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Health and Human Services Committee
February 13, 2013

[LB359 LB443 LB530]

The Committee on Health and Human Services met at 1:30 p.m. on Wednesday, February 13, 2013, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB530, LB443, and LB359. Senators present: Kathy Campbell, Chairperson; Bob Krist, Vice Chairperson; Tanya Cook; Sue Crawford; Mike Gloor; Sara Howard; and Dan Watermeier. Senators absent: None.

SENATOR CAMPBELL: (Recorder malfunction)...to the public hearings for the Health and Human Services Committee. I'm Kathy Campbell and I serve District 25 which is east Lincoln and eastern Lancaster County. Before we start in with the afternoon hearings, we'll go through a few procedures for the committee. Number one, if you've checked, please check again that your cell phone is turned off or is on silent so we don't disturb someone. And if you are testifying today, you need to complete one of the orange sheets that are located on either side of the hearing room. And when you come forward to testify, you can bring the sheet and any handouts that you have and give them to the clerk who's to my far left and she will have the pages distribute the information for you. When you sit down to testify, we'll have you state your name for the record and spell your name. And you probably wonder why you have to do that since you just gave the orange sheet to the clerk, but it is for the transcribers as they listen to the tape and need to have an accurate stating of your name and how to spell it. If you are not testifying today but you would like to leave a comment about any one of the bills, you can do so on the white sheets that are on either side of the room. Our pages will be glad to help you if you have questions. They are Deven and Kaitlyn and they are behind the clerk. So if you need something, you can ask them. With that, we do self-introductions in the Health Committee, so we'll start with the senator on my far right.

SENATOR HOWARD: I'm Senator Sara Howard. I represent District 9 which is in midtown Omaha.

SENATOR COOK: I'm Senator Tanya Cook, Legislative District 13, northeast Omaha and Douglas County.

SENATOR KRIST: Bob Krist, District 10, northwest Omaha and Bennington.

MICHELLE CHAFFEE: I'm Michelle Chaffee. I serve as legal counsel for the committee.

SENATOR GLOOR: Mike Gloor, District 35, Grand Island.

SENATOR CRAWFORD: Sue Crawford, District 45, eastern Sarpy County, Bellevue.

DIANE JOHNSON: And I'm Diane Johnson, the committee clerk.

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SENATOR CAMPBELL: We do use the light system in the Health Committee, so you'll start out and you'll have a green light and the total that you have is five minutes. It'll be green for a fairly long time, four minutes to be exact. And then it'll go to yellow and you have one minute, and then it will go to red and we'd ask that you kind of pull your comments together. You'll probably look up and I'll be trying to get your attention to do that. So we do that so that the first testifier this afternoon does not have any greater advantage than the one who is the last testifier at the end of the third hearing. So we try to be fair and make sure we hear from everyone. With that, we will open the hearing on LB530. Senator Dubas is here. Senator Dubas' bill would add, change, and eliminate provisions relating to foster care reimbursements. Welcome, Senator Dubas. [LB530]

SENATOR DUBAS: Thank you, Senator Campbell and members of the Health and Human Services Committee. My name is Senator Annette Dubas, A-n-n-e-t-t-e D-u-b-a-s, and I represent Legislative District 34. Before I actually begin my introduction to LB530, I would just like to take an opportunity to publicly thank you, Senator Campbell, your committee, your staff, everybody that's been involved with all the outstanding work that's taken place as far as child welfare reform. And I am just confident that your leadership and the work of the committee will continue to keep us on the right track, because at the end of the day for all of us I believe in this room it's about kids and their families. And, again, I just appreciate your leadership. [LB530]

SENATOR CAMPBELL: Well, we've had a lot of good allies and a lot of help, including yourself. So thank you very much. [LB530]

SENATOR DUBAS: Thank you. Well, LB530 is a bill, it's an issue that I have come before this committee with before and it's the culmination of a bill that I introduced last year which became a part of that bigger package of child welfare reform legislation that we passed. That legislation created bridge funding to bring Nebraska's foster care reimbursement rates in line with similar rates across the country. Those funds and this follow-up bill also recognizes the importance of a stable payment system for our foster families so that they can take care of the basic needs of the children that they so graciously bring into their homes. LB820 from last year required the creation of a Foster Care Reimbursement Rate Committee to create a standard statewide foster care reimbursement rate structure. That examination also included a statewide standardized level of care assessment and to tie performance with payments to achieve permanency outcomes for children and families. I'd also like to take this time to thank all of those who took time from their already busy schedules to be a part of that committee. The work that they brought forward was exemplary and it is obvious they took their task to heart and came forward with workable and positive recommendations, so I thank them for their commitment to this issue. Those recommendations are the foundation for LB530. The rates proposed by the committee reflect the reasonable cost of care for children. The rates comply with funding requirements related to Title IV-E and other federal programs. The committee analyzed the current checklist used by the department; the

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MARC report, which is hitting the mark, establishing foster care minimum rates for children; and USDA reports that look at expenditures on children. The committee chose to use an average of two Midwest, urban, two-parent families as a baseline to calculate the minimum rate. This average took into consideration food, clothing, shelter, normal transportation, and then miscellaneous costs. They further placed those costs into age groupings. LB530 directs the department to implement the rate recommendations of the committee, and they are as follows: from 0 to 5 years of age, \$20 a day; 6 to 11 years of age, \$23 a day; and 12 to 18 years of age, \$25 a day. Next component of the bill directs the Division of Children and Family Services to create a pilot program to implement the standardized level of care assessment tools. The project will be comprised of two groups, one in an urban setting and one in a rural. The department will then make recommendations to the Health and Human Services Committee by April 1, 2014, including necessary appropriations to adopt a statewide standardized level of care assessment. It became clear to this committee as they worked on this issue and visited with other states that we not tie foster parents directly to the assessment of the child; rather look at the level of responsibility required by the foster parent, the specific skills, abilities, and expertise of those caregivers. It states further, recommended moving very slowly in the development of this assessment by the use of pilot programs, those states who have put assessment tools in place like this. Some of them kind of jumped in the deep end of the pool on it and recognize that a more deliberative approach would have served them better. The bill goes on to continue with the Foster Care Reimbursement Rate...excuse me, the bill continues with the Foster Care Reimbursement Rate Committee, and it shall meet and make recommendations to the Health and Human Services Committee every four years starting in 2016. I truly believe that the continuation of this committee will be very important as we move down the road in keeping those people who are directly impacted by these rates on a daily basis, the providers, the families, and what have you, to allow that ongoing dialogue, that continued working with each other, and will keep the Legislature in the loop as changes may need to be made along the way. We would have that committee be appointed by the Nebraska Children's Commission, and the members would be no fewer than nine members and include representatives from a child welfare agency that contracts directly with foster parents; an advocacy organization which deals with legal and policy issues dealing with child welfare; an advocacy organization whose singular focus is on issues impacting children; a representative from a foster and adoptive parent association; a representative from a lead agency; a child advocacy organization that supports young adults who were in foster care as children; a foster parent who contracts directly with HHS; and a foster parent who contracts with a child welfare agency. Then there would be various members and representatives from the Division of Children and Family Services who would serve as ex officio members of this committee. The bill very clearly states that foster care service provider agencies will not pay the increased rates out of budgets determined in contracts with the department prior to any changes in the rates. We have a real opportunity through this bill to create a strong and workable relationship between DHHS and the provider agencies that are doing remarkable work across our

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state. The department and providers have the ability to capitalize on each other's strengths to create a foster care system that is truly supportive of caregivers. And I really want to emphasize that because as I have worked on this issue over the last several years and had the opportunity to meet with so many foster parents, you know, the first comment to me was usually it's not about the money. And I, you know, I know it's not about the money. What they want is what they have given to these children, and what they have afforded to these children is to be recognized as a real, true player and people who bring something very positive; not only to these children and families, but to the state and to the system that we have in place. And so I really do want to stress the importance of us recognizing the value of these caregivers. And also that we create a stable environment for children who are in the midst of turmoil, fear, and confusion. Again, I believe with a cooperative effort, we can meet or exceed the Children and Family Services review standards for safety, permanency, and well-being for our children. These agencies that you will be hearing from today have a proven track record of success. Of the over 4,000 children in out-of-home placement in 2012, 70 percent were served by private providers and 45 percent of those children had very significant needs. These providers have received overwhelmingly positive feedback from their caregivers. So in light of all of the upheaval that our children, families, and providers have experienced over the past several years, I do believe it is truly time for us to hook our horses to the same end of the wagon and start pulling in the same direction. It is far easier to build strong children than it is to repair broken men. So with that, I would try to answer any questions the committee may have. [LB530]

SENATOR CAMPBELL: Questions for Senator? Senator Gloor. [LB530]

SENATOR GLOOR: Thank you, Senator Campbell, and thank you, Senator Dubas. I want to make sure I understand the assessment tool correctly. It is both an opportunity to measure the needs of the child being placed in foster care and connect that at the same time to reimbursement levels. Is that a fair representation of what we hope to do with the tool and the pilots? [LB530]

SENATOR DUBAS: What the assessment tool will look at is definitely the needs of the child, and then look at placing them in an appropriate home. So if you have a child who has high needs, if you're placing them in a home that has the experience whether through all of their years of service as a foster family or professionally the experience, that rate would be more connected to the caregiver than it would be to the child. [LB530]

SENATOR GLOOR: Okay. Thank you. [LB530]

SENATOR CAMPBELL: Senator Krist. [LB530]

SENATOR KRIST: Senator Dubas, thank you for bringing it. I read this several times and I'm not sure, so I'm going to ask your opinion. Is there an intent here to try to solidify

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a case rate or a rate of payment that's uniform throughout the state? [LB530]

SENATOR DUBAS: Yes, starting with that standard. You know, I mean, you can build from there as far as kids who need, you know, additional services, but this would create that standard base rate. [LB530]

SENATOR KRIST: So the base rate is the bottom line. [LB530]

SENATOR DUBAS: Right. [LB530]

SENATOR KRIST: And then you build based upon the needs of maybe a geographic area, maybe a requirement to transport the child 200 miles to a specialist, etcetera, etcetera. [LB530]

SENATOR DUBAS: The committee did recommend, there are transportation costs built in, the department has transportation costs and what have you built into rates. But the committee did recommend looking at the possibility of additional payments for those outside of the normal type of transportation issues. Like you said, if you're transporting the child considerable distance for medical or other types of needs. So the committee did make a recommendation that those excessive transportation costs should be taken into consideration. [LB530]

SENATOR KRIST: I think this goes...there's a lot of overlap in this diagram between what you're trying to do and what a lead agency and/or contractors would like to do in developing a standard case rate. And it's my understanding that the director at this point is trying to develop a case rate that is uniform across the state. So to be clear, that's not the case rate that's...or that's not the rate that would be paid; it is the basement of the payment. [LB530]

SENATOR DUBAS: It's the base payment. [LB530]

SENATOR KRIST: Okay. [LB530]

SENATOR DUBAS: And we'll have providers coming forward that I hope will be able to better clarify from their perspective what this means. [LB530]

SENATOR KRIST: Okay. Thank you. [LB530]

SENATOR CAMPBELL: Senator Dubas, I meant to look this up and then forgot. Do you by any chance remember how much the Bridge Program cost? [LB530]

SENATOR DUBAS: I know it was \$3.10... [LB530]

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SENATOR CAMPBELL: Right. [LB530]

SENATOR DUBAS: ...but the total cost of...\$3.10 per child not total. [LB530]

SENATOR CAMPBELL: I thought it was over \$3 million. [LB530]

SENATOR DUBAS: That is sounding right... [LB530]

SENATOR CAMPBELL: We'll check with Liz, but... [LB530]

SENATOR DUBAS: ...but we can check at last year's fiscal note because I don't know that I have that in my file here, but I will look. [LB530]

SENATOR CAMPBELL: Because one of the things that we're going to want to check is I think that at least in the fiscal note that's attached, I think the fiscal note is actually less than what the Bridge Program might have been, and we want to make sure that the Appropriations Committee; I think they were keeping the Bridge Program as a placeholder in the budget. But I have to check that. [LB530]

SENATOR DUBAS: And it's my understanding, and I probably shouldn't speak for the department, they'll be able to better explain that, but I know in looking at the fiscal note, I believe those Bridge payment rates were included in where we're at now and then where we want to go from here. [LB530]

SENATOR CAMPBELL: In their budget. Got it. Any other questions? Senator Dubas, will you be staying? [LB530]

SENATOR DUBAS: I will. [LB530]

SENATOR CAMPBELL: Okay. We will start with the first proponent for LB530. Good afternoon. [LB530]

CORRIE EDWARDS: (Exhibit 1) Good afternoon. Hello. My name is Corrie Edwards, that is C-o-r-r-i-e, Edwards, E-d-w-a-r-d-s. I am the CEO and president of Mid-Plains Center for Behavioral Healthcare Services in Grand Island. Madam Chair and members of the committee, I thank you for the opportunity to express our support for LB530, the foster care act. Mid-Plains Center is a community-based mental health center providing a diverse array of services ranging from crisis stabilization, behavioral health outpatient services, medication services, and child welfare services. As a contracted provider for the Nebraska Department of Health and Human Services for the past 22 years, MPC has served thousands of children and adolescents through our foster care program. I would like to encourage the committee to review the brief offered by the Foster Family-Based Treatment Association regarding the benefits of agency-supported foster

