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## UPDATE

## Budget package clears first round



From left: Speaker Greg Adams, Clerk of the Legislature Patrick O'Donnell, Appropriations Committee chairperson Sen. Heath Mello and Sen. Ernie Chambers discuss the proposed budget package.

After four days of debate and consideration of more than a dozen amendments to reduce funding proposed for various state agencies, lawmakers gave first-round approval May 10 to the last component of the state's \$7.8 billion budget package. The state budget is structured on a two-year basis, with the budget enacted during legislative sessions held in odd-numbered years.

As introduced, the Appropriations Committee budget proposal would result in a financial status at the end of fiscal year 2014-15 that is \$41.3 million more than the 3 percent minimum re-

serve. Senators ended the last session with a projected \$619 million shortfall.

Appropriations Committee chairperson Sen. Heath Mello of Omaha said elimination of the projected shortfall would result from a combination of cash fund transfers, lapses of prior year carryover appropriations and lower than projected increases in the budget.

He said the committee's proposal assumes passage of legislation that would partially negate projected increases in the state aid to schools formula (TEOSSA) and state obligations for defined benefit retirement plans.

Budget growth in the committee's proposal is 5.7 percent in FY2013-14 and 4.8 percent in FY2014-15, for a two-year average of 5.2 percent. Mello said the two-year average is similar to the spending growth outlined in the governor's budget proposal and is in line with the state's historical average.

Omaha Sen. Jeremy Nordquist spoke in support of the budget package. He said increased funding across the entire continuum of education in Nebraska reflects the right priorities.

"This budget really focuses on investment in the future of our state, an investment in education," he said.

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# Budget package clears first round

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An Appropriations Committee amendment, adopted May 9 on a 35-0 vote, replaced LB195 and became the mainline budget bill. A variety of additional amendments were proposed to LB195 and debated over the course of the week.

## Education

A Mello amendment, adopted 37-0, proposed a TEOSSA funding reduction of \$8.6 million, which Mello said was adjusted in light of a compromise achieved on LB407, the school funding formula bill.

Sen. Scott Price of Bellevue offered, and later withdrew, an amendment that would have reduced funding to the Omaha Learning Community from \$725,000 to \$650,000 per year. He said the amendment would bring funding back in line with the committee's original recommendation made in the preliminary budget.

Price said the type of wrap-around services being provided to parents in conjunction with some early childhood education programs seems to fall outside the state's constitutional requirement to offer free education to those under 21.

"Why do we use education dollars that are raised ... through property taxes for people over the age of 21 in our common schools?" Price said.

Mello opposed the amendment. He said the governor's original proposal was to cut funding for the learning community to \$500,000, or approximately 40 percent less than their level of funding in the previous state budget.

After hearing testimony at a public hearing, he said, the committee decided that the cut was too large. The



Sens. Heath Mello and Beau McCoy disagreed about McCoy's proposed amendment.

\$750,000 appropriation still reflects a 17 percent reduction, Mello said.

"That still may impact programming ... but we wanted to mitigate the impact on early childhood educational programming," he said.

Wilber Sen. Russ Karpisek offered, and later withdrew, an amendment that would have removed \$1.54 million in funding over the biennium for the University of Nebraska to be used for a negotiated tuition freeze.

## Natural Resources

Omaha Sen. Beau McCoy offered, and later withdrew, an amendment that would have eliminated \$150,000 per year to the state Department of Natural Resources' (DNR) Soil and Water Conservation Program. He said the funds are designated for contract with the University of Nebraska - Lincoln (UNL) for climate change studies.

Mello opposed the amendment, saying the current program at the High Plains Regional Climate Center at UNL will no longer be gathering Nebraska-specific data. As a result, he said, moving \$150,000 from the Inter-related Water Management Program to the department's operations budget would allow the DNR to contract with UNL to continue gathering that data.

Sen. Dan Watermeier of Syracuse supported the amendment, saying several current water projects would be shortchanged unless funds are made up elsewhere.

"[We would have] to replace this funding with local occupation taxes and property taxes," he said.

McCoy offered a second amendment that would strike the requirement that the DNR contract with the High Plains Regional Climate Center for data collection. He said the Legislature should not dictate to

the department what entity to contract with for the data.

