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Transcriber's Office

Business and Labor Committee
March 20, 2017

[LB170 LB171 LB503 LB598]

The Committee on Business and Labor met at 1:30 p.m. on Monday, March 20, 2017, in Room 1507 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB171, LB170, LB503 and LB598. Senators present: Joni Albrecht, Chairperson; Sue Crawford, Vice Chairperson; Ernie Chambers; Steve Halloran; Matt Hansen; Sara Howard; and John Lowe. Senators absent: None.

SENATOR ALBRECHT: (Recorder malfunction) ...microphones are sensitive and are able to pick up on different conversations. Testifiers should have the appropriate number of copies and handouts or exhibits with you ready for distribution. The Business and Labor Committee requires ten copies. Each witness appearing before the committee must sign in using the yellow forms provided at the entrance to the hearing room. Sign in only if you're going to testify. Your form must be given to the page before you begin presenting your testimony. With a show of hands, everyone testifying please raise your hand. Okay, we will take probably...if there's only that many I probably will go five minutes. If it begins to be the whole room, we're probably going to go three. So again, show me hands that you're going to come up and testify. Okay, we'll go with five minutes. So, if you're going to come up, again, the green light indicates that you may begin; yellow indicates that you're nearing the end of your time; and red indicates the time is to end your testimony. Please begin your testimony by stating your name clearly into the microphone and then please spell your first and last name to ensure accuracy for the record. Note that the committee members may come and go as some have hearings in other committees, so please don't be offended if they come and go. And today's agenda items...we will be hearing them in the order of LB171, LB170, LB503, and LB598. So we'll start with LB171, Meghan Chaffee. [LB171]

MEGHAN CHAFFEE: Good afternoon, Senator Albrecht, members of the Business and Labor Committee. My name is Meghan Chaffee, M-e-g-h-a-n C-h-a-f-f-e-e, legal counsel for the Business and Labor Committee, here to introduce LB171. LB171 contains claims against the state that are approved for payment and processed through the State Claims Board. You'll see included in your binder an amendment, AM672, which replaces the bill. An amendment becomes necessary because additional claims are processed between the time of bill introduction and today. The claims you'll see in your amendment include a miscellaneous claim, tort claims, worker compensation claims, and agency write-off requests. Here to testify we have Stephanie Caldwell from the Attorney General's Office and agency representatives present to talk about some of the write-off requests. And here to testify behind me is Shereece Dendy, State Risk Manager, who is involved in the claims process. Ms. Dendy can answer additional questions regarding the claims in LB171 and the amendment and the process as a whole. Thank you. [LB171]

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SENATOR ALBRECHT: Okay. Meghan, just real quick for the committee for the three of us that haven't been through this before, this will be what they'll follow with the folks coming up? [LB171]

MEGHAN CHAFFEE: That is...what you're referring to a spreadsheet from Shereece that their office compiled for our benefit. That's not an official document. The amendment would be what... [LB171]

SENATOR ALBRECHT: What's read into the record. [LB171]

MEGHAN CHAFFEE: Yes. [LB171]

SENATOR ALBRECHT: Thank you. Okay. So first up we have Shereece Dendy, State Risk Manager. [LB171]

SHEREECE DENDY: Senator Albrecht, members of the Business and Labor Committee, good afternoon. My name is Shereece Dendy, S-h-e-r-e-e-c-e, Dendy, D-e-n-d-y. I'm here to discuss the claims listed within the claims bill, AM672 to LB171, and to provide an overall overview of the claims process. Tort, miscellaneous, and contract claims are filed with the Office of Risk Management. Claims in the amount of up to \$5,000 can be approved directly by the risk manager. Any claim \$5,001 up to \$50,000 must be approved by the State Claims Board. Claims totaling more than \$50,000 must be approved by the Legislature and thus are added to the claims bill. Workers compensation settlements and judgements over the amount of \$100,000, an agency write-off request must also be approved by the Legislature and are included in the claims bill. That's a quick summary of how the claims make it to the claims bill. Are there any questions? [LB171]

SENATOR ALBRECHT: Do you have any questions? [LB171]