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care. That brief is in your packet. The reform efforts from 2010 negatively affected most child-serving agencies in Nebraska resulting in several agencies closing and leaving many others still digging out from the financial hardships caused by the initial reform. The very agencies which were weakened to the point of financial disaster are the same agencies which rose to ensure service delivery to children and families. These agencies not only rose to the occasion, but have remained in place to assure safety, enhance well-being, and move children to permanency. At this point, I believe it is important that the committee takes into account the following. The positive impact on child and family serving systems that results from the work of private providers; the potential impact and unintended consequences of enacting standardized rates proposed by HHS if agencies are forced to make up the difference out of our current budgets; and clarification of the administrative overhead that HHS alluded to in recent testimony. In regard to some of the proposals which have been offered by HHS regarding foster payments, MPC took the current proposals and applied those rates to youth served by MPC at two points in real time. At one point, the new rates would have resulted in roughly a \$9,500 per month loss to our current program. Three months later we took the same rates which showed a loss of \$3,500 per month. The instability of the type of payment being proposed by HHS would possibly effectively bankrupt MPC's foster parent program as it stands right now. The impact of the proposed reimbursement rates to foster parents also does not take into account the specialized needs and behavioral challenges that children served in foster care often experience. If there is no ability to match a foster parent payment to the needs of the child, the unintended consequence will be more children who are unable to find appropriate placements because there is no incentive to serve the more challenging youth. Based on previous HHS testimony, there seemed to be a perception that agency-supported foster care providers are no more than a pass through for foster parent payments. There are also rumblings at HHS that providers withhold a large percentage of the dollars paid and fuse these dollars into overhead budget categories with an implication that somehow this money is not used to support the very foster parents we serve. MPC, and let's talk real numbers now, MPC pays out 50 percent of the daily stipend we receive from HHS to foster parents. Additionally, 32 percent goes to direct service provisions as outlined in the contract. MPC has an administrative cost, an overhead cost, of 5 percent for this program. Any compensation not accounted for above is reinvested in recruitment and retention activities for foster parents. MPC is in support of the concept of setting fair base minimum foster parent stipends. However, we strongly discourage any rate structure that would continue to further weaken the very safety net that shouldered the burden of Nebraska's most recent child welfare reform effort. On that note, thank you for the opportunity for letting me testify on this very important issue. I will now stand for any questions. [LB530]

SENATOR CAMPBELL: Questions? Senator Gloor. [LB530]

SENATOR GLOOR: Thank you, Senator Campbell. Thanks for coming down for this, Corrie. What are some examples of direct service provisions that Mid-Plains would

provide? [LB530]

CORRIE EDWARDS: Absolutely. In the handout, I've color-coded these mainly for my sake not yours, the foster parent at a glance, let's just go through quickly this, Senator Gloor, so I can answer your question; foster parent at a glance is a current foster provider that we have, a foster parent that we have, with the children that she has. And this two pages sums up what she currently uses her stipend to pay for. And that's in the lime green. The pink is a sheet that shows the provider implications under the current payment structure and the current contract requirements, as well as the provider implications under the proposed structure. And what the rates do, which is kind of interesting, is the rates increase the base that a Tier 1 foster parent would receive. I'm all for that. I'm totally in support of that. However, and that's on those younger kids because let's face it, some five-year-olds that I come across have some pretty intense behavior challenges. It does something interesting, though, on the Tier 3, the Level 3 which is the older children. It takes away from the foster parent stipend to the tune of about \$70 per child. And with this particular foster parent who's got five adolescent girls, you will see at the top here, she will in essence lose, which is a good sum of money for her, \$550.50 to care for those same five girls doing the same contract requirements that we have now. So she is losing money. But if you take the example of the 24-month...the two-year-old child, the rates increase that stipend. Again, not opposed to that at all. But it leaves the provider making only \$9 a day on that level service and we still have to do all the same contract requirements at \$9 which is essentially far less than half of what we're currently getting reimbursed for. We are totally in support of a fair base because what we'll do is we will add to that base to get the Level 3 folks back up to where they are now. And we'll do that. It will, I mean, it will cost us, and I'm not exactly sure where we're going to pull that out of. But I can assure you when the director testified several weeks ago and did comment about administrative costs, I wanted to bring to you 5 percent for this particular program at Mid-Plains is about \$6,000 to pay for, you know, that piece of a building and some admin support for that. I mean, that's not a lot of money. This, I will tell you, Senator Gloor, as you know, is not a money-making program for Mid-Plains. It's a break-even program for us. And we do it because there is such a need in our area to have this service. We want to continue doing this. We'd love to make money, but we're okay doing it as a break-even service. If we're looking at this, I would just encourage us to really look at where we're going to get the rest of this money from because I don't have that in my overhead budget to feed into this program. That was my biggest concern in testifying today is that you kind of heard from me. I don't have any, I like to say magic beans, at Mid-Plains. That's my new thing. I don't have any magic beans that grow money trees. I would love magic beans, but I don't. And so I'm not really sure where to get that money from. I just wanted to make that clear. [LB530]

SENATOR GLOOR: One last quick question. [LB530]

CORRIE EDWARDS: Sure. [LB530]

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SENATOR GLOOR: When the dust settled on...and maybe it hasn't completely, to the extent the dust settled on running the numbers of how Mid-Plains fared under the healthcare reform initiative, what was the final loss that the center realized? [LB530]

CORRIE EDWARDS: We just finalized our audit and had the board meeting on Monday to talk about that. In the last 24 months...and child welfare programs are the programs at Mid-Plains that lose money. It's thankful that everybody else makes money to offset the loss of the child welfare programs. In the last 24 months, Mid-Plains lost a total of \$513,000. [LB530]

SENATOR GLOOR: Okay. Thank you. [LB530]

SENATOR CAMPBELL: Senator Krist. [LB530]

SENATOR KRIST: How many kids are serviced in that area? [LB530]

CORRIE EDWARDS: By us or by... [LB530]

SENATOR KRIST: Just you. [LB530]

CORRIE EDWARDS: I will look to Bernie (phonetic) because knew the...didn't I tell you he was going to ask that question? (Laughter) I knew that you would ask that question. [LB530]

_____: Fifty-two right now. [LB530]

CORRIE EDWARDS: We have 52 right now. [LB530]

SENATOR KRIST: Fifty-two and you lost a half a million dollars. [LB530]

CORRIE EDWARDS: Well, that was in 24 months and...but a good chunk of that was our...now that's also intensive family preservation. That is child welfare programs, intensive family preservation, foster, care... [LB530]

SENATOR KRIST: Okay. All right. Got it. [LB530]

CORRIE EDWARDS: ...but I will say, the majority of it came out of foster care. [LB530]

SENATOR KRIST: Can you get some exact numbers? [LB530]

CORRIE EDWARDS: Absolutely. Certainly. [LB530]

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SENATOR KRIST: Just a year snapshot of what...thank you. [LB530]

CORRIE EDWARDS: Yeah. I'll pull it right off the audit and just e-mail it to... [LB530]

SENATOR CAMPBELL: You can e-mail it to me. [LB530]

CORRIE EDWARDS: ...to you. [LB530]

SENATOR KRIST: She likes e-mail. (Laughter) [LB530]

SENATOR CAMPBELL: I do. Ms. Edwards, I have a question. LB530 really deals with, as Senator Krist was trying to explain, you know, that basic... [LB530]

CORRIE EDWARDS: Base. [LB530]

SENATOR CAMPBELL: ...rate that's there and not necessarily in the rate that then the providers are paid. Although the bill is very clear that you shouldn't have to pay that out of your budget, that this should be dollars...new dollars put into that. The question I have is, are you saying that the base rate for the older age is not accurate? [LB530]

CORRIE EDWARDS: I would not want to go against the foster care committee because they did do a lot of work on this. When we ran the numbers, at again, two points in time with the Tier 3, which is the older children... [LB530]

SENATOR CAMPBELL: Right. [LB530]

CORRIE EDWARDS: ...what I am saying to you is this foster parent would lose money, quite a lot of money. [LB530]

SENATOR CAMPBELL: Okay. [LB530]

CORRIE EDWARDS: I mean, \$550 is some people's house payments. I mean, so... [LB530]

SENATOR CAMPBELL: So for that older age range because the bill covers different age ranges sets that. [LB530]

CORRIE EDWARDS: Yes, yes. [LB530]

SENATOR CAMPBELL: Okay. [LB530]

CORRIE EDWARDS: Now I will say, I think that this is interesting. It's an interesting concept to tag this to age. I enjoyed listening to the senator talk about the behavioral

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assessment because one of our biggest concerns on our drive up here was we absolutely have to have a behavioral assessment tied to this. Because if you have got a five-year-old who for all intents and purposes has no behavior challenges, but then you've got one that's got fetal alcohol syndrome, who's been sexually abused, who is urinating in corners and smearing feces, that is very different. And you want to be able, as Senator Dubas alluded to, to place those appropriately with a very trained foster parent versus a maybe one that just got out of MAPP class or something and we have to have a way to do that. My biggest concern, Senator Campbell, is I sit on the provider panel who is developing service definitions. I have two large concerns right now. A, that we keep hearing from HHS there is no money, there is not money, there is no money; huge concern with that because, apparently, there is no money. And so I've got a concern with that when we're still under the same contract requirements. Now we're going to results-based accountability. I mean, throw more stuff at us; but, oh by the way, there's no more money. I've got a concern with that to be very honest with you. My second concern is, we have to have a way to be able to pay for services, special services that are needed for these children. And right now what we seem to be looking at on this panel that I'm on right now is, we're going to pay these base rates to you. You pay foster parents these base rates. There is no more money. We're going to give you and make you do results-based accountability; but, oh by the way, we're now going to offer up an array of services that you can then pull from. Good in theory. But our problem is we are struggling, and I'll give you the best example and then you'll understand why I'm so doubtful about this. We had a child dropped off, literally dropped off, in the last two weeks who was epileptic with no medication, no diapers, no clothes, nothing. We still have not gotten paperwork on that child. Now if I've got a five-year-old who is bouncing off the wall smearing feces, and I'm supposed to pull from a magic array of services over here and you're going to promise to pay me, who do I look for for that? I mean, we will have then, you know, spent out all this money and where do we get the money then to get reimbursed for the service? That's my only issue with this. [LB530]

SENATOR CAMPBELL: Senator Krist. [LB530]

SENATOR KRIST: Let me just put that in a nutshell. What we're asking you to do, and I say we, the state, is asking you to do is take care of the kid, pick from the money tree, and tell us what you need. And there's no guarantee that after you do that menu of services... [LB530]

CORRIE EDWARDS: That the money tree is going to come. [LB530]

SENATOR KRIST: ...that you're going to come, that you're going to be reimbursed. [LB530]

CORRIE EDWARDS: Now, let me even further complicate this. We're now at the end of

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February. Contracts come up June 30. We're going to do results-based accountability. We're going to create this menu of services. Who's creating the menu? Who's supposed to be developing these services? Are we? Because I don't have the working capital dollars to develop the services that are being pulled down from the money tree. I don't have that because I've already spent \$513,000 in the last 24 months just trying to keep my people from getting laid off and fired. So I'm feeling very passionately. I guess you're gathering that from me. (Laughter) I don't want my company going out of business. And so I'm going to fight this time for this. I'm going to fight for this this time. And so we have brought you hard-core numbers to hopefully solidify exactly where I am. And my CFO is like, are you out of your mind? And I'm like, we're transparent now. Just show them, show them the stuff. We've got nothing to hide right now. So here I am. [LB530]

SENATOR CAMPBELL: Any other questions? Thank you, Ms. Edwards, for your testimony. [LB530]

CORRIE EDWARDS: Thank you. [LB530]

SENATOR CAMPBELL: Our next proponent. Good afternoon. [LB530]

LANA TEMPLE-PLOTZ: (Exhibit 2) Good afternoon. Senator Campbell and members of the Health and Human Services Committee, my name is Lana Temple-Plotz, L-a-n-a T-e-m-p-l-e-P-l-o-t-z. I'm the director of Boys Town's foster care program, but I'm speaking today as chair of the Nebraska chapter of the Foster Family-Based Treatment Association or FFTA. I would like to thank Senator Dubas for introducing this bill and for her continued focus on foster parents and the children they serve. I'd also like to thank you, Senator Campbell, and the members of this committee for all the work you've done on these issues. I testified, I think it was about a week ago, and just educated you a little bit about FFTA. We're a national organization of foster care providers, and our Nebraska chapter consists of 16 member agencies, which those member agencies are actually on this issue brief that I believe Corrie gave you a copy of. [LB530]

CORRIE EDWARDS: Sorry. [LB530]

LANA TEMPLE-PLOTZ: Oh, no problem. No problem. So I'm here in support of LB530. FFTA Nebraska member agencies support the proposed increase in foster care reimbursement rates to reflect the cost of raising a child. Additionally, we agree that provider service agencies should not pay increased rates out of budgets determined in contracts with the department prior to the change. Increasing foster parent reimbursement rates and assessing them on an ongoing basis is essential to ensure Nebraska's foster parent rates consistently reflect the cost of raising a child. As you know, prior to taking a closer look at this and proposing the adjusted rates, we were identified as among the states needing the most improvement, in some cases needing to adjust our rates by more than 100 percent for at least one age group. And that was

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based on the "Hitting the Mark" study in 2007. Adjusting these rates now will help ensure foster parents don't experience financial hardship to be able to care for a child. While it is important to increase existing reimbursement rates to foster parents, we must ensure that foster care agencies do not have to pay these increases out of their own limited resources. Doing so would impact the services we currently provide to foster children and their families and the support that we provide to our foster parents. And I will say just in relationship to these rates, serving on the rate committee, and chairing the level of care assessment subcommittee, that the rates that we determined were the base rate. The minimum rate that could be paid to a foster parent and did not take into account any agency support that was provided or any contracted numbers that went to agencies to support those families. So those rates are just the minimum rate that you should pay for a foster parent directly to care for that child based on that age range. So I can answer more questions about that after I'm done with my testimony if you'd like me to. FFTA recently came together with CAFCON and the Nebraska Association of Homes and Services for Children and we published an issue brief, which you have, which outlines agency-supported foster care. And Senator Dubas touched on this, but it's important to note that of the 4,045 children in out-of-home placement in Nebraska in December of 2012, that's from the Foster Care Review Office's annual report, 70 percent were served by member agencies of these three associations; and of those 70 percent, nearly 45 percent of these children had significant needs such as aggression, behavioral health or substance abuse issues, and developmental or physical disabilities. Caring for children with significant needs requires specialized skills and support beyond basic child caring needs. Member agencies provide this support in a number of ways including: face-to-face visits in the foster home, ongoing communication via phone and e-mail, and being available to foster parents 24 hours a day, seven days a week to answer questions, offer suggestions, and go to homes for crisis intervention. Additional support services include recruitment, training, and retention activities; concrete supports, such as clothing, backpacks, holiday and birthday gifts, camp fees, prom dresses, senior pictures, respite; matching children to homes; service planning and case coordination; and helping children to achieve permanency. Again, those things are further described in the issue brief. The support our member agencies provide resulted in positive outcomes for children placed in foster homes in 2012, including 77 percent maintained placement stability; 99.68 percent had an absence of maltreatment; and 58 percent of youth placed in 2012 achieved permanency at the time of their discharge. In addition to these outcomes, results of the LR37 survey indicate that the level of satisfaction expressed by foster parents was consistently and often substantially higher for foster care agencies. For generations, private agencies have cared for the children and families in our communities, often through partnering with and supporting foster families. FFTA Nebraska members support the development of a rate committee to review and make recommendations related to foster care reimbursement rates, the level of care tool, and adoption payments. Further, we support the piloting of both the level of care tool and the rates prior to statewide implementation. This focus on rates, tools, and adoption payments by the committee will help ensure Nebraska's rates continue to