"We don't know that this information cannot be obtained for less than \$150,000 a year," McCoy said.

Mello opposed the amendment, saying that UNL is a known entity in the state that is capable of supplying the data.

"I've yet to hear a reason why they shouldn't be using the University of Nebraska High Plains Regional Resource Center," he said.

The amendment failed on a 10-31 vote.

### Public safety

A second Mello amendment, adopted 40-0, would increase revolving funds for the Nebraska Public Safety Communication System by \$1.4 million each year of the biennium. Mello said the funds would allow for upgrades to the statewide radio system.

Scottsbluff Sen. John Harms supported the amendment, saying the current system does not have enough towers to work properly.

"We must continue to pay a great deal of attention to make sure this system ... is put together appropriately," he said.

An amendment offered by Omaha Sen. Scott Lautenbaugh would have reduced appropriations by \$185,681 each year of the biennium that is designated for the Public Service Commission to fund a railroad inspector position.

Lautenbaugh said the position, which was defunded in the previous state budget, was unnecessary. He said railroad safety concerns are covered sufficiently by the federal government and that the state should not expend taxpayer dollars to fill the inspector position.

"There is no need for this position," Lautenbaugh said. "It's not our \$200,000 to spend; it's someone else's."

Murante supported the amendment, saying lawmakers chose to defund the position during difficult economic times and should resist the temptation to reinstate its funding simply because the state now has money to spend.

"It's easy to live within your means when you don't have any money," he said.

Fullerton Sen. Annette Dubas opposed the amendment, saying the inspector position is needed to monitor the state's rail system to ensure safety and uninterrupted service. Federal inspectors are assigned large regions, she said, and states are solely responsible for monitoring short line railroads.

"It's not a duplication of federal services in any way," Dubas said.

Omaha Sen. Bob Krist also opposed the amendment. He said miles of unsupervised railroad lines pose a soft target for terror activity, which could result in a disruption of economic activity and damage to infrastructure.

"There are things that we need to spend taxpayers dollars for," he said, "and one of them is public safety."

The amendment failed on a vote of 18-25.

### Other amendments

An amendment offered by North Platte Sen. Tom Hansen would elimi-

nate \$250,000 in each year of the biennium to fund the state's nurse visitation services program. Hansen said the funding originated from provisions introduced in LB234, a bill sponsored by Omaha Sen. Sara Howard.

Hansen said the program currently is funded at \$850,000 per year.

While it is worthwhile, he said, the program has not been established long enough for lawmakers to know if it should be expanded.

"This program is not old enough to warrant a 30 percent increase," he said.

Howard opposed the amendment, saying the program assists young, at-risk parents across the state in an effort to reduce child abuse and neglect in a cost effective manner.

"These are families that, without support, are very likely to enter the child welfare system," she said.

Howard said agencies in the program leverage every \$1 they receive from the state into \$7 from other funding sources, including federal and private dollars.

Lincoln Sen. Danielle Conrad also opposed the amendment, saying early intervention is key to child abuse prevention. She said 68 percent of parents in the program reported an improved ability to cope with stress.

"This program is not about duplication [of other services]," Conrad said, "but rather the opposite. It's about filling a void in our social safety net."

"There are things that we need to spend taxpayers' dollars for, and one of them is public safety."

-- Sen. Bob Krist

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# Budget package clears first round

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The Hansen amendment failed on a 7-29 vote.

LB195 advanced to select file May 9 on a 36-0 vote.

## Fund transfers and capital construction

Also included in the budget package was LB199, a bill that would make various cash fund transfers. A committee amendment, adopted May 9 on a 42-0 vote, became the bill. Debate on LB199 focused on a Mello amendment that would transfer \$53 million in projected revenue over the next biennium to the state's Cash Reserve Fund.

Mello said Nebraska's economic forecast has changed since the bill was introduced, and that the amendment reflects newly projected additional revenues that the state expects to

collect over the next two fiscal years. The prudent approach, he said, is to use the money to bolster the state's rainy day fund, which the amendment would increase to \$624 million.

