

Mrs. Hillman moved that a committee of five be appointed to escort the Governor of the State of Nebraska to the Legislative Chamber to deliver his State of the State and Budget Address.

The motion prevailed.

The Chair appointed Messrs. Beutler, Bromm, Dierks, Wickersham, and Lindsay to serve on said Committee.

The Committee returned and escorted Governor Ben Nelson to the rostrum where he delivered the following State of the State and Budget Address.

"The public good, the real welfare of the people is the goal of government. No government in any form, has value except as we use it to attain this goal."

Madame President, members of Nebraska's 94th Legislature family, friends and fellow Nebraskans...

Those are the paraphrased words of a famous statesman. His words sum up the need for us to continue changing the focus of government in the 1990s...toward government that upholds the good of the people, away from government for its own sake.

The name of that innovative statesman is President James Madison. The words appear in 1788 in the Federalist Papers... in this case, a letter to the people of New York, urging them to support changes in government. Changes that would establish a balance of power between state and federal governments of that day for the good of the people. Changes that would follow the original intent of the United States Constitution.

Even with the passing of more than 200 years, the goals of American government have not changed. However, we are once again facing an imbalance in governmental power. You've heard me say over and again: WE MUST CHANGE THE FACE OF GOVERNMENT.

I'm the first to admit change is not always easy. You don't have to look past my tie collection to see I'm not a rebel.

But when change is positive, for a good cause...when it is critical to our well-being, we must admit the need for change and have the courage to follow through.

President Andrew Jackson, in 1829, received a letter from then-Governor Martin Van Buren of New York which read as follows: "The canal system of this country is being threatened by the spread of a new form of transportation known as railroads."

Governor Van Buren was afraid railroad carriages, pulled at the "enormous" speed of 15 miles per hour, were endangering and frightening citizens, setting fire to crops, and jeopardizing the security of the nation. Not only that, he feared many canal workers would lose their jobs.

In hindsight, those views were narrow. It was a good decision to go ahead with the railroad. Americans had the courage to recognize the need for that change...and proceed with confidence.

Today, we also must have courage for change...change in the way we govern. Then we must proceed with confidence.

As always, when we begin a new legislative session, we face many challenges.

After decades of government set in its ways, our two biggest challenges still are government inefficiency and inflexible regulation.

Let's put it this way: Government has become disorderly... and demanding.

Disorderly government means Washington and the States duplicating one another's efforts. Or two agencies performing the same functions. Disorderly means running the state for the sake of government...not for the sake of the people. It means ineffective use of our resources. Disorderly government is inefficient government.

We've begun, over the past four years, to reduce duplication, remove unnecessary functions and use resources better. We will continue our fight for more efficient government!

Demanding government means regulatory overkill. It means inflexible, unfunded mandates. Government has a bad habit of telling us what to do and how to do it.

It's costing state and local taxpayers billions of dollars each year! We spend so much money on mandates, we don't have dollars left over to spend on our priorities.

The federal government has more power over our state budget than we do. The balance of power intended by the drafters of the constitution is no longer in place. It's time for Washington to stop playing big brother...time to start playing fairly.

We already have been fighting against unfair federal mandates and we will continue our fight on two fronts...one is long-term and the other, short-term.

To accomplish a long-term change in federal government, Nebraska must come together with other states...as partners...and respectfully nudge Congress away from unfunded mandates.

In the past four years, we've made progress. I've testified before Congress several times, led national committees on mandates and co-sponsored a push for a Conference of the States.

Our efforts are beginning to pay off. Representatives from every state will meet this year to draft a firm message to Washington: We will no longer tolerate unfunded mandates. We must restore the balance of power. The States and Congress must return to our work for America as equal partners.

Just as when our nation's founders convened a Constitutional Convention more than 200 years ago...this Conference of the States shows we mean business as well. And others from every state in the nation agree.

We all agree this process must be bi-partisan, and without influence of special interests. If either of those conditions is not met, we will stop our progress until they are met.

I am not exaggerating when I say...this Conference of the States will make history...and Nebraska is leading the way.

The second front of our attack against unfunded mandates and inefficient government is right here at home.

We have the power to make change happen...now...on our own turf, in our own state. We will make sure Nebraska communities, businesses and citizens have a say in rules and regulations that affect them.