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reflect the cost of raising a child. I will also note that the fiscal note is based on daily rates to foster parent and does not include those program costs, as I mentioned. And I see my light is red so I'm going to stop so you have an opportunity to ask questions. [LB530]

SENATOR CAMPBELL: Pretty close to right on time. (Laughter) Questions that you'd like to ask? I'd have to say that, and I know I said this before, but the report that you and your committee put together was just exceptional... [LB530]

LANA TEMPLE-PLOTZ: Thank you. [LB530]

SENATOR CAMPBELL: ...in the sense of the depth that it went to. The amount of information that's in that report is just exemplary. And so thank you once again to your committee. To get back to the question, I do want you to kind of get back to the, you know, what's the rate the parents get in the program... [LB530]

LANA TEMPLE-PLOTZ: Sure. [LB530]

SENATOR CAMPBELL: ...so that all the senators who are on the committee kind of understand what you're talking about... [LB530]

LANA TEMPLE-PLOTZ: Sure. [LB530]

SENATOR CAMPBELL: ...because I believe that Ms. Edwards certainly referred to all of that... [LB530]

LANA TEMPLE-PLOTZ: Right. [LB530]

SENATOR CAMPBELL: ...but let's try to clarify that a little bit more. [LB530]

LANA TEMPLE-PLOTZ: Absolutely. The rate committee looked at rates across the country and what it costs to raise a child, just the minimum payment that it costs to raise a child. So basically those rates are described, Senator Dubas described those rates to you. It's \$20, \$23, and \$25 based upon the age of the child. And that's...so for my own children, I have a 9-year-old, I have 14-year-old, I have a 17-year-old, and a 19-year-old, that would be how much it would cost for me in theory to raise my children, a daily rate. And that's what that looked at. It did not take into account any agency support that's provided. So we received, we being an agency, receive through our contract money from the state to provide the support and services to our families. We pass on money to those families to care for the children. This rate allows us to pass on more money so that we can make sure that those children are cared for. I will note that as Corrie noted, many of the children that we serve are higher needs, so you would pay even more than that. So I would...if my daughter is 17, I would get \$25 a day for her.

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She has no special needs other than being a teenage girl, (laugh) which in and of itself brings special needs. But anyway, if I had a foster child, most likely she would have difficulties, behavioral difficulties, perhaps some mental health issues. So what this says is I can't get paid any less than \$25 a day. Many agencies pay much more than that, \$32, \$34, depending upon their rate and the level of need. And it can be kind of confusing, so. [LB530]

SENATOR CAMPBELL: Okay. Senator Krist. [LB530]

SENATOR KRIST: Okay. Let's go back to the problem we touched on a few minutes ago. [LB530]

LANA TEMPLE-PLOTZ: Okay. [LB530]

SENATOR KRIST: You're the agency. You get that call in the middle of the night. Now you're responsible for that young person. [LB530]

LANA TEMPLE-PLOTZ: Right. [LB530]

SENATOR KRIST: You're going to put an emergency placement, maybe if there's an emergency facility available... [LB530]

LANA TEMPLE-PLOTZ: Right. [LB530]

SENATOR KRIST: ...when this is all done with. But the emergency placement is made and now you have to care for a child with no diapers, with autism, with no drugs, etcetera. [LB530]

LANA TEMPLE-PLOTZ: Right. [LB530]

SENATOR KRIST: You're going to get the base rate. On the beginning of this contract, you're going to get for the child and infant at \$22 a day. [LB530]

LANA TEMPLE-PLOTZ: Yes, \$20, \$23, and \$25. Yeah. So a small child, \$20. [LB530]

SENATOR KRIST: So if you do what's required to do for that child of special need, what's the guarantee that the department is going to pay you for the money that you have put out above and beyond the base rate? [LB530]

LANA TEMPLE-PLOTZ: I don't know that there's a guarantee. [LB530]

SENATOR KRIST: See my dilemma? [LB530]

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LANA TEMPLE-PLOTZ: Yeah, I see your dilemma. [LB530]

SENATOR KRIST: Because that's what drove many of you into issues. And those that came and asked the Business and Labor Committee because it got to that point for reimbursement... [LB530]

LANA TEMPLE-PLOTZ: Right. [LB530]

SENATOR KRIST: ...got a certain penny on the dollar, not what you spent. What I'm interested in doing is getting a base rate and a guarantee based upon that menu from the money tree, as we talked about earlier. [LB530]

LANA TEMPLE-PLOTZ: Right. [LB530]

SENATOR KRIST: I don't think you...you're never going to get rich with this. [LB530]

LANA TEMPLE-PLOTZ: Right. [LB530]

SENATOR KRIST: But I want you to have relatively low risk at least and for us to stop riding for us, the state of Nebraska, to stop riding on the backs of 501's or on support or service agencies that are out there whether you're for-profit or not. [LB530]

LANA TEMPLE-PLOTZ: Right, and I appreciate that. You know, speaking... [LB530]

SENATOR KRIST: Well, so how do I do that? [LB530]

LANA TEMPLE-PLOTZ: Right. Speaking specifically, not as FFTA chair, but as the director of foster care programs for Boys Town; the amount that we are paid currently does not cover our costs. So we supplement our program about 9 percent a year so just from our 2012 data. So that is a difficulty and... [LB530]

SENATOR KRIST: You pay taxes in Nebraska. [LB530]

LANA TEMPLE-PLOTZ: I do. [LB530]

SENATOR KRIST: Pretty much everybody in this room probably does. [LB530]

LANA TEMPLE-PLOTZ: Yes. [LB530]

SENATOR KRIST: Does it seem reasonable to you that we have to take care of our kids and yet I'm asking you as a nonprofit or as another organization to pay for our responsibility? [LB530]

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LANA TEMPLE-PLOTZ: Yeah. No. [LB530]

SENATOR KRIST: That's the right answer. [LB530]

LANA TEMPLE-PLOTZ: Yes. No, and I think as (laughter) a social service worker and as having worked in this field forever, I recognize that that's how it works. And so the answer to that question is no. I would say I would take that on because that's part of our mission, our vision, and our values. But obviously if I, as a provider of foster care services for Boys Town, was able to fully cover my costs, I could help more kids, I could help more families. [LB530]

SENATOR KRIST: The definition of a person who wants to care for someone in their home and get provided or to be reimbursed for only what they think is the baseline... [LB530]

LANA TEMPLE-PLOTZ: Right. [LB530]

SENATOR KRIST: ...and take care of all the rest of the things out of their pocket, that's called a parent. [LB530]

LANA TEMPLE-PLOTZ: Right. Yeah. [LB530]

SENATOR KRIST: And really if it's a foster child, who's the parent? The state. [LB530]

LANA TEMPLE-PLOTZ: Yes. [LB530]

SENATOR KRIST: So I...you've heard this soapbox before. [LB530]

LANA TEMPLE-PLOTZ: Yes. [LB530]

SENATOR KRIST: But I just want to again... [LB530]

LANA TEMPLE-PLOTZ: Yes. [LB530]

SENATOR KRIST: ...get it...okay. Sorry. [LB530]

LANA TEMPLE-PLOTZ: Yeah. [LB530]

SENATOR CAMPBELL: Is there some reason...to continue on what Senator Krist asked you, is there some reason why the rate committee did not say that additional payments should be made based on the kinds of things that he's articulating for you... [LB530]

LANA TEMPLE-PLOTZ: You know... [LB530]

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SENATOR CAMPBELL: ...rather than just saying, well, this is the base rate and if the department wants to pay more for those it can or should or what's the right word here? I guess I'm somewhat quizzical as to, to follow up Senator Krist, about those extra expenses. [LB530]

LANA TEMPLE-PLOTZ: Right. [LB530]

SENATOR CAMPBELL: Do you think that's coming when you look at the assessment? [LB530]

LANA TEMPLE-PLOTZ: Yes, and I, you know, I served on the larger rate committee and I chaired the level of care committee, but I was not on the subcommittee that looked specifically at rates. [LB530]

SENATOR CAMPBELL: Right. [LB530]

LANA TEMPLE-PLOTZ: So I'm not sure their reasoning. I believe they were just following the intent of...what they believed to be the intent of the legislation to just cover the base rate. But the purpose of the level of care tool, the level of care tool that we identified, was just that--to identify what are the needs of the child, and then what are the responsibilities of the foster parent. So the needs of the child are developed or looked at through the CANS. And that's what we recommended. [LB530]

SENATOR CAMPBELL: Okay. And I'll probably follow up and ask my question with Senator Dubas. [LB530]

LANA TEMPLE-PLOTZ: Yes. [LB530]

SENATOR CAMPBELL: Okay. Any other questions? Senator Crawford. [LB530]

SENATOR CRAWFORD: Thank you, Senator Campbell. Could I just follow up on that? [LB530]

SENATOR CAMPBELL: Sure. [LB530]

SENATOR CRAWFORD: I'm new to the committee so I still don't understand what the CANS are that you were just talking about. [LB530]

LANA TEMPLE-PLOTZ: Yes. Sorry about that. [LB530]

SENATOR CRAWFORD: So the bill itself is about this base rate. [LB530]

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LANA TEMPLE-PLOTZ: Yes. [LB530]

SENATOR CRAWFORD: But we're also talking about...I was also curious about what you see in terms of taking care or addressing these other service needs... [LB530]

LANA TEMPLE-PLOTZ: Right. [LB530]

SENATOR CRAWFORD: ...and rates for those other service needs. [LB530]

LANA TEMPLE-PLOTZ: You know, I think it's very important to look at the children and what their needs are separate from the payment to the foster parent. And that in our research and our discussion with other states was very clear. Because when you link those too closely it becomes about the child and the needs of the child and sometimes it can become about the historical needs of a child. So a child had a behavior at age 4 and he's now 14, and you're including that behavior at age 4, whatever it was, in your assessment of what his level of intensity is at age 14. Some behaviors that would be important, others it might not be important. So what we looked very closely at and what we spoke to make states about was the importance of looking at what are the child's needs, and when you look at the child's needs, you use a standardized tool. And when you use that standardized tool, it helps you identify what does the child need. The foster parent may or may not provide for that need. So if they are able to, then that's when you look at the foster...the caregiver responsibility tool. Because it builds on each other, those three levels within each category build on each other, and if they are able, then they would be paid for that. And I'll give you a concrete example. If you have a child who has medical needs and you...this child needs a nurse 24/7 around the clock and you have two foster parents who are registered nurses, but they both work full time. They do not provide that round-the-clock care. That child still needs that care. However, they're not providing that care because they both work full time. You're having to get that care from somebody else who's coming in to monitor that child. If one of those foster parents is able to quit their nursing job or only work on the weekends and be able to care for that child round the clock, that would be something that they would be paid to provide because they are taking on that responsibility. So that's a really concrete example to help people really understand the difference between needs. The child still has the need whether the foster parent is responsible for it or not, but it's about clearly delineating between those two things--need and foster parent responsibility. And that's what the goal of the level of committee really looked at was looking at those two things separately. [LB530]

SENATOR CAMPBELL: Okay. Thank you very much. [LB530]

LANA TEMPLE-PLOTZ: Thank you. [LB530]

SENATOR CAMPBELL: Our next proponent. Good afternoon. [LB530]

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PEG HARRIOTT: (Exhibit 3) Good afternoon. I'm Peg Harriott, P-e-g H-a-r-r-i-o-t-t. I'm the CEO of Child Saving Institute. I am testifying on behalf of CAFCON as well as Child Saving Institute. CAFCON is Children and Family Coalition of Nebraska. I'm testifying in support of LB530. Greatly appreciative to Senator Dubas and the Health and Human Services for driving this work forward. As a point of reference so you understand from where I come, Child Saving Institute provides services for over 2,700 individuals and families annually. That includes childcare, school-based services, in-home services, foster care, and shelter for at-risk youth. CSI contracts with Nebraska Families Collaborative to provide agency-based foster care. CSI supported 86 foster homes and 160 youth in 2012. I think my notes says 2013, but that data is from 2012. As an agency-supported foster care, we recruit, screen, prepare licensing materials, including home studies, and train foster parents. We meet frequently with the foster parents and individually the foster children being served in the home. We support foster homes to advance the case plans for permanency. We provide emergency support to foster homes and accept referrals 24 hours a day. CSI, we're real excited, has a very active foster parent support network that includes foster-parent-to-foster-parent mentoring. That's something we've worked really hard to build in the last year. So that gives you a point of reference from where I'm coming. CSI applauds Senator Dubas and the Foster Care Rate Setting Committee for the work to establish a basic reimbursement for foster parents. And specifically in LB530 we're in support of the fact that it sets a minimum rate that more accurately reflects the cost to raise a child. We like that it adopts a tool to be piloted so we can figure it out. We don't jump all the way in, but we put our toe in and make sure we understand what it means to address the extra additional supports that come along. It recognizes that the cost and the piloted tool need to be evaluated over time so it's not just this one time and then five years from now we're up in arms again. It recognizes it needs to be addressed regularly. It also recognizes the service cost to agencies and that we're not to be harmed in the process of this bill, but continue to support to do the work that we do. And an additional point is that it extends the important work of the Children's Commission. I point out that CSI cautions the senators to remember that reimbursement is only one factor that determines whether a family considers to foster or continues to foster. I list a number of factors that we find in our daily work with foster parents that have a great impact on whether they foster or not foster. And actually when you look nationwide, these factors are true. I'll just identify one or two. Clearly the importance of openness and transparency about the foster child being referred to them in their home so that they know what they're getting into and they're not surprised is important. It's important that they really feel like they are included in the case plan and that they're heard. And there's a number of other pieces that I have listed here. You are all aware. You heard in the testimony at LR37. But these are important because some other things that this committee has done like decreasing the caseload size will significantly impact the importance of foster parents, hopefully increasing the number of men and women that will consider foster parenting as well as who will stay. My last point is the devil is in the details. My concern is the appropriations