SHEREECE DENDY: Okay. Now I'm going to go through and give a brief description of some of the claims that are listed on here. The first one is a miscellaneous claim. The claim number 2017-16605 in the amount of \$394,853.25 to pay the Nebraska Press Advertising Service for publishing of legal notices in newspapers across the state which were voted on in the 2016 November General Election. Tort claim numbers 2016-15668, 2016-15810, 2016-15856, and 2017-16816 are all companion claims and total together \$103,298.27 for an accident that occurred on February 4, 2016, when a state employee operating a Freightliner collided with a vehicle driven by Lynette Burianek causing her vehicle to be knocked on the side. Of these claims, we are to pay \$65,000 to Lynette Burianek to pay for her medical bills, loss wages, and

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limitation of lifestyle as a result of the accident; \$104.86 to the city of Lincoln to pay for damage to the Lincoln road sign; \$6,275.56 to Travelers Insurance for the reimbursement of property damage and medical payments made by the insurance company. And then \$21,536.71 to Optuminsight for reimbursement of medical payments. Next I will go over the two agency write-offs that are less than \$1,000 dollars. The Clerk of the Legislature has requested a write-off in the amount of \$52.54 for monies collected for reproduction certificates and postage and packaging. The Supreme Court has requested a write-off in the amount of \$459.46 to write-off past due accounts which unpaid statements from June 1, 2015, through May 31, 2016, for faxes, copies, postage fees, and certificates of good standing. That is all that I have for you this afternoon. Next, Stephanie Caldwell will present claims that have been settled by the Attorney General's Office. Then followed by the individuals with agencies with write-off requests in the amount of \$1,000 or more. We have Cindy York from the Nebraska Military Department, Pat Cole from the Nebraska Game and Parks; Randy Gerke from Nebraska Employees Retirement System; Regina Shields from the State Fire Marshall; David McManaman from the Department of Health and Human Services, and Kyle Schneweis from the Department of Roads; and also with Department of Roads, Ken Payne in case there's any additional questions. Are there any more questions for me? [LB171]

SENATOR ALBRECHT: Thank you. Do we have any questions from the committee? Thank you for joining us, Senator Chambers. [LB171]

SHEREECE DENDY: Thank you. [LB171]

SENATOR ALBRECHT: Thank you very much. Okay, Stephanie Caldwell from the Attorney General's Office. [LB171]

STEPHANIE CALDWELL: Hello. Good afternoon, Senator Albrecht and members of the Business and Labor Committee. My name is Stephanie Caldwell, S-t-e-p-h-a-n-i-e, Caldwell, C-a-l-d-w-e-l-l. I'm an Assistant Attorney General from the Attorney General's Office; I'm also the section chief of our civil litigation section and serve as legal counsel to our claims board. Ms. Dendy has gone through the portions of the bill and I'm here to go through some of the portions...or the claims that were settled and/or judgments that were assessed against the Attorney General's Office. I'll, generally, go through them as the Office of Risk Management has put together the spreadsheet that, hopefully, outlines each claim, but I'd be glad to answer any questions you might have with regard to each claim. I might just start going through the first claim is on page 2, and that starts with tort claim number 2015-14090 and that goes through volume 21 of...these are all companion claims resulting out of a vehicular accident that occurred in Pilger, Stanton County, which resulted, sadly, in three fatalities. A vehicle was being driven by Elaine Schmid and her husband failed to stop at an intersection that, at the time, the Department