The Executive Order I signed last year was a beginning. It requires State agencies to bring communities into the lawmaking process early on. Our negotiated rule-making process supports that effort.

Change doesn't always happen overnight.

The spread of railroad tracks into the heart of our nation took a little time. But the many people who built the railroad were inspired and challenged. They worked fast and hard.

And when they were finished, a great length of steel from coast to coast would outlive their own generation and carry a message into the future. That message is: We are a progressive nation and when we put our minds to it, we can do anything!

Likewise, no one expects changes in government to happen overnight. We will plan our strategy, take our time to make these changes real and permanent...and we WILL confidently move forward. Because it's the right thing to do. And it's about time we did it.

Picture a typical Nebraska family. They lead a wholesome life. They have strong values...and they work hard. Still, sometimes they struggle to make ends meet. I want to make their lives a little better. So they can enjoy the good life of Nebraska. So life for them is more than a matter of survival.

To do that for the families of Nebraska, we must look at everything we do in 1995 through the twin filters of efficiency and flexibility.

In other words, we must continue to clean up the disorder... and the demanding attitude of government.

Last week, when I announced an income tax cut for Nebraska taxpayers, I took the first of many steps to show Nebraskans I am serious about making government more efficient and flexible.

Some have questioned how we will come up with the money to not only fund this tax cut, but balance the budget and pay for new initiatives. It won't be easy.

But we can, indeed, pay for everything I am proposing.

We are doing things differently now. We are looking at our budget in a new way.

Our budget will -- among other things -- return vacancy savings of more than \$12 million dollars to the general fund.

Our budget will bring the state more than \$52 million in new federal matching funds for existing human service programs.

Our budget requires agency directors to find efficiencies totaling more than \$44 million dollars.

The people of Nebraska deserve to share the savings. But the tax cut is more than a handout to Nebraska families. In a day and age when governments are typically raising taxes, we are cutting taxes.

It sends a message to the people of Nebraskan that the focus of government has changed...from government itself, to the people of this state and their basic needs. And that's the whole point.

Many Nebraskans have been asking: Why did you cut income taxes, when property taxes are the real headache. Couldn't you have given the \$70 million dollars back to local governments for property tax relief?

The answer to that question is: YES, I could have. But let's learn a lesson from Nebraska history.

In 1967, the State of Nebraska implemented sales and income taxes to reduce property taxes. Within three years, more property tax was levied than ever before!

In 1989, LB 84 returned more than \$100 million dollars to local governments. The money was intended for property tax relief. It didn't work. Instead, almost all of the \$100 million dollars went for new spending and added to the base.

The following year, \$200 million dollars more were allocated for state aid to schools. After initial decreases, property taxes still continue to increase.

We took over municipal courts and Medicaid...we gave a homestead exemption...we shared the state's sales tax base with local governments.

It's not that we don't want to help.

But the only way to get property tax relief is to cut spending. Anything else is masking the problem.

On the other hand, it's unfair to be too critical of local spending when much of the spending is a result of federal and state mandates beyond local control.

Instead of playing the blame game, we must come together as Nebraskans to address this problem. It's time for us to admit our approach to property taxes hasn't worked.

I pledge to join with cities, counties and schools to find solutions to these problems.

In the meantime, I will ONLY support a tax proposal that actually puts tax dollars back into the pockets of Nebraskans.

In the past four years, we have made headway toward more efficient and responsive government.

We pulled this state together by...

cutting \$100 million dollars from the budget

cutting taxes

and beginning to resolve our tax crisis.

We...

created jobs for Nebraskans
increased agricultural exports by 429%
set aside lottery funds for education and the environment.

We...

promoted ethanol and came one step closer to becoming energy self-sufficient through the use of locally-based renewable fuels.

We...

pushed for welfare and health care reform . . . AND
worked hard to make our state safe.

Now, ask yourselves this question...What can government provide to Nebraskans to make the good life even better?

Part of the answer to that question lies in our 1995 legislative agenda.

First, if we expect to run state government more efficiently, we must clean our own house. We must get a handle on out-of-control government wherever it appears.

I am pleased to announce this goal in my Government Efficiency Package.

With these recommendations, we take state government beyond reaction to proaction. We will plan strategically and make more efficient use of our resources.