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bill and the implementation of the new rates, what you've all been asking questions about. The new rates set a minimum. Doesn't address the cost for the pilot to go forward. As we've heard, we are concerned about the cost of services for the direct services that the agency-supported foster care provides. And when I talk about direct services, I'm talking of things like support staffing, national foster care parent trainer certification, mileage, direct advertising. I know CSI spent about \$10,000 just in advertising last year trying to pull foster parents in. And that should not be confused with administrative overhead, like keeping the lights on and paying the CFO and those kinds of things. And there's some damage there that can be done that you've already actually heard about. I'm also concerned that we got to be very careful that the minimum rates for foster parents are important, but we can't let foster parents get a decrease in payment. And so that needs to be addressed too. The fiscal note in the appropriations bill just came out. At glance, and Senator Campbell, you asked the correct question, we're concerned that it's too small to really implement this. And so we need to look very carefully at that. And that the fiscal note clearly states that there's no money in the fiscal note for the pilot project. So our concern is if you'd carefully watch that fiscal note and the A bill attached to it. [LB530]

SENATOR CAMPBELL: Questions for Ms. Harriott? Ms. Harriott, in that paragraph where you talk about the cost that the agency incurs and that administrative costs or whatever, I understand your difference between those two, but is that now not negotiated between...that's the contract that you and the department determine. [LB530]

PEG HARRIOTT: Um-hum. [LB530]

SENATOR CAMPBELL: And I can remember reading the State Auditor's report to the LR37 report in the variance in terms of those contracts. And so at some point, I think you're very right, we're going to have to take a look at those variances. Because at this point, my understanding, and Mr. Newell is in the audience so he can correct me, but they have a case rate and a capitated rate. But for the rest of you, you would...it would be in a contractual situation of what you determine with the department, would it not? [LB530]

PEG HARRIOTT: Right. And Child Saving Institute actually is a contractor today with NFC. We hope we will be...continue to be, and that would be contracted between NFC and, for instance, Child Saving Institute. In the future, Child Saving Institute could be contracted with Department of Health and Human Services as we have been in the past. [LB530]

SENATOR CAMPBELL: You just have a long experience in this field. To your knowledge across the country, is there some type of percentage or, you know, rate that once you look at in terms of that agency support... [LB530]

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PEG HARRIOTT: I don't have a percentage; but in my history, you know, my white hair shows, there have been periods of time where the department and the providers have sat down and been openly willing to look at what does it cost to hire a bachelor-level staff person for this? What is the mileage reimbursement? What is the benefit cost? And we've gotten to the point where off and on that we've gotten to the true cost of what it is. And it's very possible to sit down and do that. NFC providers sat down and did that when we started. Let's put our costs out there and come to agreement about what is the true cost. [LB530]

SENATOR CAMPBELL: Because we really have different issues here. We have the issue of what is that rate that's paid to the foster home. What is that rate that should be paid when there are special circumstances? And then what is that administrative issue and the supports that the agency gives? [LB530]

PEG HARRIOTT: Yeah, what are the direct costs of the agency. [LB530]

SENATOR CAMPBELL: And really I think we all have to understand that this is a pretty complicated and sometimes interrelated system, and we are going to have to take a look at all components of it to finally come out to something that's certainly fair to the agencies. Then make sure that the foster parents continue to be upheld in the work that they do. But I appreciate that. [LB530]

PEG HARRIOTT: Exactly. [LB530]

SENATOR CAMPBELL: If you should come across any of discussion of percentage... [LB530]

PEG HARRIOTT: Percentage. [LB530]

SENATOR CAMPBELL: ...percentage or how that's put together, that would be particularly helpful. [LB530]

PEG HARRIOTT: That would be great. I also know that the...one of the associations is actually...is willing to sit down and start to talk about that to see if we couldn't give you some advice on that. [LB530]

SENATOR CAMPBELL: And I'd have to say that probably, knowing Mr. Newell, he has two handouts on that. (Laughter) Sorry. Senator Krist, did you have a question? [LB530]

SENATOR KRIST: Those that have heard me on this soapbox before I apologize, but I think again it needs to be said for understanding. The way that a contractor and a person who is being contracted...a contract agency and a person who's working in the agency, well, the way that you trust each other is a firm, honest, transparent contract.

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My experience on the federal level is a services contract is very clear. You're not going to make more than 4.5 percent. This is your overhead. This is agreed upon to start out with; now go perform the services. And if you have a problem, you come back in and, every contract period, ask for a fair and equitable adjustment that pays you for your actual expenses that are there. I don't know how difficult this is. I mean, seriously, whether you're a prime and you have subs or whether you're a sub that becomes a prime, you're only going to be allowed 4.5 percent, if that's the right number. This is the managed-care contract that a bill that I passed or that we passed last year that I have put forward. It clearly said here is the contract, these are the services that are provided. Now the agency department has managed to not follow through with it and we'll fix that, but am I making this too difficult? [LB530]

PEG HARRIOTT: No, you're not making it too difficult at all. And there clearly have been times in my 30 years that that trust and that open communication has been there in the past. [LB530]

SENATOR KRIST: Thank you. [LB530]

PEG HARRIOTT: But given what's happened the last couple of years and the amount of dollars that we have lost, you know, there's lack of trust at this point. [LB530]

SENATOR CAMPBELL: Okay. Thank you, Ms. Harriott. Our next proponent. Good afternoon. [LB530]

GREGG NICKLAS: Good afternoon. My name is Gregg Nicklas, G-r-e-g-g N-i-c-k-l-a-s. And I'd like to begin by expressing my sincere thanks to you, Senator Campbell and your staff, as well as Senators Krist, Cook, and Gloor for your diligent work in previous years on behalf of Nebraska's children in foster care, and to express appreciation to Senators Crawford, Howard, and Senator Watermeier for your service on this extremely important committee. I'd also like to express appreciation to Senator Dubas for her efforts on behalf of Nebraska's children in foster care and for introducing this bill which we support. I appear before you today as co-CEO of Christian Heritage and as a member of CAFCON, the Children and Families Coalition of Nebraska. Christian Heritage is a faith-based, nonprofit organization that has been providing care for children in Nebraska's foster care system under contract with the department for over three decades. In 2012, we provided care for 322 foster children. Today, we're providing foster homes for 166 children out of offices that we operate in Lincoln, Omaha, and Kearney. LB820 required the convening of a Foster Care Reimbursement Rate Committee to develop a standard statewide foster care reimbursement rate structure for children in foster care in Nebraska. I was privileged to serve on that committee. And while the rates do not address the individual needs assessment, I can attest that the recommended rates will compensate foster parents for the basic costs of raising a child in care of the state. The proposed rates will increase Nebraska's lower most foster care

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payment rate to \$608 a month which will assist in retaining quality, trained, experienced foster parents at that level and will also assist in recruiting quality foster parents, and we believe repair the damage to safety net for children. However, without the approval of this bill and the appropriations that accompanies it, to pay for the increased rates and to permanently replace the Bridge funding, agencies providing foster care will be in peril. Director Pristow has been candid and consistent in conveying that the department does not have the funding for this major increase in foster care payments and, if approved without an appropriation, the increases would fall on the back of the providers. We, Christian Heritage, have survived over three years of child welfare reform in Nebraska. We have experienced three rounds of reduction in force to adjust to multiple rate reductions. We not only eliminated positions, we eliminated overtime, froze administrative salaries, reduced benefits, and slashed our advertising budget to recruit foster parents. And were it not for the generosity of our donors and the tenacity of the 102nd legislative body of this Unicameral, the impact of the reform would have been even more ominous. I share this with you to say that we simply do not have the margin to absorb this rate increase. You're absolutely correct that the payments to foster parents should increase, and we are 100 percent supportive of the increasing of foster parent rates. As agencies, we are not asking for a dime more for ourselves, only that the increase that the foster families will receive will be appropriated and passed through the agencies to be paid to the foster parents. Although Director Pristow has indicated that the department does not have the funds to pay the increase to foster parents, during one of our Foster Care Reimbursement Rate Committee meetings I asked if he would pass appropriated funds for an increase in foster parents payments to the agencies so that we could in turn make those payments to the families, and he indicated he would. However, I'm concerned that the dollars reflected in the fiscal note is significantly lower than it needs to be and the cost for the pilot projects are not included. On July 1, 2013, we need the funds that we're currently receiving plus additional funds to recruit, train, license, and provide, and support families. That will be essential. Some of my colleagues have recommended that the need for this appropriation is so obvious that advocating is unnecessary. I'd rather be safe than sorry. (Laughter) As you're acutely aware, one bill...is that red? [LB530]

SENATOR CAMPBELL: It is, sir. [LB530]

GREGG NICKLAS: I can stop. [LB530]

SENATOR CAMPBELL: Well, are you close to finishing? [LB530]

GREGG NICKLAS: I am. One bill will not remedy all the ills. There are a myriad of issues not the least of which is the dire need for additional foster homes specifically for teenage youth, special needs children, and sibling strips. Even with the concerns, I contend that the condition of foster care in Nebraska is improving. It is growing stronger and an increase in rates to foster parents will further strengthen and stabilize the system

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for the children and youth placed in foster care. You've initiated this improvement. We would encourage you to move the bill forward, along with the indispensable appropriation for the welfare of Nebraska's children and the agencies that recruit, train, license, and support them. [LB530]

SENATOR CAMPBELL: Thank you, Mr. Nicklas. Any questions? Thank you. Welcome. [LB530]

JODIE AUSTIN: (Exhibit 4) Good afternoon, Chairwoman Campbell and members of the Health and Human Services Committee. For the record, my name is Jodie Austin, J-o-d-i-e A-u-s-t-i-n. I'm a licensed clinical social worker, and I am the president of KVC Behavioral HealthCare Nebraska. I'm here today to testify in support of LB530. I do want to thank Senator Dubas for her service and ongoing commitment to Nebraska's children and families. We continue to look forward to the legislator's continued partnership as we strive to improve child welfare in Nebraska. KVC agrees that foster parents' actual costs associated with raising a child need to be fully reimbursed. We also agree with the intent of LB530 which states foster care agencies do not pay increased rates out of budgets determined in contracts with the department prior to any changes in rates. We are concerned, as noted earlier, that the fiscal note is not reflective of the foster payment increase. KVC is a licensed child placing agency in Nebraska serving more than 600 children and 450 foster homes in eastern, southeastern, central, and northern service areas. This means we recruit, train, and support licensed foster family and kinship homes. Over 60 percent of our budget is spent on stipends to foster parents. Another 16 percent of our budget pays staff, not including overtime or mileage, to support foster parents, train foster parents, manage all crises 24 hours a day, seven days a week, and assist youth in reaching safety, permanency, and well-being. There are additional responsibilities as well, including placement specialists to ensure the best placement match possible, major recruitment efforts for new foster parents to meet the growing needs for homes in Nebraska, assisting foster parents through the lengthy licensing process, and ensuring all evidence-based practices and practice models are in place to achieve better outcomes for the youth in foster care. We also put in significant efforts to license as many relative foster homes as possible in order to draw down the IV-E dollars. KVC has implemented structured decision making, signs of safety information sharing framework, and trauma systems therapy, to name a few, in an effort to support foster parents and minimize trauma experienced by children. As new evidence emerges, we are dedicated to providing the best possible care for youth. Support and training for foster parents is crucial. The trauma children experience when they are moved from their homes is immeasurable and it will have lifelong implications. KVC has been able to achieve an average of 95 percent foster parent retention rate and over a 95 percent placement stability rate while placing children with some of the highest identified needs. These are all direct costs. KVC's mission is to enrich and enhance the lives of Nebraska children. We believe that LB530, as it is intended, will allow more families to provide foster care

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by reducing their concern of personal financial loss. I thank you for your time and I'm happy to answer any questions. [LB530]

SENATOR CAMPBELL: Questions? Thank you very much for your testimony. [LB530]

JODIE AUSTIN: Thank you. [LB530]

SENATOR CAMPBELL: Our next proponent. Good afternoon. [LB530]

DAVID NEWELL: (Exhibits 5 and 6) Good afternoon, Senator Campbell and members of the committee. My name is David Newell, D-a-v-i-d N-e-w-e-l-l. I'm the CEO of Nebraska Families Collaborative. I would like to thank Senator Dubas and this committee for the important work that you've done on this legislation. And I would like to apologize that I did not bring more handouts with me today, (laughter) but I did bring two. I... [LB530]

SENATOR CAMPBELL: An ongoing... [LB530]

DAVID NEWELL: And I won't be reading my testimony. I think you largely heard the testimony that I would have shared with you based on other agencies, so I just want to highlight a few things from my written testimony for you. One, I would like to emphasize, as you've heard from previous testifiers, that while I think that the system is stabilizing and getting stronger, I would emphasize to the committee that the system continues to be highly fragile and that it's imperative that we be very careful as we move forward. NFC serves approximately 40 percent of the children and families in Nebraska's child welfare and juvenile justice system, and we contract with a network of ten private agencies that do our licensed foster care. NFC does not compete with it's licensed foster care. So as an example around national foster care month, which is coming up in May, we support our child placement agencies and advertise and engage in activities with them, but we don't compete with them. These agencies are excellent. They're very good to work with. We do have a trusting relationship with them. And they are not engaged in providing foster care for the high profits that are associated with this work. They're doing it because they care deeply about children and families and that's what their motivation is, as is the motivation for NFC. We have communicated to Senator Dubas some suggested amendments to the bill. And the primary one that I want to speak about to the committee is as a pilot in the eastern service area, it's important that...and also as a nationally accredited network manager, that we maintain our relationship with the agencies that work with us. And so when LB820 was implemented, what happened in the eastern service area is the department entered into contracts that were separate from NFC's contracts with our provider network. And so as a result of that, the agencies in Omaha have to contract now both for...with NFC and with the department for the supplemental LB820 payments. The suggested amendment that I've incorporated here eliminates that necessity where the money would pass through to the

