**For Release Wednesday, May 31, 2023**

**Capitol View**

**Commentary by J.L. Schmidt**

**Statehouse Correspondent**

**Nebraska Press Association**

**Lawmakers Pass Budget That Includes a Costly Ditch and a New Prison**

Amid nasty debate about social issues, filibustering and theater playing out in the legislative chamber, lawmakers did manage to meet their constitutional obligation and pass a balanced budget on day 80 of the 90-day session.

The two-year budget calls for about $5.3 billion a year in spending, with an average increase of 2.2%. It sets aside a generous amount for cuts in state income taxes and increases in tax credits for property taxes, as well as allocating the final funds for a $366 million state prison and reserving $574 million for the Perkins County Canal.

Also included is a $1 billion “education future fund” intended to pay the $1,500-per-student foundation aid to K-12 schools proposed by first-year Governor Jim Pillen. In fact, the legislature’s version of the spending plan varied slightly from Pillen’s. The Appropriations Committee version upped the yearly budget for the University of Nebraska system by 2.5% a year rather than 2% and allocated an extra $80 million for increased pay for providers of social services, who are struggling to keep and hire staff.

Omaha Sen. Terrell McKinney and Lincoln Sen. George Dungan urged colleagues to do more to reduce the state’s chronic prison overcrowding and to prevent repeat crimes by inmates. Otherwise, they cautioned, Nebraska will be faced with building a second expensive prison by 2030.

McKinney has been urging colleagues to postpone construction of any new prison until alternatives to incarceration are adopted. Dungan, a former public defender, said study after study shows that incarceration isn’t any more effective at preventing recidivism than alternatives, such as probation or diversion programs. He said in Nebraska, about 30% of released inmates return to prison within three years, a recidivism rate that hasn’t improved in a decade.

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Not only that, but Nebraska has for some time had the most overcrowded facilities in the nation. There are about 1,500 more inmates than the system is designed to hold. The state’s oldest prison in Lincoln – more than a Century old – is starting to crumble. It is feared that a new prison will simply be a replacement.

The state budget does transfer $10 million over two years to increase spending on a vocational and life skills program that prepares inmates for life after they are released. McKinney was able to get a couple of concessions added to the budget, requiring the state prison system to complete studies on inmate classification, staffing needs and whether the agency’s rehabilitation programs work.

In the end, the mainline budget bill given 41-3 final approval, leaves a cash reserve of $780 million at the end of the 2024-25 fiscal year. It also leaves $891 million this year to be spent by state senators on their priorities, which Sen. Rob Clements, who chairs the budget-producing Appropriations Committee, said would be totally consumed by proposed tax cuts.

Revenue Committee Chair Sen. Lou Ann Linehan of Elkhorn, who led drafting of the proposed tax cuts, has said that the proposals will likely need to be pared back to fit within the budget. Some lawmakers have said the tax cuts are unsustainable and may require cuts in state programs in the future.

In addition to the much-needed new prison and the who cares big ditch, several other big-ticket projects are funded in the budget. There’s: $10 million for a sewer project in Sarpy County that will turn farmland into housing sites; $2 million to transform the former Dana College in Blair into a facility for youth who time out of the foster care system; $30 million to Creighton University in Omaha for shovel - ready projects including a health sciences building and baseball and softball fields which could be used for the College World Series; $20 million each for workforce housing projects in rural and urban areas; and $10 million to rebuild the 4-H camp at Halsey which was destroyed in 2022 wildfires.

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As long as the money holds out, which it won’t, it’s a pretty decent budget. Time will tell just how sustainable the tax cuts and the state funding for schools will be.

Expect adjustments.

But congratulations on doing your job Legislature.

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*J.L. Schmidt has been covering Nebraska government and politics since 1979. He has been a registered Independent for more than 20 years*.