Omaha Sen. Pete Pirsch suggested the funds instead should be returned to taxpayers in the form of a one-time rebate. He said that, in light of positive economic projections and a sufficient cash reserve, the money wasn't needed by the state.

"I think we have a duty to return those dollars," Pirsch said.

Columbus Sen. Paul Schumacher supported the amendment, saying the state is just coming out of a recession and should be cautious about the emerging economic recovery.

"Two years ago, we were scrambling to try and get money out of everywhere that we could," he said. "We're a long way from being out of the woods nationally and globally."

The amendment was adopted 32-4 and the bill advanced 42-0.

LB198, which would appropriate funds for capital construction and property acquisition, also advanced to select file May 9. A committee amendment, adopted 43-0, became the bill.

Included in LB198 is a proposed \$6 million appropriation to renovate the Nebraska History Museum in

Lincoln. The proposal was originally introduced as a \$7.1 million request under LB519, introduced by Omaha Sen. Bob Krist.

Omaha Sen. Scott Lautenbaugh offered an amendment that would have removed the funding.

Lincoln Sen. Bill Avery opposed the amendment, saying the funds were needed to update failing electrical, plumbing and elevator systems and to bring the building into compliance with the Americans with Disabilities Act.

Lautenbaugh withdrew the amendment, saying senators had convinced him of the need for structural upgrades to the museum building.

Other projects outlined in LB198 include replacement of the Grand Island Veterans' Home, a new State Patrol crime lab facility and renovation projects at Wayne and Chadron state colleges.

North Platte Sen. Tom Hansen offered an amendment that would have removed a \$2.95 million appropriation to construct a College of Nursing building at the University of Nebraska - Lincoln.

Hansen said some of the funding for the nursing facility was made possible by savings realized from an \$8.5 million reduction in the budget for a veterinary diagnostic center funded by the Legislature in 2012.

He said the decision to move those funds from the diagnostic center to the nursing facility should have been the subject of a public hearing. The fund transfer process, he said, lacked transparency.

"I thought the savings from the diagnostic lab should have gone back to the general fund," Hansen said.

Lincoln Sen. Danielle Conrad



Sen. Tom Hansen brought amendments to the budget to reduce an appropriation to the nurse visitation services program and another to eliminate funds proposed to construct a College of Nursing building at UNL. Both were defeated.

opposed the amendment, saying the nursing project has been part of the university's capital funding request for six years, and currently is their number one construction priority.

"This [proposal] has been the subject of considerable public debate," she said.

The Hansen amendment failed on a 6-32 vote and LB198 advanced to select file 41-0.

### Airplane purchase

Debate on LB194, a bill that would make funding adjustments for the current fiscal year, focused on a \$2.2 million proposal to replace the current state plane with a 2001 King Air plane.

Mello said approving the purchase, which was included in the governor's budget proposal, was a difficult decision for the committee. The plane, which the state currently leases, would be purchased from the University of Nebraska Foundation.

Fullerton Sen. Annette Dubas introduced an amendment to remove funding for the replacement airplane and instead would require the state Department of Aeronautics to contract for a study regarding the need for a state plane.

Dubas said the state should explore all of its options before committing to such a major purchase. Both lawmakers and citizens need more information, she said, and conducting a study would be a good start.

"I still feel that there are a lot of unanswered questions," Dubas said.

Omaha Sen. Bob Krist supported the amendment, saying a study could be done for a few thousand dollars and could save the state from a potentially expensive mistake.

"An airplane is a hole in the air in which to throw money," he said.

Omaha Sen. John Nelson opposed



Sens. Annette Dubas and Bob Krist discuss Dubas' amendment to remove funding for the purchase of a state airplane.

the amendment, saying the Department of Aeronautics has leased the plane since 2001. The department has studied the issue, he said, and concluded that purchasing the King Air is a solid investment.

The amendment failed on a 21-18 vote late in the evening of May 9, falling four votes short of adoption. A motion to reconsider that vote was filed by Omaha Sen. Ernie Chambers and taken up when lawmakers reconvened May 10.

"There are answers that the public is entitled to," Chambers said, "and I'm a member of the public as well as an elected official."

