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February 13, 2014

To: Members of the Revenue Committee

From: Aubrey Mancuso, Policy Coordinator

Re: Opposition to LB 1097

Nebraskans value the good life that we have worked to create in this state and many of the positive things about our state are the result of thoughtful collective investments that have been made over generations.

Voices for Children opposes LB 1097 because the income tax cuts contained in the bill primarily benefit higher income Nebraskans and the bill would create a significant budget shortfall without a way to pay for it.

In general, Voices for Children is not opposed to cutting taxes but we believe that tax cuts should be better targeted toward Nebraska's low and middle income working families who are struggling to make ends meet. We also believe that any tax cuts that would create a significant budget shortfall should identify how the revenue loss will be accounted for. Because LB 1097 does not contain any proposals to address the budget shortfall, we can only assume that the intention is to pay for the shortfall with cuts to programs and services. Many of these programs like public education and Medicaid are vital to the quality of life for our state's children and are not possible without stable revenue.

For my own knowledge, I looked back at the 2014 budget to see what it would take in cuts to make up for a shortfall of \$394 million, which was the original estimate provided by Open Sky Policy Institute on the fiscal impact of the bill. As you know, the fiscal estimate by the fiscal office is much larger once the cuts are fully implemented. Here is one example of what it would take to get to the original estimate of \$394 million in cuts to services:

- Eliminate state funding for the Children's Health Insurance Program, which helps ensure low-income kids have access to health care
- Eliminate all funding for special education in public schools
- Eliminate state funding for behavioral health care
- Eliminate state funding for the child care assistance program, which helps low income working families access safe and affordable child care
- Eliminate state subsidized adoption, which helps kids in foster care find a permanent home
- Eliminate the Nebraska Opportunity Grant Program, which helps low-income students afford higher education

- Eliminate state funding for Title IV-E waiver services, which help keep families together and out of the child welfare system

It would take eliminating all of these programs to reach \$394 million, and that would still be only a fraction of what the estimated cost of the bill is once it is fully implemented. We have a responsibility to the next generation of Nebraskans to work to continue and improve on the good life in Nebraska and LB 1097 does not help move us forward in that regard.

We respectfully urge the committee not to advance this bill. Thank you.