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of Roads was replacing and repairing stop signs omitted to put a stop sign at the intersection. The Schmid vehicle collided with a vehicle that then crossed lines and collided with another semi vehicle. The Schmid's are deceased and the driver of the Peter Klein trucking vehicle also was deceased. So we have entered into settlement agreements, claims were filed and we entered into settlement in the amounts listed...or the amounts that we have settled with the estates and Mr. Wolf who was the sole survivor of the accident. So we're asking for approval of those claims in those amounts set forth. The next page, page 3, is two worker's compensation claims. These are both two claims that were filed and litigated, again, by our office. These are court-approved settlements and orders...payments of \$100,000 have already been made; both were lump sums of \$150. The remaining amounts of \$50,000 payable to Mr. David Hayes and Mr. Russell Schneider, two employees, one from UNL and one from UNO who sustained work-related injuries. Future medical expenses were incurred and these are settlements that the court has ordered us to pay. The next bill, page 4, is some additional tort claims that, again, involve automobile accidents. The first one, starting on line 9, for \$100,000 for tort claim 2014-13226 payable to Kelly Schneider. This was a state trooper accident in which a state trooper was pursuing a speeding vehicle, crossed lines and collided with another vehicle causing damage and total loss to a vehicle. So this is a payment and a settlement that we entered into for \$100,000. The next claim, on line 7 for \$75,000, claim 2016-15518, to Mr. Dannie Fielder, another vehicular accident that involved a state trooper. Mr. Fielder pulled over to the side to help a state trooper whose car was in the ditch. While he was on the side, another vehicle collided with his vehicle. And while the two vehicles were then parked with the state trooper, another vehicle collided with those vehicles that was driven by a state of Nebraska employee. So again, we have personal injury and property damage to a vehicle, and this was the settlement that we entered into and negotiated for \$75,000. The last one is also on page 4 of the bill and these are all companion claims from line 11 down to the end of page 4. This was an automobile accident involving a state trooper. Again, there were five occupants of a vehicle in Omaha, Nebraska, were struck by a vehicle driven by a state trooper. We entered into settlement agreements to both the passengers of the car and then the minors of the car and have set up conservatorships for them for payments to be made to compensate them for injuries sustained. That is the conclusion of the claims that were handled by the Attorney General's Office. If there's any questions (inaudible) those claims, I'd be happy to respond. [LB171]

SENATOR ALBRECHT: Thank you, Ms. Caldwell. Do we have any questions? Seeing none, thank you. [LB171]

STEPHANIE CALDWELL: Thank you. [LB171]

SENATOR ALBRECHT: And Cindy York from the Nebraska Military Department. [LB171]

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CINDY YORK: Good afternoon. My name is Cindy York and I'm from the Nebraska Military Department. And I am the state tuition assistance manager. This is a claim for students that have used the state tuition assistance program and incurred a debt of some sort and has since discharged from these (inaudible). [LB171]

SENATOR ALBRECHT: Okay. Can you just spell your name for the record. [LB171]

CINDY YORK: It's...I'm sorry, Cindy York, C-i-n-d-y Y-o-r-k. [LB171]

SENATOR ALBRECHT: Okay, and what page are you on? [LB171]

CINDY YORK: I was just told to be here. [LB171]

SENATOR ALBRECHT: Okay, I'm sorry, okay, sorry. Page 6, line 18 for those of you looking. Okay, I'm sorry, go right... [LB171]

CINDY YORK: And this is a claim of students that have used the state tuition assistance program and have incurred a debt, they dropped or canceled a course or something and have since discharged from the Guard. [LB171]

SENATOR ALBRECHT: Any questions? Seeing none, thank you for coming today. Pat Cole from the Nebraska Game and Parks Commission. [LB171]

PATRICK COLE: Good afternoon, Chairman Albrecht and members of the committee. Patrick Cole, P-a-t-r-i-c-k C-o-l-e. [LB171]

SENATOR ALBRECHT: Mr. Cole, did you happen to fill out a yellow sheet. [LB171]

PATRICK COLE: No, I did not. [LB171]

SENATOR ALBRECHT: Okay, we'll get you one. We'll let you finish there. Are you okay, Beverly? Okay, good. I'm sorry, go ahead. We're on page 6 now. [LB171]

PATRICK COLE: Yes. This is for a write-off for \$8,502.58 from the Nebraska Game and Parks Commission. It's actually comprised of three components; the largest being a permit agent at our Medicine Creek Recreation area in southwest Nebraska, had sold permits and did not pay in the amount of \$4,914. He has filed bankruptcy and lost his business; the bank has taken it over. And

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so we're forced to write it off, not able to collect. Then we have 65 non-sufficient funds checks that were written to various parks averaging about \$54 each, so that's \$3,488.58. And then we had \$100 missing from one of our change funds at Lewis and Clark Recreation Area. [LB171]

SENATOR ALBRECHT: How much was that for? [LB171]