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lead agency to us and then we would in turn pass that through directly to the agencies. And that's the main thing that I wanted to share with you. We're very supportive of this bill, we're supportive of doing a pilot, and we're supportive of having a firm, trusting relationship based on actual costs with the agencies; and we think we can do that. To Senator Krist's question about how hard can this be, I think he's very familiar with federal contracting rules. That's in my testimony about...and I think that we could base it...base agency expenses off of federal definitions for different expense categories and come up with reasonable reimbursements for the agencies. [LB530]

SENATOR CAMPBELL: Mr. Newell, does that get at my question to Ms. Harriott about, you know, is there a particular, as you look across the country, is there a guideline or a suggestion as to what that...the agency that provides the support to the foster family should get? Does that get at that question? [LB530]

DAVID NEWELL: There are different guidelines in different states, but I would suggest that Nebraska probably has to do its own because it hinges very tightly on the definitions. And that's where federal definitions can be very helpful because then they're uniform definitions. But the other thing I would say in regards to when we were talking about rates, we are supportive of setting minimum rates. Many states do establish minimum rates like are being proposed here. But it's also important for Nebraska to be careful when it comes to rate setting. And so, for example, at my last agency which was in a different state, we had different...we had uniform minimum rates that all agencies had to pay, but my agency could pay above that rate at a different level than perhaps a different agency. And there are very good reasons to do that. And so I think we have to be very careful when it comes to setting rates above the minimums, so. [LB530]

SENATOR CAMPBELL: Okay. Because that's one of the things that we looked at with the State Auditor and even when we started looking into it across the state, and testimony, I mean, we were just seeing such a variance of what people were paid. [LB530]

DAVID NEWELL: Right. [LB530]

SENATOR CAMPBELL: And in some cases I think we were...it was deplorable in the sense of what some of the rates that foster parents were being paid, and I think that sort of was the impetus from the committee. [LB530]

DAVID NEWELL: Right. So what I would say is that within the provider network that NFC managers there's actually uniformity across those agencies. [LB530]

SENATOR CAMPBELL: Okay. Did you want to make any comment about your chart just so that we... [LB530]

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DAVID NEWELL: In the chart... [LB530]

SENATOR CAMPBELL: ...make sure we know what you're trying to tell us? [LB530]

DAVID NEWELL: Sure. So as you heard with earlier testifiers that there is a fiscal impact, and what this chart reflects is both the fiscal impact factoring in the LB820 supplement and without the LB820 supplement. [LB530]

SENATOR CAMPBELL: Okay. [LB530]

DAVID NEWELL: So if you look at the age ranges, the first three columns are for kinship care, agency-based care, and a total for both of those. And that is without the current LB820 supplement, what those cost differences are. And then the next three columns are for if you took into account current allocation for LB820. And then if you look at the bottom, this is for licensed care. This is...and this is for the month of November. As you've heard with other testifiers, if you look at FC intensive, these are the level of care that NFC pays its agencies; and you'll see that there is no impact in foster care intensive, which is a significant number of the children in care. The reason for that is because the agencies are already paying far in excess of the minimum that's being proposed, and that's why there's no fiscal impact in that column. [LB530]

SENATOR CAMPBELL: Okay. Thank you, Mr. Newell. And we shall always have a running question about your handouts, won't we? (Laughter) [LB530]

DAVID NEWELL: Okay. Thank you. [LB530]

SENATOR CAMPBELL: Thank you. Our next proponent. How many other proponents do we have? Oh, okay. How many wish to speak in opposition to the bill? Okay. Anyone in a neutral position? Okay. That helps me. Thanks and welcome. [LB530]

SARAH HELVEY: (Exhibit 7) Thank you. Good afternoon. My name is Sarah Helvey, S-a-r-a-h, last name, H-e-l-v-e-y, and I'm a staff attorney and director of the child welfare program at Nebraska Appleseed. When I was sitting down to write this testimony the other evening, I pulled up my, I think what I had written last year on this issue and maybe the year before that. And so, you know, I saw in the previous testimony that we, as others have, you know, referenced the MARC study and that Nebraska has had one of the lowest base rates in the country. I think both times I also mentioned our concerns that the previous rate did not meet the requirements of federal law. So I didn't want to repeat all that for the veteran members of the committee. But to start off by saying, you know, this isn't the first time that we've been before this committee in support of the need to provide adequate support for children when they must be placed in out-of-home care, and I don't mean that at all negative. We're so pleased with the great progress that has been made on this issue and the process as it

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has moved forward, in particular the work of the Foster Care Reimbursement Rate Committee to recommend a rate which reflects the actual costs of care. While great progress has been made, I think all involved agree that the work is not done and we, therefore, support the provision of the bill to create the pilot project and also support the extension of the Children's Commission, as well as for the appointment of the Foster Care Reimbursement Rate Committee under the Children's Commission. And we believe it's important for the commission and the committee to play a role in reviewing the pilot, in addition to providing ongoing oversight and recommendations of that process. We wanted just to highlight a couple of additional issues that we think are important to bring forward. And the first one I won't repeat because you've heard it from others. Also the concern that we're making sure to reflect those administrative and program costs for the recruitment, training, and support of foster homes to ensure that Nebraska has sufficient and high-quality foster homes. The second issue I wanted to mention is that while it's important that children receive adequate support when they must be placed in out-of-home care, as I think the committee is very attuned to, we must also prioritize efforts to prevent children from being placed in out-of-home care in the first place. And so, specifically, we believe it's important to address the Aid to Dependent Children rate in tandem with foster care rates. We think effectively addressing poverty is not only fundamental to the well-being of children and families in our community, it's also one of the keys to preventing the unnecessary entry of children into the foster care system. And so as we're looking at this issue, we think that that's an important companion as well and see LB530 as part of a larger package of ongoing reforms focused on prevention and investing in community-based services. We also support that the bill specifically requires the committee to review and make recommendations regarding adoption assistance so as not to create any disincentive to permanency. And so with that, we just want to thank Senator Dubas for her great work on this issue and the committee as well. [LB530]

SENATOR CAMPBELL: Thank you, Ms. Helvey. Are there questions or comments? Because we have inside information we can say we will be hearing more about ADC payments. (Laughter) [LB530]

SARAH HELVEY: See you then. Thank you. [LB530]

SENATOR CAMPBELL: Thank you. Kaitlyn will... [LB530]

JACQUELYN MEYER: Kaitlyn. It's Kaitlyn? Okay. One of each. [LB530]

SENATOR CAMPBELL: Good afternoon. [LB530]

JACQUELYN MEYER: (Exhibits 8 and 9) Hi. Good afternoon, Senator Campbell and members of the Health and Human Services Committee. My name is Jacquelyn Meyer, Jacquelyn, J-a-c-q-u-e-l-y-n, Meyer, M-e-y-e-r. I'm the executive director of Building

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Blocks for Community Enrichment agency-supported foster care. And I'm here this afternoon, which is not on your sheet, is to put the human side to all of the left-brain numbers and bean counters to what this is. I was on the Foster Care Reimbursement Committee. I voted for those desperately-needed increase in rates. But we were told that same afternoon as we passed that by Mr. Pristow that we were not going to get any more money, that that was going to have to come out of our limited budget. And as I'm driving home that afternoon, my 200 miles, panic set in because I felt like a parent who had just taken their child to surgery and now...for a lifesaving surgery and now was going to have to pay for that surgery on very limited budget. Because you see, folks, Building Blocks is my baby. Since its creation, Building Blocks has prided itself in doing whatever we can to give permanency to children. We do more than what's expected of us all along the way. And as I'm driving home those 200 miles, I'm thinking of these questions. Who is going to pay for the two hours or how am I going to pay for the time that it takes two hours to drive from one family in western Nebraska? How am I going to pay a worker to go into a home every day of the week to make sure that's permanent, that's a permanent home, that people, that child is not going to move? How am I going to pay for the extra training that I'm going to give to my staff, to my supervisors, and to my staff so that they understand from a practical standpoint attachment and trauma? And this has to be practical because they have to be able to take them into a home and give it to these families so they understand. This kid isn't acting like that because he's...it's a won't. He's doing that because he can't change. So I want my families to understand that. How are we going to afford the extra things that we do for our families, like going to the pumpkin patch or the bowling parties that we have in all areas of our service area? How are we going to pay for those? And the Christmas party? How are we going to do that? Those are the thoughts that were going through my mind that afternoon. And how are we going to be effective in our recruiting? You know, one can put up a poster; but we have to be effective in our recruiting so that I'm building a relationship with this person and so that they want to come on and be a foster parent. It's all about relationship. That takes time and that takes money. I want to thank Senator Dubas for bringing this bill to effect or to the committee because it gave us hope. As you know, the need for foster parents is at an alarming level. A month before Christmas, agencies were asked to find homes for 50 kids in one week. Santa at our Christmas program talked to me later and he said, Jackie, a little girl sat in my lap and all she wanted was a mom and dad. This is tough, guys. Last week I was filling in at church. Can you tell this is my baby? Anyway, last week I was filling in at a church meeting. I asked the kids, I said, can you give me a time, can you give me something that you're thankful for this week? And the kids came up with, I won my game, I had a good grade, and I told them that I found my keys for the umpteenth time that day. And a little boy said to me, said to the group, he said, I'm thankful I have a mom and dad. They took me in and said and now I don't get abused anymore. By the way, that wasn't that week, that was four or five years before that. This is our work, guys. These people have talked about numbers, and I love them because I can't do that. I hire people to do that for me. This is what we're talking about. We're not talking about...we're talking about people.

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We're talking about kids that need a home. They need somebody, some place where that at the end of the year they can go and know I will have a place to go for Christmas forever. Thank you. [LB530]

SENATOR CAMPBELL: Questions? Senator Krist. [LB530]

SENATOR KRIST: I think, I know what we proved last year in the One Hundred Second Legislature is we have the resolve to fix some problems, and we're not done yet... [LB530]

JACQUELYN MEYER: No, we're not done yet. [LB530]

SENATOR KRIST: ...and we knew that. But let me assure you, and I hope this isn't too bold, but let me assure you that what Thomas Pristow said in the fact that there is no money, we--I got my pom-poms out now--we are... [LB530]

JACQUELYN MEYER: Yes. I'll join you. [LB530]

SENATOR KRIST: ...we are the Legislature. We legislate. We appropriate. We appropriate. We appropriate. They execute, and then we apply the oversight. [LB530]

JACQUELYN MEYER: Okay. [LB530]

SENATOR KRIST: So if the money is warranted, as I have said from the first day in this Legislature, we're going to fund those programs correctly. [LB530]

JACQUELYN MEYER: Thank you. [LB530]

SENATOR KRIST: That's my promise to you. [LB530]

JACQUELYN MEYER: Thank you. [LB530]

SENATOR CAMPBELL: Any other questions? Ms. Meyer, I just want to thank you because you've been coming to testify in front of us at the very beginning of all the issues on child welfare; and every time, no matter where we have a hearing, you appear on behalf of kids. Thank you. [LB530]

JACQUELYN MEYER: You're welcome. [LB530]

SENATOR CAMPBELL: Anyone else in the hearing room? Senator Dubas, would you like to close on your bill? [LB530]

SENATOR DUBAS: I would like to thank all of those who came forward and testified this

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afternoon. The information that's in the fiscal note is only as accurate as the Fiscal Office was able to make it without having received anything from the agency yet. So that's...those numbers are just kind of based on what we know for certain right now. Those Bridge payments are included in those dollars. But until we get a better idea of what the department is actually thinking, that's the best that fiscal note can be. You know, I know that a pilot program will take dollars to put in place; and that's not being indicated very clearly, anyway, in that fiscal note. So hopefully we get some more direction. But I guess I would just like to say as far as what Senator Krist just said, these children are our responsibility as a state if we're going to make the decision to take them out of their homes. And I know we're working very hard to try to reduce those numbers of children that we're taking out of their homes and trying to get them the services that they may need before we have to reach that ultimate decision. But as long as we're making the decision to take them out of the home, we've got to find ways to support those families who are taking them into their homes. And, yes, the foster care reimbursement rates charge was to look at a standard base rate. That's what we charged them with last year. They did that very well. I'm sure if we would have told them, hey, tell us what it's going to take to do all these other things, they would have done that. But their charge was to come up with that base rate, and that's what they did. And I hope through the testimony today we have shown that what these providers bring to our ability to take care of these children would be, it would be devastating if they were no longer a part of the equation. And as a state, I don't...I truly don't believe we could step up and find the homes for these kids and give them just their basic needs let alone anything else that they need. So if the money is not there as far as new money, then it's...as Senator Krist said, it's our job to find where we get it. But as long as we're making the decision to take kids out of their homes and put them into foster care, then I, too, am committed to finding the dollars that it takes to make sure that we're supporting those families and those providers who are taking care of the kids. So hopefully we can get some better direction in the fiscal note and then be able to go from there. [LB530]

SENATOR CAMPBELL: Senator Dubas, you know, from the day I walked in the Legislature you've been a voice for foster parents, so thank you very much. I did remind the chairman of the Appropriations today that we would be needing money from your bill. I wasn't sure what it was, but I told him we would. Because, you know, I think I agree with Senator Krist. Last year, the Legislature, of the five bills that came out from LR37, we spent the most money on the Bridge Program to foster parents because the members of the Legislature felt it was needed. So thanks for your advocacy. It makes a difference. [LB530]

SENATOR DUBAS: You bet. It's my pleasure. And without those foster families, we're sunk, we don't have any place for these children. They are the foundation of this program. So thank you for your support and your work. [LB530]

SENATOR CAMPBELL: Thank you. We will close the hearing on LB530. (See also

Exhibit 10) If you are leaving, please leave as quietly as you can because we're going to go on to the next bill. All right. We will proceed to LB443, Senator Cook's bill to adopt the Children's Residential Facilities and Placing Licensure Act. So, Senator Cook, please go right ahead. [LB530]