Senators voted 28-14 to reconsider the vote and the amendment was adopted 26-14. Following adoption of a committee amendment on a 43-0

vote, the bill was advanced to select file 45-0.

### Additional provisions

Several other bills are included in the budget package:

- LB196, which would provide for the \$12,000 annual salaries of Nebraska's 49 state senators, advanced on a 44-0 vote;
- LB197, which would fund salaries and benefits for judges and constitutional officers, advanced 40-0;
- LB200, which would provide transfers from the cash reserve, advanced 41-0; and
- LB536, which would approve claims against the state, advanced 32-0. ■

## Banking, Commerce & Insurance

### Oversight for insurance exchange passed

Senators gave final approval May 10 to a bill intended to provide state-based oversight for Nebraska's health insurance exchange.

Under the federal Patient Protection and Affordable Care Act, Nebraska is required to have an operational health insurance exchange by Jan. 1, 2014. Nebraska will have a federally facilitated exchange.

LB384, introduced by Omaha Sen. Jeremy Nordquist, will create the Nebraska Exchange Stakeholder Commission.



Sen. Jeremy Nordquist

Under the bill, the commission will:

- work with state and federal agencies and policymakers to provide oversight and recommendations regarding implementation and operation of the exchange;
- create technical and advisory groups as needed to discuss issues regarding the exchange and to make recommendations to the commission, state or federal agencies and the Legislature;
- assist the exchange in meeting the stakeholder consultation requirements as provided in federal regulations; and
- identify challenges and problems in the implementation and operation of the exchange and prepare recommendations to alleviate the problems identified.

The commission will report to the Legislature by Dec. 1, 2013.

The bill passed on a 47-0 vote.

## Business & Labor

### Changes to internship program passed

Senators passed a bill May 10 that will make changes to a recently created internship grant program.

Under LB476, introduced by Holdrege Sen. Tom Carlson, a resident student enrolled full time in a college, university or other institution of higher education in Nebraska is eligible for an internship. Minimum weekly and hourly internship requirements will be replaced with a requirement that the internship be of a sufficient duration to allow the student to gain significant, valuable work experience and knowledge.



Sen. Tom Carlson

The bill also increases grant amounts for distressed areas with a maximum reimbursement of \$7,500 or 75 percent of the cost of the internship if an employer shows that an intern was a Federal Pell Grant recipient at the time of the internship grant application.

The bill passed on a 46-0 vote.

## Government, Military & Veterans Affairs

### Increase in at-large city council members passed

Senators gave final approval May 10 to a bill that will allow certain cities to elect up to four city council members on an at-large basis.

LB299, sponsored by Hastings

Sen. Les Seiler, increases from three to four the number of council members who could be elected at large in a first class city when at least four council members are elected by ward. The change does not apply to a city with a commissioner or city manager form of government.



Sen. Les Seiler

State law classifies a city of the first class as having a population between 5,001 and 100,000.

The bill also clarifies procedures for how certain cities, villages, counties or school districts may place the question of nominating and electing members to their governing boards on a general election ballot. The question of nominating and electing members by ward or at large could be placed on a general election ballot either by majority vote of the governing body or by petition of registered voters.

Additionally, the bill requires the secretary of state to develop and publish instructional guidelines for appointed election workers.

The bill passed on a 47-0 vote.

## Health & Human Services

### Child care licensure requirement added to foster care bill

A bill intended to remove obstacles to foster care placement was returned to select file for an amendment May 10.

Currently, all foster homes in Nebraska must be licensed. LB265, introduced by Lincoln Sen. Colby Coash,



Sen. Colby Coash

would exempt kinship and relative homes from the licensure requirement.

A kinship home is defined in the bill as one in which a primary caretaker previously has lived with or has a pre-existing, significant relationship with the child being placed. Approval is required prior to placement in a nonlicensed relative or kinship home.

Under the bill, kinship and relative homes would be subject to criminal background checks of all adult residents and a home visit to ensure adequate housing. In addition, the bill would allow the state Department of Health and Human Services (DHHS) to issue a waiver for any nonsafety licensing standard for a kinship or relative home seeking licensure.