As a result of these efficiency recommendations, I expect to realize substantial dollar savings. In addition, I expect Nebraskans will see a simpler, more responsive government.

First, I propose we make the Department of Education a code agency. This will reduce duplication of effort and make local governments and local schools more responsible for carrying out education policy. It will make us ALL more accountable.

For the same reason, I propose a constitutional amendment to appoint the Board of Regents. Nearly 20% of the state's budget is allocated to higher education. We need to take more responsibility for this large part of the budget and be accountable to the citizens of Nebraska.

We will begin looking at the coordination of Health Care Policy.

Right now we have five agencies that work on health planning and policy. Sometimes they work together...and sometimes they don't. Consolidation of these functions will reduce costs. It also will streamline services which will make us more responsive to citizens.

In addition to coordinating Health Care Policy, we will study coordination of transportation functions. We will position Nebraska as a national leader and innovator in transportation, much as we have in telecommunications. To move us in that direction, I will soon announce a transportation efficiency project. The project will begin with an intensive study by Nebraska freight and carrier industries.

We will consolidate activities in international trade, job training, parole and probation administration.

We will coordinate activities basic to the operation of government...such as grant writing. From now on all state agencies will accept multi-purpose grant applications from communities. This means communities can coordinate requests for grant monies -- in ONE document -- to be used by ALL affected agencies.

I propose we merge administrative functions of the Public Employees' Retirement system...and of the Investment Council into the Department of Administrative Services.

I also propose we increase our efficiency by merging the administrative functions of the Nebraska Equal Opportunity Commission into the Department of Labor...and the administrative functions of the Power Review Board into the Nebraska Energy Office.

This year we will privatize the Soybean Board and the Department of Public Institutions' laundry services, as well as move the state print shop to Corrections.

Improved technology will help us streamline government in Nebraska. We will computerize State Patrol paperwork, increase use of the state video conferencing network and promote the sharing of electronic data.

The appropriate role of government is to help citizens help themselves...to feel safe, be healthy, and find jobs. Each of the initiatives I am proposing to you today will assist Nebraskans in meeting those basic needs.

Remember the days when we left our cars and houses unlocked? It's not that way anymore. In the past 10 years, arrests increased 70% for adults 198% for juveniles. I want you to know we will remain vigilant, and we will be aggressive in counteracting crime in Nebraska.

In 1995, I propose we continue our comprehensive approach to crime. We must address prevention, intervention AND detention.

First, the price of committing a crime in Nebraska will go up, especially for violent criminals and hardcore drug dealers.

Second, we will provide more tools to law enforcement such as, equipment grants and laboratory space for DNA testing.

We'll address the need for intervention, in part, by allocating an additional \$3 million dollars to the Office of Juvenile Services for treatment and support of young people. The largest recent increase in crime is by and against young people. This is a priority of my agenda because we MUST not allow our youth to be trapped in the cycle of criminal behavior.

Finally, in the area of criminal detention, I propose we make it more difficult to parole violent offenders. In addition, we will provide funding for more prison guards and a boot camp. We will emphasize positive time and require inmates to EARN time off their sentences, rather than having it handed to them for merely behaving.

The people of Nebraska will not allow crime to go unchecked in our state.

In addition to feeling safe, the citizens of Nebraska deserve to be able to provide for themselves.

That is why I'm asking for a renewed commitment in the area of welfare reform.

We will expand the child care tax credit to reward middle and low income parents who work. We will strengthen enforcement of child support payments, in part with suspension and revocation of driver's and professional licenses.

We must continue to seek flexibility in the form of waivers from the federal government. We must revise conflicting statutes to move us beyond the change implemented last year. We must have practical and appropriate rules and regulations...and pass enabling legislation that will give Nebraskans a real opportunity to help themselves...to make their dreams into reality.

In addition to feeling safe and being able to provide for themselves, the citizens of Nebraska deserve to be healthy. We must be healthy to be productive. And we must be productive to be prosperous.

Even though we have come far in providing more health care options, some Nebraskans may still be unable to get health care. We will work

this year to make health care more accessible by making government health care programs more efficient.

Through the Nebraska Health Care Policy Project, chaired by Lt. Governor Robak, we will work to realign state health and human services agencies to make them more efficient and more responsive.