SENATOR COOK: Thank you very much, Senator Campbell and honorable members of the Health and Human Services Committee. I am Tanya Cook, that's T-a-n-y-a C-o-o-k. I'm the state senator representing Legislative District 13. I appear before you today as the introducer of LB443, the Children's Residential Facilities and Placing Licensure Act, a bill I introduce on behalf of DHHS Division of Public Health. LB443 creates a comprehensive, modernized licensure act for facilities that provide residential care for youth and those that provide placement services for youth. The bill also updates and clarifies existing statutes for facilities that provide residential care for youth and those that provide placement services for youth. Finally, LB443 provides guidance and delegates authority to the Nebraska Department of Health and Human Services Division of Public Health to issue, renew, inspect, and discipline licenses for facilities that provide residential care for youth and those that provide placement services for youth. It's important to note that LB443 is the result of a collaborative process between the Division of Public Health and providers. After a contentious couple of years, it is nice to offer legislation that represents some common ground. That common ground is an updated licensing statute making procedures more clear and enforcement more flexible. This bill updates current statutes to reflect the changes in these facilities. The current statutes that govern licensure of group homes, child caring agencies, and child placing agencies are neither efficient nor effective. Unlike other statutes that govern licensure of facilities, these statutes do not address requirements for an application, department inspections, investigations of complaints, investigations of unlicensed care, administrative procedure, grounds for license denial, grounds for disciplinary action, and options for disciplinary action that provide both protection of children and youth in care and an incentive for the licensee to come into compliance with regulations. Currently, the only disciplinary options available include voluntary probation, suspension, and revocation. Sanctions that have been successful in other license types include limitations on the license, prohibition of new enrollments, and penalties. Under LB443, these less-restrictive and more effective disciplinary options will be made available. The department's testimony to follow will outline the technical operation of the legislation, the reasons why the updates in LB443 are needed, and the collaborative process used to arrive at this modernized licensing statute. I thank you in advance for your thoughtful consideration of LB443. [LB443]

SENATOR CAMPBELL: Thank you, Senator Cook. Questions? Senator Cook, one question. As I read the bill, this applies to any agency that comes into being once the act is passed? Is that correct? Or is it like all current agencies come... [LB443]

SENATOR COOK: It's my understanding, and we'll get some clarification from Dr.

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Acierno... [LB443]

SENATOR CAMPBELL: Okay. [LB443]

SENATOR COOK: ...that it would be applicable to existing agencies and agencies that come under...fall under this licensure as we go forward. And I'm basing that on our conversations when we started working on the proposal and the fact that they were working collaboratively with the agencies. But Dr. Acierno can speak to that. [LB443]

SENATOR CAMPBELL: Excellent. Thanks, Senator Cook. [LB443]

SENATOR COOK: Thank you. [LB443]

SENATOR CAMPBELL: And please feel free to return. Okay. We'll take our first proponent. Good afternoon. [LB443]

JOSEPH ACIERNO: (Exhibit 11) Good afternoon. How are you today? [LB443]

SENATOR CAMPBELL: Very good. [LB443]

JOSEPH ACIERNO: Good. [LB443]

SENATOR CAMPBELL: You can go ahead and start whenever you're ready, sir. [LB443]

JOSEPH ACIERNO: Great. Good afternoon, Senator Campbell and members of the Health and Human Services Committee. My name is Dr. Joseph Acierno, that's J-o-s-e-p-h, Acierno is, A-c-i-e-r-n-o. I'm the Deputy Chief Medical Officer, Division of Public Health, Nebraska Department of Health and Human Services. I'm testifying in support of LB443 and wish to thank Senator Cook for introducing this bill on behalf of DHHS, the Division of Public Health. This bill creates a comprehensive licensure act for facilities that provide residential care for youth and those that provide placement services for youth. This bill does not create any new licenses and it does not pertain to foster home licensure. This bill is needed to update and clarify existing statutes, some of which have been on the books since 1943. Given the evolution of services, the statutes need to be revised so that they provide sufficient guidance and authority to the department to issue, renew, inspect, and discipline licenses, and inform and simplify provisions for those that are impacted. The bill includes the following that are not in current statutes. First, better definitions. For example, current statutes define a child-placing agency as, quote, an organization which is authorized by its articles of incorporation and by its license to place children in foster family homes, closed quote. This definition limits placement to foster homes. However, the standard of operation in today's world is that child-placing agencies place children in a myriad of settings.

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Therefore, the definition of child-placing agency provided in LB443 is expanded to mean any person, which includes persons, corporations, societies, communities, and the like, other than the parent or legal guardian of a child that receives the child for placement and places or arranges for the placement of a child in foster family home, adoptive home, residential child caring agency, or independent living. Two, better licensing procedures and authority. Current statutes do not include procedures for disciplining a license or the types of discipline sanctions that can be imposed. For example, right now all we can do is notify of a violation or revoke a license. Progressive discipline is essential to get licensees to comply. Examples would be censure, fine, probation, etcetera, before...and long before revocation. LB443 includes all of these needed components, including the authority to impose progressive discipline and is probably the most essential part. The language of LB443 mirrors that found in other licensure acts such as the Child Care Licensing Act and the Health Care Facility Licensure Act. In closing, this bill is a much needed piece of legislation that will enhance the department's ability to regulate facilities that care for youth and entities that provide placement service for youth. We have worked collaboratively with a broad base of stakeholders, including providers and advocacy groups to craft this legislation. These groups are supportive of this legislation. Therefore, I request that the committee advance LB443. Thank you again, and I'd be happy to respond to any questions that you have. [LB443]

SENATOR CAMPBELL: Thank you, Dr. Acierno. I'm going to start with my question that Senator Cook and I talked about. On page 20, do you have the bill with you, sir? [LB443]

JOSEPH ACIERNO: I do. [LB443]

SENATOR CAMPBELL: Okay. On page 20, it says, all licenses issued prior to December the first in accordance with, dah-dah-dah-dah-dah, or other statutes amended to this shall remain valid as issued for purposes of the children's residential act... [LB443]

JOSEPH ACIERNO: Right. [LB443]

SENATOR CAMPBELL: ...basically. So can you kind of explain, that was my question. [LB443]

JOSEPH ACIERNO: Well, I don't think they would need a new license, but they would come under the provisions of this act. [LB443]

SENATOR CAMPBELL: Okay. And they would have to renew under the provisions of this act. [LB443]

JOSEPH ACIERNO: They would, correct. They would renew under these provisions

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and would be subject to these provisions. But we're not...they would not all need to...
[LB443]

SENATOR CAMPBELL: Start all over. [LB443]

JOSEPH ACIERNO: ...there's not a new license that's being created here. Correct. They would not have to start all over again. [LB443]

SENATOR CAMPBELL: And are the fees that are in the bill... [LB443]

JOSEPH ACIERNO: The same. [LB443]

SENATOR CAMPBELL: ...the same as we have them now? [LB443]

JOSEPH ACIERNO: Right. Right now it's on a...I believe it's on a two-year cycle. It's going to go to one year. [LB443]

SENATOR CAMPBELL: Right. [LB443]

JOSEPH ACIERNO: But it's basically having it, so it nets out. It's the same fee. [LB443]

SENATOR CAMPBELL: Okay. Other questions for Dr. Acierno from the bill? How long have you been working on this, sir? [LB443]

JOSEPH ACIERNO: This has been going on for a few years. [LB443]

SENATOR CAMPBELL: Apparently. [LB443]

JOSEPH ACIERNO: For quite a while. Just, you know, there's a lot of projects like that, obviously. But this one has been going on for at least two to three years. [LB443]

SENATOR CAMPBELL: And really it's meant to update the statutes in many cases that haven't been updated. [LB443]

JOSEPH ACIERNO: That's correct. And it makes it...it makes it consistent with the Health Care Facility Licensure Act and child care licensing. So if you were to look at those acts, you will see mirror images to it. And so it...whatever you're familiar with there is crossing over into this area. [LB443]

SENATOR CAMPBELL: Okay. The other thing, Dr. Acierno, that I want to make you aware of, we are...I asked the legal counsel to take a look at the definitions that are in here. We also have another bill that's coming forward or has had a hearing on kinship. [LB443]

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JOSEPH ACIERNO: Correct. [LB443]

SENATOR CAMPBELL: And there's some definitions in that bill. And I'm not sure even in LB269, which is sort of the continuation of work on child welfare, that we don't have definitions. So we're going to try to make sure that we look at all those definitions because we don't want to go to the floor with three different versions of something. [LB443]

JOSEPH ACIERNO: I would agree. I think...and we recognize that as well that I think there needs to be some harmonizing in those. [LB443]

SENATOR CAMPBELL: Okay. [LB443]

JOSEPH ACIERNO: And we're more than happy to discuss with counsel just the definitions just to make sure everything moves as it should. [LB443]

SENATOR CAMPBELL: That would be great. And we may have you review the bills that we're talking about, another set of eyes in discussion with... [LB443]

JOSEPH ACIERNO: Sure. [LB443]

SENATOR CAMPBELL: ...the counsel would be helpful. Senator Crawford. [LB443]

SENATOR CRAWFORD: Thank you, Senator Campbell. And thank you. Could you talk just a little bit for the record about the collaborative process that you used to come up with this legislation and also if any of the legislation is based off of national models or state models? [LB443]

JOSEPH ACIERNO: I can't...to the latter, I don't know. I think what we really did is we based it off of the model in this state, the Health Care Facility Licensure Act. As far as the process we went through, it was the staff in licensure who worked with various groups, the various association and advocates. And it's basically getting people together and kind of going over where things were and where they should be. So I think it was basically sitting down with all these folks. But as far as the modeling, the modeling was really built after our Health Care Facility Licensure Act which seems to be serving us well. [LB443]

SENATOR CRAWFORD: Some of the groups that have been involved in that process, I don't know if we have a list of that. [LB443]

SENATOR COOK: I have. [LB443]

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SENATOR CRAWFORD: Oh, you have. Okay. [LB443]

JOSEPH ACIERNO: Yeah. I think we've provided a list. [LB443]

SENATOR CRAWFORD: Excellent. Thank you. [LB443]

SENATOR COOK: Excuse me. Sorry. [LB443]

JOSEPH ACIERNO: No, that's okay. That's fine. [LB443]

SENATOR CRAWFORD: Thank you. [LB443]

SENATOR CAMPBELL: A helpful voice is always helpful, (laughter) right, sir? Any other questions from the committee? Thank you, Dr. Acierno. [LB443]

JOSEPH ACIERNO: Thank you. Have a good day. [LB443]

SENATOR CAMPBELL: Our next proponent. Our next proponent. Sorry. Those who wish to testify in opposition to the bill. Good afternoon. [LB443]

CAROL KRUEGER: (Exhibit 12) Good afternoon. Good afternoon, Senator Campbell and to members of the committee. My name is Carol Krueger, C-a-r-o-l, Krueger is K-r-u-e-g-e-r. I'm the director of social services with Nebraska Children's Home and I'm testifying today on behalf of the Nebraska Adoption Agencies Association. The Nebraska Adoption Agencies Association, or NAAA, would like to take this opportunity to share with you our reasons for opposing LB443, a bill that would allow an individual to be licensed as a child placing agency. NAAA began in October of 1966, and there's currently 12 agencies statewide that are members of this coalition of nonprofit agencies that provide pregnancy, parenting, adoption services. And all 12 agencies are currently licensed by the state of Nebraska. The mission of NAAA includes: broadening the knowledge, expertise, and sense of responsibility of all parties involved in adoptions; promoting communication; providing quality services; advocating for children and families; and educating the public on issues surrounding adoption. The 12 agencies combined have over 500 years of providing services to Nebraska families. Agencies provide education and support to those mothers and fathers who may be experiencing an unplanned pregnancy to include the adoption...or the option of adoption. Agencies also provide education and support to those wishing to expand their family by adoption. This is accomplished by completing pre-placement home studies and ongoing educational opportunities for families. For families who have been created through adoption, agencies continue to provide services for birth parents, adoptive parents, and to the person adopted for forever. We understand LB443 establishes consistency in the options for ownership of residential facilities and placing services. We believe there are valid reasons for a child placing license to be different than other licenses, and we

believe broadening this definition is the wrong direction for Nebraska's children. We believe that licensed child placing agencies are different because our services are different in scope and duration. The impact of adoption is lifelong, and there are three vulnerable parties involved in each adoption--the adopted person, the birth family, and the adoptive family. These three parties are often referred to as the adoption circle, and there are several layers of issues involved in each adoption--legal, emotional, social, and economic. Each issue must be addressed in order to provide appropriate services to each member of the adoption circle. Although it is the intention of each agency to assure that the rights and needs of all three parties are respected and met, our first priority is what is in the best interest of children. Adoption is not about finding children for families, but rather it's about finding the best families for children. This governs our practices as agencies in providing child-centered services. Agencies provide support for the families created through adoption for the lifetime of each member. Education and support is a lifelong need of those impacted by adoption as each developmental stage brings forward new questions, concerns, and issues. It is agencies who are rooted in the community, not persons who can be transient, that can legally and ethically meet these important needs over the life span. It is this depth and breadth that concerns NAAA when we learned that individuals may be able to be licensed as child placing agencies. It takes skill, experience, and knowledge to meet the needs of all three parties without infringing on the rights and needs of the other parties. Through our work in adoption and the many decades of experience represented among the agencies, we have seen professionals and facilitators and attorneys struggle with balancing the needs of all three parties in each adoption. It is our belief that this cannot be done by one person. There are just not enough checks and balances in the system to ensure quality services to these vulnerable populations. NAAA believes that there will be unintended consequences of changing the definition of licensed child placing agencies. Each member has taken this issue back to their agency and it is the position of NAAA and its member agencies that the language which would allow persons to become licensed child placing agencies must be removed from the legislation. And I'm open to questions. [LB443]

SENATOR CAMPBELL: Questions? Senator Cook, you have a question? [LB443]

SENATOR COOK: Yes. I am permitted to ask questions from up here? [LB443]

SENATOR CAMPBELL: You may. [LB443]