Omaha Sen. Tanya Cook filed a motion to suspend the germaneness rule, which prevailed 41-0, to allow consideration of an amendment that would incorporate the provisions of her bill, LB433. Senators then voted 44-0 to return the bill to select file to consider the amendment.



Sen. Tanya Cook

The amendment would require a residential child care agency or placement agency to obtain licensure from DHHS before opening.

An applicant could apply for a provisional license, valid for up to one year, if they substantially comply with requirements for licensure.

The amendment also establishes a process for determining noncompliance and grievance procedures with regard to licensure. The department could impose various types of punishment including fines, probation, restrictions on new admission, suspension or revocation of a license.

Senators voted 43-0 to adopt the amendment and re-advanced the bill to final reading on a voice vote.

## Judiciary

### Changes to nonconsensual lien filing provisions passed

Senators passed a bill May 10 that changes nonconsensual lien filing provisions.

Omaha Sen. Bob Krist introduced LB3, which requires a claimant to notify the sheriff in order to serve a copy of the recorded lien to the property owner and file proof of service with the register of deeds. The claimant will be required to file a judicial proceeding to enforce the nonconsensual lien within 10 days after recording it or such lien will lapse and be legally void and unenforceable.



Sen. Bob Krist

The bill also clarifies that a nonconsensual common-law lien is not binding or enforceable at law or in equity and, if recorded, is void and unenforceable. Those who fraudulently file a nonconsensual lien, financing statement or document that attempts to harass an entity, individual or public official or obstruct a government operation or judicial proceeding will be guilty of a Class IV felony.

Additionally, the bill establishes filing and notification provisions for commercial real estate liens and requires a real estate broker to have a lien in the commission amount on commercial real estate or any real estate in which a buyer is interested in leasing, purchasing or conveying.

The bill passed with an emergency clause on a 46-0 vote.

### Racial profiling, victim reparation changes passed

Senators passed a bill May 10 regarding the collection of racial

profiling information and Nebraska Crime Victims Reparations Fund requirements.

Omaha Sen. Heath Mello introduced LB99, which removes the sunset date for the Nebraska Crime Victims Reparations Commission on Law Enforcement and Criminal Justice to collect racial profiling data and adds requirements for the commission and law enforcement.



Sen. Heath Mello

The bill also eliminates requirements that a victim suffer at least a 10 percent loss of financial resources to qualify for compensation from the Nebraska Crime Victims Reparations Fund and that the Crime Victims Reparations Committee include in its biennial report a listing of the names, description of facts and the amount of compensation awarded to applicants. The committee will be required to electronically submit the biennial report to the Clerk of the Legislature.

The bill passed on a 46-0 vote.

## Retirement

### School retirement plan changes passed

Lawmakers passed a bill May 7 that makes changes to the state's school retirement plans.

LB553, introduced by Omaha Sen. Jeremy Nordquist, creates a new tier of reduced benefits for employees under the School Employees Retirement System (SERS) who begin work for the first time on or after July 1, 2013.

The new benefits tier will take into account a five year salary average to determine benefits instead of the three year average used currently. The maximum cost-of-living adjustment will be 1 percent instead of the current 2.5 percent adjustment figure. The

changes will not apply to members of SERS prior to July 1, 2013.

The bill also makes a series of other changes to the plans, some of which include:



Sen. Jeremy Nordquist

- the state statutory contribution rate will be increased from 1 percent to 2 percent of total compensation of all school employees beginning July 1, 2014;
- the amortization method in the School Employees Retirement Act will be changed from level dollar to level percentage of

salary beginning July 1, 2013;

- eligibility for membership in the school retirement plan will be changed from 15 hours per week to 20 hours; and

- the sunset will be eliminated from the school budget and lid exclusions for expenditures above the Class V employer contribution rate of 7.37 percent and the school employer contribution of 7.35 percent.

LB553 also incorporates provisions from three other bills introduced by Nordquist.

LB554 applies the provisions of LB553 to all Class V school employees hired after July 1, 2013.

LB305 changes the amortization method in the Nebraska State Patrol Retirement Act from level dollar to level percentage of salary beginning July 1, 2013.