PATRICK COLE: \$100.00. [LB171]

SENATOR ALBRECHT: Okay. Does that conclude your testimony? Anybody have any questions? Seeing none, thanks for coming. Okay, Randy Gerke from the Nebraska Public Employees Retirement System. [LB171]

RANDY GERKE: Good afternoon, Chairman Albrecht and members of the Business and Labor Committee. My name is Randy Gerke, that's spelled R-a-n-d-y G-e-r-k-e, and I'm the director of the Nebraska Public Employees Retirement System, affectionately called NPERS. We are asking for a write-off of \$53,534.47. The need for these write-offs come from retirement benefits that were paid out to 11 individuals after they had passed away. The agency had not received timely notification of deaths so the payments continued and members' retirement benefits ceased during the month that members do pass away. So these payments were not due the member or the beneficiary. As I said, the payments involve 11 individual members. They range from 1 to 20 payments made to each member for a total of 46 payments. The overpayments occurred between 2009 and 2014. NPERS staff and agency legal counsel have made multiple attempts to correspond and collect the money from the beneficiaries without success. We have submitted copies of that documentation when NPERS submitted the forms. NPERS feels that we have exhausted our options to collect and believes these payments are uncollectible and would respectfully ask that you write these off or allow us to. I'd be happy to answer any questions. [LB171]

SENATOR ALBRECHT: Any questions? I guess I have one. So this is from 2009 to 2014, these are collectively in those years. [LB171]

RANDY GERKE: Right. [LB171]

SENATOR ALBRECHT: So what do they do...I mean, do you have anything in mind to try to track those? [LB171]

RANDY GERKE: We do. We've actually, I think, made a great progress. We do a death audit...we used to do it once a year back then so things would get through. And then we went to

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every six months, and then we went to quarterly. Now we're actually doing them every two months and so we do not have all these. This has not occurred near as often anymore. [LB171]

SENATOR ALBRECHT: Very good. [LB171]

RANDY GERKE: We still are working with a few of the older ones that we feel maybe we'll be able to write off...I mean, collect, I'm sorry. And so we didn't want to submit those yet. [LB171]

SENATOR ALBRECHT: Great. Thank you for your time. Okay, the next one is Regina Shields from the State Fire Marshal's Office. [LB171]

REGINA SHIELDS: Good afternoon, Chairman Albrecht and members of the Business and Labor Committee. My name is Regina Shields, R-e-g-i-n-a S-h-i-e-l-d-s; I am the legal counsel for the State Fire Marshal's Office. We are asking to write off \$1,402.76. This comprises 40 separate claims from approximately 2009 through 2011. There are a couple of outliers; we have one from 2006 and two 2013-'14. These are uncollectible from three main divisions within our agency: the underground storage tank division, the inspection division, and the fire reporting system. We've gone through all the normal collection processes we have within the agency. There are different processes required for divisions. Some have gone through the Attorney General's Office for collection; others have simply gone through our internal repeated process for collection and one did go through a bankruptcy issue. [LB171]

SENATOR ALBRECHT: Very good. Thank you. [LB171]

REGINA SHIELDS: Are there any questions? [LB171]

SENATOR ALBRECHT: Do you have any questions? Seeing none, thanks for coming. David McManaman, Department of Health and Human Services. Did I mess up your last name? If I did, I apologize. [LB171]

DAVID McMANAMAN: That's great for a first effort. I appreciate it. [LB171]

SENATOR ALBRECHT: Lots of "Ns" and "As" and "Ns" and "As." Okay. [LB171]

DAVID McMANAMAN: My name...well, good afternoon, Chairman Albrecht and members of the committee. My name is David McManaman, last name is M-c-M-a-n-a-m-a-n. I'm an attorney with the Department of Health and Human Services and I'm here to support the agency's