SENATOR COOK: Okay. I could not remember. [LB443]

SENATOR CAMPBELL: If we're trying to clarify. [LB443]

SENATOR COOK: I am. Thank you. And thank you for your testimony. I see your name listed among the members of the stakeholder team. Is this something that you brought

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up with the agency in the stakeholder meetings? And if that's the case, what was their response to that concern? [LB443]

CAROL KRUEGER: When you talk about a stakeholder meeting, I was aware of one in 2010. [LB443]

SENATOR COOK: (Exhibit 13) Okay. I don't have the dates, but I'm looking at a piece of paper that has your name listed as a member of the group that reviewed the... [LB443]

CAROL KRUEGER: We had a stakeholder meeting, and I'd have thought it was longer than 2010; but the e-mail that I received now regarding this was 2010, and I was a member or I was on that stakeholder committee at that point. There was opposition presented at the time. And I don't think there was an actual written bill, it was just a conversation. And then NAAA had a person come and talk about the bill to our meeting, at our meeting, and again opposition was presented. And then I don't know that anything else that we were aware of until we saw that the bill was presented. If I'm answering your question correctly. [LB443]

SENATOR COOK: Yes. [LB443]

SENATOR CAMPBELL: Thank you. Ms. Krueger, a question that I would have. So your concern in the way the definition is the individuals... [LB443]

CAROL KRUEGER: Correct. [LB443]

SENATOR CAMPBELL: ...not the agency... [LB443]

CAROL KRUEGER: Correct. [LB443]

SENATOR CAMPBELL: ...not a large agency. [LB443]

CAROL KRUEGER: Correct. [LB443]

SENATOR CAMPBELL: Have the individuals ever been licensed before? I mean, if I was...I mean, you, I think, mentioned an attorney; have attorneys ever been licensed before? [LB443]

CAROL KRUEGER: Not through...not...they would have a different license than what we would do adoptions. [LB443]

SENATOR CAMPBELL: Oh, okay. [LB443]

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CAROL KRUEGER: I understand that there's an Attorney General Opinion that sanctions them assisting someone in placing, and they have different regulations than what agencies have. [LB443]

SENATOR CAMPBELL: And their regulations come from? [LB443]

CAROL KRUEGER: I'm assuming the bar association but I don't... [LB443]

SENATOR CAMPBELL: A statute? [LB443]

CAROL KRUEGER: ...I don't know, other than there was an Attorney General Opinion that was pointed out to me in 1976 that allows them to practice adoption, assist in adoptions. [LB443]

SENATOR CAMPBELL: Okay. And so you don't know whether those regulations are statutory or... [LB443]

CAROL KRUEGER: Not for the attorneys. I don't know. [LB443]

SENATOR CAMPBELL: Okay. Are there any other individuals that you can think of that would come under this that as an individual might say I want to be licensed? [LB443]

CAROL KRUEGER: I think the concern that NAAA would have is that there are facilitators who their business would be to be matching pregnancy clients with prospective adoptive families, and this would not necessarily be within the state. This could be nationwide. There would be concern I guess if someone like that would want to be licensed and they would not have the understanding of the education and support prior to placing a child for adoption and then providing that to those people involved after the placement. [LB443]

SENATOR CAMPBELL: Would you mind at any point sitting down with Senator Cook and her staff and Dr. Acierno or someone from the department and kind of reviewing where that is, because I'm not sure that we can probably get to the heart of all the issues that you may be raising. [LB443]

CAROL KRUEGER: That would be fine. [LB443]

SENATOR CAMPBELL: But I'm sure Senator Cook would. And I'm sure that she'd be pleased if you would sit down and visit with her. [LB443]

CAROL KRUEGER: Certainly. [LB443]

SENATOR COOK: Thank you. That would be to follow up. [LB443]

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SENATOR CAMPBELL: Because I think we...there's a longer discussion here than we might have. [LB443]

CAROL KRUEGER: Okay. That would be fine. [LB443]

SENATOR CAMPBELL: Other questions that the senators want to raise to make sure that Senator Cook might cover? We can certainly suggest those later, but we'll try to do that. If there's any other information that you think might be helpful to Senator Cook, please feel free to provide that. [LB443]

CAROL KRUEGER: Okay. Thank you. [LB443]

SENATOR CAMPBELL: Thank you. The next person in opposition to the bill. Okay. Those who wish to testify in a neutral position. Senator Cook, you can close on your bill. [LB443]

SENATOR COOK: Thank you, Madam Chair and members of the committee, for listening to the testimony and proposal. I'll use my closing to kind of reinforce the reasons why I thought it was a good idea to bring the bill forward on behalf of the agency. The things that were...that are included that are not in the current statutes are related to better defining the definitions of all the different kinds of organizations. For example, the current statutes define a child-placing agency as an organization which is authorized by its articles of incorporation and by its license to place children in foster family homes. This definition limits placements to foster homes; however, the standard of operation now is that the child-placing agencies place children in lots of different settings, and we know that. Another thing that is set out here is that better licensing procedures, and that quite frankly was what was appealing to me to make those procedures and levels of inquiry and opportunities to correct, the agencies getting different opportunities to correct behavior and move forward as opposed to putting ourselves in a situation where we were a few years ago where agencies were dropping out for lack of money and then you get somebody dropping out for some infraction that could easily be repaired. So with that, I'd like to ask your consideration and appreciate your help in moving forward. We're going to move forward in our conversation to clarify some of the points that were brought up during the opposition testimony. [LB443]

SENATOR CAMPBELL: That would be great. Thank you, Senator Cook. [LB443]

SENATOR COOK: Thank you. [LB443]

SENATOR CAMPBELL: Any other comments from the senators? If not, we will close on LB443. And if you are leaving, again leave as quietly as you can. And we'll move right directly to LB359, which would change the eligibility redeterminations relating to a

childcare subsidy. And this is also Senator Cook's bill. You can go right... [LB443]

SENATOR COOK: Yes, so I'll just stay here in the chair and sort of... [LB359]

SENATOR CAMPBELL: Sure. Absolutely. If you've got your notes with you. [LB359]

SENATOR COOK: ...exiting stage left and returning. Thank you very much, honorable members of the committee. I'm Tanya Cook, T-a-n-y-a C-o-o-k. I'm the state senator from Legislative District 13. I am the introducer of LB359, which is a targeted reform to alleviate a shortfall in our state's current public policy. Working Nebraskans who qualify for the childcare subsidy program are earning raises because of their hard work. The problem is they're having to turn down those raises because that additional income would make them ineligible for the childcare subsidy program. This is because the raise, while well-earned and important to progress within the organization, would not be enough to cover the childcare expense. Passage of LB359 will give a three-year period to earn, first, a raise and then a promotion. That promotion, if earned, will ideally allow the working family to bear their own cost of childcare and put them on a trajectory to a career that can support their family. In 2002, the Legislature set the eligibility level for the childcare subsidy at 120 percent of federal poverty. This happens to be one of the lowest in our nation. For a family of three, 120 percent of federal poverty equals just more than \$400 per week in gross income. Per household member, that is \$21 per day for housing, food, utilities, transportation, and childcare. For the average Nebraska family, the cost of childcare in Nebraska amounts to 36 percent of the family's budget. Again, LB359 will alleviate this disturbing public policy consequence. Working Nebraska families have to turn down the raises because that additional income would make them ineligible for the childcare subsidy program, and the offered raise is still not enough to cover the expense of childcare. Here's how the legislative proposal addresses the policy. LB359 does not just propose to increase the eligibility of the program across the board; rather, the legislation will create a specific income disregard allowing for three years to earn that promotion and we would want for any Nebraska family. Under LB359, initial eligibility will remain at the current level. After 12 months of receiving the childcare subsidy, the first renewal period for the program, 7 percent of the recipient's income would be disregarded for the purpose of eligibility for the childcare subsidy program. After 24 months, which is the next renewal period, 15 percent of the recipient's income would be disregarded. And after 36 months of receiving the subsidy, the income eligibility returns to the original 120 percent of the federal poverty level. The idea and purpose behind this graduated income disregard is to allow three years for a working family to earn a promotion that will give them the income to afford childcare on their own. In theory, the 7 percent disregard after the first year represents a raise, and the 15 percent disregard after the second year represents that promotion. How many families will this affect? According to the estimates evident in the fiscal note, up to 750 families would be eligible to continue receiving this vital support through the childcare subsidy program. That's 750 Nebraska children who are currently losing access to childcare

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each year. That's 750 Nebraska's family...Nebraska's families whose hard work is being negatively affected by the current public policy. Consider how this investment would help the lives of working families, their children, and our state's economy. The Legislature should put into place policies that encourage, not discourage, career advancement and success. The Legislature should put in...policies in place that help ensure stable access to childcare so that these children are safe and supported consistently. The testimony to follow will outline the technical operation of the bill, the realities faced by working families needing to access this program, and broad-based support of the proposal among childcare providers. Thank you very much for your thoughtful consideration of LB359. [LB359]

SENATOR CAMPBELL: Thank you, Senator Cook. Senator Krist. [LB359]

SENATOR KRIST: So do you agree...thank you, Chair, do you agree with the fiscal note? [LB359]

SENATOR COOK: I do. I think it's reasonable. [LB359]

SENATOR KRIST: Okay. [LB359]

SENATOR COOK: And I also had a conversation with our Chair of the Appropriations Committee. He seems to think it's right in line as well. [LB359]

SENATOR KRIST: Good, because it is historically one of the first times I can say that they both agree. And... [LB359]

SENATOR COOK: Let's take a moment and be grateful for that (laughter) I think. [LB359]

SENATOR KRIST: Absolutely. Thank you, Senator. [LB359]

SENATOR CAMPBELL: Okay. Any other questions? If not, thank you, Senator Cook, and I know you'll be here. [LB359]

SENATOR COOK: Yes. [LB359]

SENATOR CAMPBELL: Our first proponent. How many people wish to testify on this bill? One, two, three, four. Okay. Thank you. [LB359]

AUBREY MANCUSO: (Exhibit 14) Good afternoon, Senator Campbell, members of the committee. My name is Aubrey Mancuso, A-u-b-r-e-y M-a-n-c-u-s-o, and I'm here on behalf of Voices for Children in Nebraska. We want to thank Senator Cook for bringing forward this important bill and express our strong support for it. As many know, the

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childcare subsidy program is a critical work support for parents and also helps ensure the safety of our state's children. Nebraskans are hardworking and have a strong work ethic. Almost 80 percent of Nebraska moms are in the work force, and 95 percent of Nebraska kids have at least one parent in the work force. The childcare subsidy program helps make childcare affordable for lower income working families who may otherwise be unable to work or unable to afford formal care. As Senator Cook mentioned, in 2002, then-Governor Mike Johanns line-item vetoed \$4.5 million from the childcare assistance program, and this resulted in the reduction of eligibility from 185 percent of poverty to 120 percent. This decision was made based on budget considerations and not on the significant evidence that demonstrates the importance of access to affordable and quality care for children. In the decade since this cut, the cost of childcare has continued to rise and income eligibility for a subsidy program has remained at the lowest level in the entire nation. Childcare now consumes a significant portion of family budgets with the cost of infant care in Nebraska exceeding the cost of in-state public college tuition and the cost of care for two children equal to average annual mortgage payments. What Nebraska's income eligibility has meant for many lower income families and especially for working moms is that they are forced to choose between increasing their earning potential or maintaining incomes low enough to receive a childcare subsidy. While this bill is not a full solution to all of the issues with childcare, its passage would mean Nebraska finally taking a step forward in allowing families to increase their earnings and work towards greater financial stability while still being able to afford care for their children. LB359 would ease the transition from utilizing the childcare subsidy program to being able to pay for childcare independently and allow for a gradual step down. We urge the committee to advance this bill and take a long-needed step in improving a critical work support for parents that helps keep our kids safe. Thanks, and I'm happy to take any questions. [LB359]

SENATOR CAMPBELL: Thank you, Ms. Mancuso. Questions from the senators? Seeing none, thank you. [LB359]

AUBREY MANCUSO: Thank you. [LB359]

SENATOR CAMPBELL: Our next proponent. [LB359]

JAMES GODDARD: (Exhibit 15) Good afternoon. [LB359]

SENATOR CAMPBELL: Good afternoon. [LB359]

JAMES GODDARD: My name is James Goddard, that's J-a-m-e-s G-o-d-d-a-r-d, and I'm the director of the economic justice and healthcare access programs at Nebraska Appleseed. I'm here today to testify in support of LB359. Affordable childcare is truly vital to allow families to work and keep children safe. In Nebraska, the childcare subsidy program provides assistance to low-income families who are working towards

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independence by helping them cover the costs of childcare. The program helps parents have a safe place for kids while they work, maintain employment, or get the education and skills that they need to ultimately get a job. In a nutshell, without this program, many parents could not get childcare, and they'd be unable to work. Unfortunately, access to the program is more limited than it has to be, and for some families that means they're going to experience what we refer to as the cliff effect. So for example, if a family of three on the subsidies starts to earn about \$1,700 a month, then they would lose their subsidy. Losing that subsidy jeopardizes the family's employment because they may not be able to afford childcare on their own. And we're aware of instances where this has actually caused a person to lose their job. We feel that LB359 would help with this problem, it would keep children safe, and it would allow families to move ahead. The bill would allow families to incrementally earn more income and maintain childcare subsidy. It would specifically disregard a set percentage of income annually at the time for benefit renewal. Moreover, the disregard only lasts for a set period of time, ensuring that the family would make forward progress and be able to earn more and eventually move off the program. In short, the bill would keep children safe, permit families to maintain employment, and would help families move towards independence. We urge the committee to advance the bill and thank you for your time. [LB359]

SENATOR CAMPBELL: Thank you, Mr. Goddard. Are there questions? Seeing none... [LB359]

JAMES GODDARD: Thank you. [LB359]

SENATOR CAMPBELL: ...thanks for coming. Our next proponent. Good afternoon. [LB359]