LB306 changes the amortization method in the Judges Retirement Act from level dollar to level percentage of salary beginning July 1, 2013.

Senators initially voted 27-8 to approve the bill, which was insufficient for passage of a bill with an emergency clause. Nordquist filed a motion to reconsider the vote, which was adopted, and the body voted to pass the bill with the emergency clause 34-0. ■

## COMMITTEE HEARINGS

### Monday, May 13

**Health & Human Services  
Room 1510 - 1:00 p.m.**

*Appointment:* Brummer, Michael -  
Commission for the Deaf and Hard  
of Hearing

*Appointment:* Propp, Margaret -  
Commission for the Deaf and Hard  
of Hearing

### Monday, May 20

**Natural Resources  
Room 1525 - 9:00 a.m.**

LR171 (Dubas) Support the  
development and designation of a  
continuous Chief Standing Bear Trail  
from Nebraska to Oklahoma

### Tuesday, May 28

**General Affairs  
Room 1510 - 1:00 p.m.**

*Appointment:* Covi, Kristopher -  
State Racing Commission

*Appointment:* Batt, Robert - Liquor  
Control Commission ■



Sen. Bob Krist thanks Justin Myers for allowing the Nebraska Legislature to share a documentary that he and William Scheopner produced about U.S. Sen. George Norris. Norris's work led to Nebraska becoming the only unicameral, or one-house, legislature in the country. The video can be viewed on the Legislature's website at [http://nebraskalegislature.gov/about/history\\_unicameral.php](http://nebraskalegislature.gov/about/history_unicameral.php)



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# CRAFTING THE STATE BUDGET

The primary constitutional duty of the Legislature is to pass the state budget. Before a budget is passed, however, the Legislature must consider virtually thousands of funding requests for the creation, maintenance or improvement of government services, programs, equipment and infrastructure.

This lengthy process is governed and guided by provisions of the Nebraska Constitution, state statutes and legislative rules.

**BIENNIUM** Nebraska's budget cycle consists of two fiscal years, called a biennium. Biennial budgets are enacted during regular 90-day legislative sessions held in odd-numbered years. Budget adjustments are made during regular 60-day sessions held in even-numbered years. Consequently, the volume of issues and dollar value of decisions during short sessions typically is less.

The Legislature's Appropriations Committee is responsible for reviewing budget requests and presenting a budget recommendation to be considered by the full Legislature. Before submitting its recommendation, the committee considers recommendations from the governor, requests from state agencies and fiscal impacts of bills sponsored by senators.

The process begins when state agency requests come to the Legislative Fiscal Office in the fall prior to each session. Fiscal Office staff study the requests and prepare briefings for the Appropriations Committee. At the same time, budget analysts from the executive branch are reviewing agency requests and working with the governor to formulate his or her budget recommendation.

**GOVERNOR'S RECOMMENDATION** The governor is required to submit his or her budget recommendation by Jan. 15 in odd-numbered years, except that in the first year of office a governor may submit a proposal on or before Feb. 1. The governor communicates his or her proposals through a state of the state address and formally submits his or her recommendation to the Legislature through one or more bills, introduced by the speaker of the Legislature at the request of the

governor.

The governor's appropriation bills routinely are referred to the Appropriations Committee. Other substantive bills that are instrumental to the governor's budget recommendation are referred to the standing committee having subject matter jurisdiction. Such substantive bills are not subject to the Jan. 15 deadline.

During the first 10 days of session, senators introduce other bills, which may require an appropriation to implement.

In January and February, the Appropriations Committee reviews

the fiscal office analysis of each agency budget request. Under legislative rules, the committee must submit its preliminary recommendations in a report to the Legislature 20 to 30 legislative days after the governor's budget submission.

The report includes preliminary funding levels and an overall analysis of the state's spending capacity based on current revenue forecasts, tax rate assumptions and compliance with the statutory minimum reserve, which must fall between 3 and 7 percent of available general funds. The estimates in the preliminary report become the basis of discussion during subsequent public hearings with state agencies and other interested parties.

During this time, other standing committees are conducting hearings on bills referred to them. Each bill has an accompanying fiscal note, which is an estimate of the financial impact of the legislation, including expenditures and revenues.