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request to write off in this year's claims bill in the amount of \$791,784.20. The write-off request arises out of 20 debts owing to 20 different programs this year. They range anywhere from just a few dollars on upward. The write-offs generally fall within one of four or five categories. The requests are due to the debtor either owing us money and having declared bankruptcy and having the debt discharged; the debtor having died, passed away and having no probate from which to recover; debts that are now past the statute of limitations where the debtor was on needs-based-assistance or we had forwarded to our legal department for collections or to an outside collection agency; or debts that are of a hundred dollars and under where we've tried but we haven't gone as far as filing any action. So the overwhelming majority...in fact, I'd say over 99 percent of these are from those first three categories due from debtors who have passed away, debtors who have been discharged in bankruptcy, or debtors whose debt is now past the statute of limitations. And of those past the statute of limitations, as with past years, the great majority are folks who have continued on needs-based-assistance which evidences a lack of finances, unfortunately, to pay us back. Most of the folks who we have assigned a debt to a collection agency for collection efforts. So, if you have any questions, I'd be glad to answer them. [LB171]

SENATOR ALBRECHT: Very good. Do we have any questions? Senator Lowe. [LB171]

SENATOR LOWE: When were most of these debts incurred? [LB171]

DAVID McMANAMAN: When? [LB171]

SENATOR LOWE: When, yes. [LB171]

DAVID McMANAMAN: Probably...we've gotten much more current on that. I know we've had several years over the last ten years that I've been doing that where we've gone back and cleaned up, but I would say most of these are probably in the neighborhood of five to seven years. We've gotten past the statute of limitations period. Obviously, if it was a probate case or a death or a bankruptcy, it would be submitted much sooner than that. The small debts of a hundred dollars and under, we do submit those a lot sooner...a lot more recent as well probably in the last two years. [LB171]

SENATOR ALBRECHT: Any other questions? Senator Halloran. [LB171]

SENATOR HALLORAN: Thank you, Madam Chairman. That's a chunk of change. What's...not (inaudible) question here, but what's...and there's probably not a common singular answer to this, but can you give me an example of an atypical claim? [LB171]

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DAVID McMANAMAN: I can try. It's been a number of years since I've been on the collections end of this. My main work now is focused on employment law, but a typical one and probably the largest portion of our write-off request this year is monies owing from families that we provided ADC, or I think TANF benefits, maybe, now is what it is. We have probably close to 580 overpayments that occurred that have been submitted this year, and each of those is under \$600 on an average amount. It might be due because it's obviously it's a needs-based-assistance and so perhaps the family didn't notify us timely that they have a new stream of income. And so we continue to pay out for a month or two beyond what should have been paid out or not decreased it appropriately. And so during that time a debt will accrue that they'll have to pay back. And unfortunately, with many of our clients, because they are in need of assistance, once the debt is out there, it's going to be difficult to collect without taking out of one hand while at the same time providing assistance with the other. [LB171]

SENATOR HALLORAN: You probably said, how many claims makes up that total figure? [LB171]

DAVID McMANAMAN: I don't have a specific number, but I can tell you for purposes of...for example, each individual category. As I said, ADC is probably the largest number and it does, it comprises about a little over 40 percent of our request this year. There are 535 total accounts making that up. And I apologize, I do have the number--981 accounts make up our write-off request this year. [LB171]

SENATOR HALLORAN: Okay, thank you. [LB171]

SENATOR ALBRECHT: Any other questions? Seeing none, thank you for coming. [LB171]

DAVID McMANAMAN: Thank you for your time. [LB171]

SENATOR ALBRECHT: And next up we have Mr. Kyle and I'm going to let you say your last name and spell it for us. He's with the Department of Roads. [LB171]

KYLE SCHNEWEIS: Happy to do that. Sure. Good afternoon, Senator Albrecht, members of the committee, my name is Kyle Schneweis, I'm the director of the Department of Roads and my last name is spelled S-c-h-n-e-w-e-i-s. You can pronounce it however you like. [LB171]

SENATOR ALBRECHT: Kyle S. Thank you. [LB171]

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KYLE SCHNEWEIS: (Exhibit 1) That's right. I appreciate the opportunity to testify before you today in support of the claims bill. As you've heard already in the previous testimony, the Department of Roads expects about a \$2 million settlement amended into the bill. On this particular one, if you have additional questions, I'll be happy to refer you to our partners at the Attorney General's Office. In terms of the write-offs, we are requesting a \$74,855.49. You'd be happy to know this represents less than 4 percent of the total property claims that we made in 2016, so we're collecting over 96 percent of the property damage claims. As you know, at NDOR we're responsible for the 10,000 miles of state highways and protecting and maintaining those. From time to time, someone will damage some of our property and that's where we come in and try to collect for those damages. And usually it's a guardrail or a signpost or those sorts of things. We have a really well-established and systematic process in place at the department which I think is evidenced by the 96 percent rate. So with that I'd be happy to answer any questions. [LB171]

