondering if Mr. Hayes's experience lines up enough with his position, and I'd like a little bit more research into it. Again, this is responsible for millions upon millions of dollars, and if it's handled wrong, we will, as a state, be asked to cover the loss for those state employees who don't have the funds that they need to retire. So I would like to have more information about this. Thank you.

ARCH: Senator MacDonnell, you're recognized.

McDONNELL: Just a little bit more information, and you look at the, you know, the NPERS and what they're responsible for versus the idea of what was brought up just recently about OSERS. You look at what happened in Omaha, and again, what we've done down here as a Legislature to make sure that doesn't happen in the future, because that's something else that's time sensitive. By next, next year, approximately this time, late fall, early fall, we have to complete that, that direction that we gave them on OSERS as a body, because that will be it adding a ninth member based on Omaha now being, being

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part again. We never took on the liability. We never took on the responsibility of, of, of the problems they've had in the past, but managing it going forward. But I want to make sure this is clear based on the administrative side versus the investment side, and what, how that works. And the vision for the Nebraska Public Retirees System seeks to administer the retirement system with the service, integrity and commitment for the exclusive benefit of the plan members to ensure retirement security for the future. Mission of the Nebraska Public Employees Retirement System, recognize the importance of successful retirement dedicated to providing the highest quality service necessary to assist members in achieving this goal. Agency's goal, to administer each retirement plan in full compliance with the federal law and state laws; to operate our agency efficiently and responsibly in order to maintain the trust of our members, our, our plan employees, and separate branches of government and the public as a whole; to guard the integrity of our system, assets and accuracy of the data; to monitor benefit patterns and funding levels, various retirement plans and policy; to continue to improve the technology in order to achieve those high level. And the ag-- agency's statutory authority, the Public Employees Retirement, PERB, is entrusted with the administer-- the administration of the Nebraska Public Employees Retirement System, NPERS. And it goes through the different statutes. The idea of looking at this-- and we're looking at it with, with very little experience as a body, but having the people that have sat on this board, on the PER Board, and they're saying, unanimously, we think Jason Hayes has the qualifications and the experience to do this job after starting off with a nationwide search. But again, starting off with 18 applicants and narrowing those down to two and then finally selecting Jason, I don't think at this point, again, with the Governor's Office also looking at their their recommendation and signing off and saying, yes, I'll support Jason Hayes for this position, that we have that knowledge. Unless someone wants to bring up something that within his, his resume, that he does not have the experience, that he does not have the qualifications, or that the process wasn't fair. But if outside of those things, if your answers are yes, he has experience, yes, he has the qualifications, yes, it was a fair process, then we should vote green to appoint Jason, just like we did last Wednesday when there was 29 of us that voted green and supported what the governor's recommendation was and the PER Board unanimously, unanimously after they went through the the hiring process, and it was, I believe, a fair process. And Jason is qualified, and Jason has the-- definitely has the experience. So I'm

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ask you to vote green on the Jason Hayes reappointment that we did last Wednesday. Thank you.

ARCH: Seeing no one left in the queue, you are welcome to close on your confirmation report, Senator MacDonnell.

McDONNELL: Again, just going through the process, asking you two to vote green again, trusting the process, agreeing with the Governor on Jason Hayes, agreeing with the PER Board, and agreeing with DAS that the process that they went through, that it was a fair process, that Jason is definitely qualified and has the experience and will do a good job leading into the future. Thank you, Mr. President.

ARCH: Senators, the issue before the body is the adoption of the report from the retirement committee. All those in favor vote aye; all those opposed vote nay. Has everyone voted who wishes to vote. Mr. Clerk, please record.

CLERK: 20 ayes; 14 nays, Mr. President, on adoption of the committee report.

ARCH: The report is not adopted. Mr. Clerk. For items.

CLERK: Mr. President, items quickly. Communication from the Clerk to the Secretary of State. Forwarding LB814 with certificate attached thereto signed by the President of the Legislature certifying the passage of certain line item vetoes. Additional communication from the Clerk to the Secretary of State indicating there were no line item vetoes on LB818e. Committee reports from the Agriculture Committee concerning gubernatorial appointments to the Nebraska State Fair Board, as well as the Nebraska Brand Committee. Name adds. Senator Bosn, name added to LB76. Jacobson and Lippincott to LB384. Senator Bosn, LB447. Senator Vargas, LB705. Ballard and Wishart, LB732. And Senator von Gillern, name added to LR229. That's all I have at this time, Mr. President.

ARCH: Thank you Mr. Clerk. LB814e having been returned by the Governor with his signature, but with certain items therein line item vetoed, the Legislature by the Constitutional majority has overridden a line item veto. In having passed the Legislature by the constitutional majority, the bill has become law this 31st day of May, 2023. Mr. Clerk.

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CLERK: Mr. President, priority motion. Senator Raybould would move to adjourn the body until Thursday, June 1, 2023, at 10:00 a.m., 10:00 a.m.

ARCH: Senators, you've heard the motion. All those in favor say aye; all those opposed say nay. We are adjourned.