We will achieve some flexibility in the state budget through changes in Medicaid managed care.

Then, we will review and evaluate existing programs to make sure they are as efficient and as responsive as possible. This includes a review of all rural health loan programs.

I want to help Nebraskans get better health care. I will ask for enhancement of the telemedicine program and the Rural Health Education Network at the University of Nebraska Medical Center. Also, I will call for private contracts with mental health professionals to provide services for children's mental health.

The cluster of Health and Human Services Agencies and the Governor's Blue Ribbon Coalition will study health data issues, cost containment, purchasing cooperatives and interstate compacts.

By forcing ourselves to become more efficient, we will more effectively carry out our steering role in health care...and leave the rowing to private providers.

In order to be healthy, safe and prosperous, Nebraskans deserve a first-rate education.

In 1995, that means efficient delivery of educational services. We need to determine just what it is we want from education in our state. We need to ask ourselves who should be paying for it.

Teachers play an important role in bolstering Nebraska for the good of our future. We appreciate their input into the lives of our children and their work in creating good citizens who will someday manage our state.

Educators, businesses, parents...and, yes, even the children...know what's best for their own communities. I have made a firm commitment to supporting local decisions in education.

To begin, we will adjust incentives and disincentives for reorganization of local school districts...only if they choose to reorganize.

Until then, we must protect the taxpayer with a reasonable lid on property taxes while preserving the opportunity for growth in the future.

We will move toward an educational system that is efficient, effective and helps all Nebraskans become active, involved and educated citizens of our state.

Better educated, better trained citizens get better jobs. And that's what we provide with my 1995 Economic and Human Resource Development package.

We will continue to support job training and school-to-work initiatives. We will support, as well, efforts to streamline these programs to ensure Nebraska workers are competitive.

In addition, I have proposed business tax incentives for job training and more skilled workers.

Through tax incentives in the Small Business Development Act, we will create new business opportunities in all of Nebraska's communities.

Just as importantly, this year, I will suggest we make an aggressive push to market our state. Nebraska's own Warren Buffett has agreed to give us a hand in that effort.

In addition, there are still many opportunities to bring money into our economy by selling Nebraska products internationally.

We also will transfer the technology research at our universities to our businesses to make them more competitive in the global economy.

We are in the enviable position of needing workers to fill the nearly 50 thousand jobs we have created over the past four years. After training our own to fill these positions, we must be able to attract workers from other places.

As you know, the state of Nebraska has not only boosted jobs in the private sector, but we have supported our own employees by raising their pay.

Finally, the citizens of Nebraska realize affordable housing is essential to the economic health of our state. I will work hard to get affordable housing for every Nebraska family.

Now, picture that typical Nebraska family again. They lead a wholesome life. They have strong values...and they work hard. Still, sometimes they struggle to make ends meet. If we have done our jobs right by the end of this session...their lives will be a little better. So

they can enjoy the good life of Nebraska. So life for them IS INDEED more than a matter of survival.

All of these changes are, as President James Madison would say, for the public good, the real welfare of the people.

Just as James Madison and the nation's founders were aggressive and confident in their fight to uphold the constitutional balance of government, so must WE be aggressive and confident. We must declare our intent, take action and believe in ourselves.

We must work together without partisan or special interest bickering. Every level of government, every family, and every citizen of Nebraska must do their part to support these changes in government if they are to become real.

I ask you all to join me in this effort to streamline government...and have the courage for confident change. We must not be afraid to veer off our well-worn path of government management. It's obvious that change is what the people of Nebraska want.

We must have confidence to work as fast and as hard as those builders of the transcontinental railroad...and to leave a legacy as reliable as those steel rails...to keep Nebraska on track for health, safety and prosperity.

The Committee escorted Governor Ben Nelson from the Chamber.

REFERENCE COMMITTEE REPORT

The Legislative Council Executive Board submits the attached report on the referral of legislative bills 247, 250 through 306, and legislative resolutions 16 through 23CA.

LB	Committee
247	Natural Resources
250	Urban Affairs
251	Natural Resources
252	Judiciary
253	Transportation
254	Transportation
255	Health and Human Services
256	Judiciary
257	Revenue
258	Natural Resources
259	Natural Resources
260	Judiciary
261	Judiciary
262	Judiciary