SENATOR ALBRECHT: Do we have any questions? Senator Crawford. [LB171]

SENATOR CRAWFORD: Thank you, Director, for being here; appreciate it. I was just going to ask in terms of the settlement for the injuries and if there have been changes in procedures since then or was this a situation where there were procedures in place that simply weren't followed? [LB171]

KYLE SCHNEWEIS: Well, I think... [LB171]

SENATOR CRAWFORD: What changes have they made in the department to prevent this from happening in the future? [LB171]

KYLE SCHNEWEIS: I think it's the latter. Of course, our business is, at times, dangerous and when we're maintaining our highways certainly the safety of our people in the work zones is important, and then, of course, the safety to the public. So it's something we take very, very seriously and we're all very disappointed in this particular incident; I consider it to be a tragedy. But it's something that our team is very focused on every single day. And when it comes to how to set up a work zone both to protect our people and to protect the public, so I definitely think it's the latter. [LB171]

SENATOR CRAWFORD: Thank you. [LB171]

SENATOR ALBRECHT: Any other questions? Seeing none, thank you for coming. [LB171]

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KYLE SCHNEWEIS: Thank you. [LB171]

SENATOR ALBRECHT: We're going to open it up for any proponents wishing to speak to LB171. Do we have any proponents? [LB171]

ALLEN BEERMANN: Chairman Albrecht and members of this committee, I'm Allen Beermann, I represent the Nebraska Press Advertising Service. I think our claim is 16605 appearing, I think, in Section 1. The claim amount is for \$394,853. With your permission, Madam Chair, I'd like to give just about one minute of background for those members who are new. [LB171]

SENATOR ALBRECHT: Absolutely. [LB171]

ALLEN BEERMANN: For more than a century, our state is one of those in which we have the process of either initiative petition or referendum petition. If a petition is successful, in this case it was a referendum measure relating to the death penalty, it appears on the General Election ballot. The constitution and the statutes require that notice of this ballot measure shall be published in every newspaper existing then in the state of Nebraska. In this case, it was more than 173 newspapers. It is to be published three times per the constitution and the statutes which is done then at every newspaper then existing. Each newspaper files a proof of publication affidavit along with a tear sheet. All of these then are submitted to the State Claims Board along with our claim, in this case \$394,853 and some change. The tort claim then is forwarded for approval, in this case the tort claims committee did approve the claim unanimously. It appears in LB171, I guess, as revised. And then it comes to the Legislature to be approved as a payment claim against the state. All of these exhibits, including the letter of contract with the Governor and Secretary of State, along with the affidavits and the tear sheets are all filed in the office of the Secretary of State and they were presented to this Legislature on the opening day as a part of the process that the Legislature goes through in the canvass of the votes. So all those exhibits appear in their original form with the Secretary of State's Office. So we are speaking on...in this bill, only to claim number 16605 as a proponent and would respectfully request that it be approved by this committee and eventually the Legislature in May. [LB171]

SENATOR ALBRECHT: Thank you very much. Do I have any questions for Senator Beermann? Thank you for coming in. [LB171]

ALLEN BEERMANN: Thank you for your courtesy. [LB171]

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SENATOR ALBRECHT: Do we have any other proponents wishing to speak? Any other proponents? Seeing none, do we have any opponents wishing to speak? Any opponents? Anyone in a neutral capacity? Seeing none, we'll close this public hearing and move on to LB170. [LB171]