SARAH ANN KOTCHIAN: (Exhibit 16) Good afternoon. Chairwoman Campbell, members of the committee, my name is Sarah Ann Kotchian, S-a-r-a-h A-n-n K-o-t-c-h-i-a-n, and I'm here today on behalf of Building Bright Futures and Early Childhood Services, organizations in Omaha committed to a comprehensive and communitywide effort to significantly reduce multigenerational poverty by improving academic outcomes for all students and putting all students on a pathway to success. LB359 supports this mission. Addressing the longstanding issue of ranking at the bottom in the nation for childcare income eligibility limits will at its most basic yet vital level improve upon the current system where parents are forced to live so close to the poverty line while working and going to school, and at its very best when tied to quality care allow families and children to thrive. The Nebraska Department of Education categorizes a child as at risk if they live in a family with an income at or below 185 percent of the federal poverty level--this is the income qualification for free...or actually for reduced lunch--because economic status is an indicator in disparities in academic performance. When examining the NeSA results for the 11 public schools in the Omaha metro area, 70 percent of the 2,698 students who tested below grade level in third

grade in 2009-10 were on free and reduced lunch. Within Omaha Public Schools where the percentage of the free and reduced lunch student population is more than double that of other local school districts, 85 percent of the third grade students reading below grade level were receiving free and reduced lunch. These outcomes and percentages are consistent across each of the grades tested, clearly demonstrating that poverty is the greatest influence on success. As related to the childcare subsidy eligibility, this evidence becomes most concerning when we take into account that not only is the eligibility rate at a much lower 120 percent of federal poverty, but that the achievement gap is measurable and apparent as early as 18 months of age. Findings from the Midwest Child Care Research Consortium through the University of Nebraska-Lincoln found that parents of infants who were using center-based care were the most vulnerable when subsidies were lost and more likely to quit their jobs than parents of older children. Time and time again we hear stories from the childcare providers we work with in Omaha of parents turning down promotions and small raises because the difference it makes in their paycheck brings them literally dollars over the income eligibility level, hardly enough to cover the full cost of childcare. Beyond the families turning down raises, we also hear consistent reports of families losing their subsidy based on these increases who then quit their jobs and fall back on full government assistance. This does not make financial sense for working families, nor can it be deemed a wise investment of public funds. Since 2002 when the income eligibility limits were decreased, this system has become a persistent and pervasive threat to the outcomes for the families and children it was created to serve. In state fiscal year 2012, Nebraska spent roughly \$92 million dollars on childcare. Because investment and intervention in the early years changes life outcomes for children, we support the wise investment of these dollars not only to provide increased access to childcare for working families, but to provide access to quality within that care. LB359 is one critical piece in addressing expanded access to quality early childhood care and education statewide, and we would encourage and thank you for your serious consideration of advancing an increase to childcare income eligibility this session. [LB359]

SENATOR CAMPBELL: Questions? I just have one question in the figure, Nebraska spent \$92 million. Is that on subsidized childcare or all? [LB359]

SARAH ANN KOTCHIAN: All childcare. That's a combination of the federal and state dollars. And I've seen estimates that range from \$92 million to \$94 million, and I went with the \$92 million. [LB359]

SENATOR CAMPBELL: And that figure includes what we might spend through the education for school, you know, the schools that get funding who provide preschool. [LB359]

SARAH ANN KOTCHIAN: If...well, it would depend on the program. Like an Educare program, that is the program that would really be impacted because they do accept the

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subsidy; but they are very creative with how they blend and braid their funds. So they are connected to the school districts; but they utilize Head Start money, early education grants, and childcare subsidy. They are very ingenious with how they utilize the existing funding to provide quality care. [LB359]

SENATOR CAMPBELL: So the... [LB359]

SARAH ANN KOTCHIAN: So those would be the programs that you'd be talking about. School district funding typically doesn't utilize the subsidy like private licensed childcare. [LB359]

SENATOR CAMPBELL: But they...you think all of those figures, all of the funding sources would come into the \$92 million. [LB359]

SARAH ANN KOTCHIAN: Yes. Some of that money goes to childcare subsidy and some of it goes to pay for quality efforts in the childcare program. [LB359]

SENATOR CAMPBELL: Got it. Thank you very much. [LB359]

SARAH ANN KOTCHIAN: Sure. [LB359]

SENATOR CAMPBELL: Okay. Our next testifier. Good afternoon. [LB359]

ROGER FURRER: (Exhibit 17) Good afternoon. My name is Roger Furrer, and I'm the executive director of Community Action of Nebraska. My agency is the umbrella organization for the nine community action agencies serving all 93 counties in the state. On an average year, our agencies provide over 128,000 low-income individuals with supportive services that range from early childhood education, emergency food and shelter, as well as employment training and life skills. I'm here in support of LB359. In 2010, our agencies conducted a statewide survey of the needs in our communities and the barriers to economic stability. The survey covered people of all economic brackets. Of those respondents with children, 66 percent identified accessing affordable healthcare (sic) as a problem in their household. In households with children aged five and under, that response increased to 73 percent. As our agencies work with low-income clients, we frequently come across families that feel trapped by the childcare conundrum. As families progress towards self-reliance, they face a horrible choice. If they accept more hours or a promotion at work, they no longer qualify for the subsidy that provides a safe and supportive place for their children. However, paying for the full cost of childcare, in the ball park of \$750,000 a year...I'm sorry, \$7,500 a year, a big difference, would mean that they would be financially worse off if they didn't...than if they didn't accept the opportunity. LB359 would mean more working families could obtain affordable childcare while reducing the disincentives that create dependency on the program. In addition, early learning experiences are a...play a significant role in

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shaping brain development and impact school and long-term...school performance and long-term economic success. We view this bill as an investment in both the present and future work force of Nebraska, a bill that rewards hard work and success rather than condemning families to lives of just getting by. Thank you. [LB359]

SENATOR CAMPBELL: Mr. Furrer, I think we have to go back at the beginning. You don't have to reread it... [LB359]

ROGER FURRER: Oh, yes. [LB359]

SENATOR CAMPBELL: But you do have to spell your name. [LB359]

ROGER FURRER: I keep doing that. I apologize. [LB359]

SENATOR CAMPBELL: That's all right. [LB359]

ROGER FURRER: My name is Roger, R-o-g-e-r, last name Furrer, F-u-r-r-e-r. [LB359]

SENATOR CAMPBELL: Senator Krist caught that. I did not. So thank you. [LB359]

SENATOR KRIST: It's just one of those kind of names that the transcribers kind of don't always hear, so. [LB359]

ROGER FURRER: Oh, it gets spelled all sorts of ways... [LB359]

SENATOR KRIST: I'll bet. Thank you. [LB359]

ROGER FURRER: ...so I appreciate your thoughtfulness. [LB359]

SENATOR CAMPBELL: Catching it. Senator Crawford. [LB359]

SENATOR CRAWFORD: Thank you, Senator Campbell, and thank you for your testimony. Now you had mentioned that you had done a statewide survey of needs and barriers. [LB359]

ROGER FURRER: Yes. [LB359]

SENATOR CRAWFORD: I just wonder if you can speak to us about what our...like what our target might be? This allows the 7 percent and 15 percent, allows us to cover families that are getting promotions and raises at those levels. As you look at the needs, now obviously that provides care for many children who...many families who aren't covered now. [LB359]

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ROGER FURRER: Yeah. [LB359]

SENATOR CRAWFORD: But do you have any sense of a target that you might be working towards in terms of where you see this problem occurring, like a critical tipping point or a critical breakpoint? [LB359]

ROGER FURRER: We don't have that specific documentation, that specific evidence. Can I look over my shoulder to see if Voices for Children might... [LB359]

_____ : What we found in our experience (inaudible)... [LB359]

SENATOR CAMPBELL: I'm sorry, we'll have to go back to that... [LB359]

ROGER FURRER: Okay. [LB359]

SENATOR CAMPBELL: ...because it has...we're at the transcriber's and they won't be able to pick her up. [LB359]

ROGER FURRER: Okay. [LB359]

SENATOR CAMPBELL: So we'll go back... [LB359]

ROGER FURRER: I don't have that specific information. I'm sorry. [LB359]

SENATOR CRAWFORD: That's fine. We'll talk about that later. Okay. That's fine. That's fine. [LB359]

ROGER FURRER: But we'll get it for you. [LB359]

SENATOR CRAWFORD: Thank you. [LB359]

SENATOR CAMPBELL: That would be great. Thank you. Other questions? Thank you, Mr. Furrer. [LB359]

ROGER FURRER: Thank you. [LB359]

SENATOR CAMPBELL: I'll get that right. Our next proponent. Anyone else who's testifying? With help from her friends. Good afternoon. [LB359]

TONI LIDDY: Good afternoon. My name is Toni Liddy, T-o-n-i L-i-d-d-y. And as a client for the Center for People in Need, I am a single mother of four children. I obtained my bachelor's degree with the help of the in place childcare. I got a job in my field of study and all of these increments that they're speaking of I've gone through. So I got that job.

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Then I got a raise, and then I got a promotion. When those things took place, and exactly what they're saying happened, happened, the childcare is gone. And then that comes from my income. So that amount is...at that moment it was terrifying to think of, all right, so I've gotten this 50-cent raise, and now I've got to come up with \$600 for childcare. It's not something that's feasible at that time. Had this been in place, that would supported me in my growth and my family to become more self-sufficient. So when I was made aware of this, I was very excited because this can help so many people that are trying to make an upward climb. And they are out there and they are aware, like someone said, to the penny how much that they can get to. In fact, if you call Health and Human Services and ask them, because I've had to do it on a number of occasions, okay, this is the new job I have. This is what they're offering me. What dollar amount do I need to be at when four kids are in the home? Okay. Now I only have three in the home, what's the amount? They know to the very penny what that amount is. And if I work overtime, which I've been working a lot of overtime in the last year, and it's thrown me way off, I mean, on many other programs. But this being in place is just amazing for the upward mobility. It's going to support these families to come up even more than they are right now. Childcare is so very important to us as parents, and so when I don't have that over my head, are they in a safe environment? Am I going to have to go to some substandard type of childcare because I can't afford what I've been...you know, what they've been receiving? You know, having that peace of mind when you're at work, when you're trying to be upwardly mobile, you have to have that peace of mind knowing that they're in a good environment. So it's very beneficial. I just think that this opportunity can help lift us up out of the situation so that we can become more self-sufficient. [LB359]

SENATOR CAMPBELL: Thank you, Ms. Liddy, and particularly it's helpful to hear from someone who's experienced this. One of the questions I had while I was listening to you, is the three year...Senator Cook talked about that this would work over three years. Is that enough time? [LB359]

TONI LIDDY: Well, I honestly don't think so mainly because when you're growing in increments, 50 cents or, you know, if a promotion is maybe \$1.50, then you've got...still that is offsetting. And then there's other things that come into play. When you're doing those steps, then you're also losing...you're using your...the term is leaving me, but you're losing any food stamps. [LB359]

SENATOR CAMPBELL: SNAP. [LB359]

TONI LIDDY: So those are going away. And Medicaid. I would lose all of that which I had years ago. So I don't have that anymore. So then I have to pay \$150 out of my monthly check to have insurance through my company. So all of those really kind of, it's like plates, you're trying to balance yourself, and then another one comes crashing down because the other dropped, so. But speaking to this one, I do think that extending

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it even a year more would give them that ability to learn that. What I mean by learn that is how to balance it out because you know that it's coming and you've just got to accommodate your income to meet that need. [LB359]

SENATOR CAMPBELL: Okay. That helps. Thanks, Ms. Liddy. Any other questions? Thank you for coming to testify today. [LB359]

TONI LIDDY: All right. Thank you. [LB359]

SENATOR CAMPBELL: Any other proponents? Good afternoon. [LB359]

KELSEY LIDDY: (Exhibit 18) Good afternoon. My name is Kelsey Liddy, K-e-l-s-e-y L-i-d-d-y. I'm actually Toni's daughter. And I'm here on behalf of the Center for People in Need submitting a letter on behalf of Beatty Brasch since she can't make it. And I can also say that growing up on all these programs, even as a kid I was aware of, you know, when my mom got a raise, that's great; but inevitably another shoe would drop and something else would happen. And it was pretty terrifying for a lot of those things. And I was a kid that had to go to not as great of childcare after that sort of thing happened. It was not necessarily a very good situation sometimes. So I think this program would really benefit a lot of kids. [LB359]

SENATOR CAMPBELL: Thank you, Ms. Liddy. Any questions? Give Beatty our best. [LB359]

KELSEY LIDDY: Yes. [LB359]

SENATOR CAMPBELL: Any other proponents? Is there anyone in opposition? Anyone in a neutral position? Senator Cook, we're back to you I believe. [LB359]

SENATOR COOK: Thank you very much, Madam Chair and members of the committee. I would merely like to reiterate what I think is an important proposal in that it offers us an opportunity really to correct a disincentive for some to move up in their current situation. That doesn't strike me as something that is in line with our values as a state or as a country. And we recognize, I think, as we learn more in our work on the committee and within the Legislature that perhaps some of our preconceptions about people who are using assistance, which is temporary assistance, are not true. We meet all kinds of hardworking people who want to move up in the world. They would certainly prefer not to have their financial and family situation be in such a flux. But we also know through what we've learned for the last few years that any family can really find themselves in this situation. So in regards to your question about whether or not it's enough, I would certainly entertain a conversation about whether or not to go beyond the three-year proposal and talk with the advocates and other people who have used the services about what, you know, is it 40 months, 48 months, what could get them in

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an even keel and maybe even offer an opportunity to be "planful" with their families and with their careers. So with that, I thank you for your time and your consideration. [LB359]

SENATOR CAMPBELL: Okay. Senator Krist. [LB359]

SENATOR KRIST: Just a comment, Senator Cook. We in the time that I've been here, you've been here a little bit longer, we've had to make some tough decisions about revenue reduction... [LB359]

SENATOR COOK: Yes. [LB359]

SENATOR KRIST: ...and now with the forecast and what we're seeing I think it's time to look at things like this to try to restore some of those services or make life better as we come out the other side. So thanks for bringing this forward. [LB359]

SENATOR COOK: Thank you very much. [LB359]

SENATOR CAMPBELL: Thank you, Senator Cook. (See also Exhibit 19) And with that, we'll close the public hearing. Thank you all for coming today. [LB359]