The fiscal note becomes the basis for estimating what appropriation may be necessary if the bill becomes law. When a committee advances a bill that has a financial impact, a companion bill authorizing an appropriation is introduced. This bill is assigned the same number as its companion along with an "A" suffix.

## COMMITTEE RECOMMENDATION

After issuing its preliminary report, the Appropriations Committee conducts public hearings on the budget and then reviews all preliminary decisions, information obtained during the hearings and any other information brought to its attention.

The committee meets for about two weeks to complete a set of recommendations that is offered to the full Legislature in the form of amendments to the governor's legislation or new bills.

During a long session the committee has until the 70<sup>th</sup> day to place its budget bills on general file. During a short session, the deadline is the 40<sup>th</sup> legislative day. If the committee fails to introduce its bills by the deadline, legislative rules require that senators consider the appropriation bills as introduced by the governor.

At a minimum, the Legislature must consider three appropriation bills: one for legislators' salaries; another for constitutional officers' salaries, which generally include other elected officials and judges; and a third to appropriate for all other expenditures.

However, the committee typically introduces several bills that fall under broad categories. One large bill appropriates most state funds for operations and state aid. A second bill typically is offered to make appropriations for capital construction projects. Another bill provides for deficit appropriations, which are adjustments to appropriations previously authorized for the

current year. It is not unusual for the deficit bill to be considered early in the session because some of the adjustments may be emergencies that apply to the current year.

Other bills also may be offered, including bills making appropriations for salary increases, increased benefit costs or substantive law changes — such as authorization for a fee and creation of a fund — that implement some aspect of the committee recommendation.

## STATUS REPORT

After the committee's bills are placed on general file, a daily financial status report of the general fund accompanies the daily agenda. The status report indicates the amount of budgeted funds under the committee recommendation and the amount of additional spending that could be accommodated beyond the statutorily required minimum reserve.

For planning purposes, the status also indicates financial conditions for the biennium under consideration plus the two following years. Although the Legislature considers only the first two years for appropriations, simulating impacts for two additional years provides useful information on the state's ability to sustain future obligations.

During long sessions, all other bills having a general fund expenditure or a general fund revenue loss are held on final reading and may not be read until the Appropriations Committee's budget bills pass. During short sessions, other bills may be read after the 45<sup>th</sup> day.

By rule, the Legislature must pass

appropriations bills by the 80<sup>th</sup> day in a long session or the 50<sup>th</sup> day in a short session. There is no penalty for not passing appropriation bills as provided by rule, other than the holdup of bills during a long session. Circumstances such as volume of amendments, length of debate and full discussion of appropriations matters can extend passage of the appropriations bills beyond the prescribed deadlines. Appropriations bills usually carry the emergency clause, which requires 33 votes for passage on final reading. This also is true of deficit bills. Bills without the emergency clause need 25 votes to pass.

## VETOES

On appropriation bills, the governor has the option of signing the bill, letting the bill become law without his or her signature, vetoing the bill or returning the bill to the Legislature with one or more line-item vetoes. Within a day of the return of appropriation bills to the Legislature with total or line-item vetoes, the Appropriations Committee must report on the impact of the vetoes and may offer a motion to override all or part of them.

Individual members of the Legislature may then offer their own veto override motions. For an override motion to succeed, two-thirds of the Legislature must vote for it.

All final appropriations ultimately enacted take effect July 1 of the designated fiscal year or, if passed without the emergency clause, three calendar months after the end of the legislative session. Deficit bills making adjustments to current-year appropriations with the emergency clause are effective immediately. ■

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P.O. Box 94604  
Lincoln, NE 68509  
03-23-05

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## UNICAMERAL UPDATE

The Unicameral Update is a free newsletter offered weekly during the legislative session. It is produced by the Clerk of the Legislature's Office through the Unicameral Information Office. For print subscriptions, call (402) 471-2788 or email [uio@leg.ne.gov](mailto:uio@leg.ne.gov).



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Assistance provided by the Clerk of the Legislature's Office, the Legislative Technology Center, committee clerks, legal counsels, journal clerks, pages, transcribers, mail room and bill room staff and the State Print Shop.

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