MEGHAN CHAFFEE: Good afternoon, Senator Albrecht, members of the Business and Labor Committee. My name is Meghan Chaffee, M-e-g-h-a-n C-h-a-f-f-e-e, legal counsel for the Business and Labor Committee here to introduce LB170. This is the counterpart to LB171 in that this is the disapproved claims bill brought by the Department of Administrative Services Risk Management Division. For those claims filed against the state that are denied by the State Claims Board such claims may be appealed to the Legislature. You'll see LB170 is a shell bill we introduce in case there are denied claims that arise before the end of session. Currently there are none. That concludes my testimony. I'd be happy to answer any questions. [LB170]

SENATOR ALBRECHT: Thank you. Do we have any questions? Thank you very much. Okay, and obviously I can ask for proponents, opponents, or anyone in a neutral capacity, but seeing that we didn't have any claims, you probably don't want to speak, correct? Seeing none, we'll close the public hearing on LB170. Moving on to LB503. Do we have our...Senator Brewer. Well, we will take just a few minute break to find out where Senator Brewer is. Can I have the page call Senator Brewer's office? [LB503]

BREAK

SENATOR ALBRECHT: All right, you're on. We'll resume the testimony with LB503, Senator Brewer. Welcome. [LB503]

SENATOR BREWER: Thank you, Madam Chairman Albrecht, and good afternoon fellow senators of the Business and Labor Committee. I'm Senator Tom Brewer, for the record that's T-o-m B-r-e-w-e-r and I represent the 43rd District of western Nebraska. I'm here today to introduce LB503 which would prohibit public employers from collecting dues from an employee on behalf of a private, third-party organization such as a union. Public employers currently operating under collective bargaining agreements that requires this practice will be grandfathered. This bill prohibits public employers from performing this function in all future collective bargaining agreements. Public employers should not perform a payroll function for any third-party organization. We should prohibit the automatic deduction of union dues from public employees pay checks. This is an improper relationship between a government entity and a third party. The use of a public employers payroll system to collect union dues is the state subsidizing the political speech of a union because a portion of those dues are spent on political speech. There needs to be a boundary between the activities of private organizations and that of

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the government. I am not saying I want to limit in any way the ability of members of government unions to pay dues to their labor unions, organizations, or PACs. They are free to do so provided this is a private transaction. Passing LB503 establishes a healthy boundary and is proper management. Union membership in Nebraska is voluntary. I think union dues payments should be a conscious and considered choice that is undertaken between individual union members and the union without the state of Nebraska being involved in the transaction...that transaction that other charitable organizations would not be able to do. I think a government entity performing and automatically deducting dues from employees short-circuits individual choice because it forces workers and taxpayers alike to fund political causes contrary to their own beliefs or values. Government should be itself appropriately neutral in these matters. When you hear from opposition today, they will likely tell you that this is a war on workers. Please understand, this is not a war on workers. LB503 stops the improper relationship. It is a push for fairness for all organizations who have a voice in the political discussion. I hope you will pause and ask them to explain exactly why it is good public policy to subsidize government union activities with taxpayer funded resources. Let's get the government out of the business of being a dues collector for a union or any other private organization. You will hear from a labor union today that functions just fine without state collecting dues. We are currently performing an admin payroll function for free. Subject to your questions, that concludes my testimony. Thank you. [LB503]

SENATOR ALBRECHT: Thank you, Senator Brewer. Do we have any questions? Senator Howard. [LB503]

SENATOR HOWARD: Thank you, Senator Albrecht. Thank you, Senator Brewer, for bringing this to us today. I was wondering, did someone bring this bill to you? [LB503]

SENATOR BREWER: Yes, actually it was a number of people that had talked to me about it. And I guess through kind of a process of discussion is what brought it about. [LB503]

SENATOR HOWARD: Is it based on model language? [LB503]

SENATOR BREWER: No, I think it was just more concerned that there's a function that the state is performing for free, and I guess more of a concern about the taxpayer and how the use of those resources. [LB503]

SENATOR HOWARD: So...so did you mention who brought this bill to you? [LB503]

SENATOR BREWER: No. [LB503]

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SENATOR HOWARD: Okay, did you write it yourself then? [LB503]

SENATOR BREWER: Portions of it. [LB503]

SENATOR HOWARD: Okay, which portion did you write? [LB503]

SENATOR BREWER: I don't have it with me, but I guess...is there a pertinent...I mean, what's the... [LB503]

SENATOR HOWARD: Well, sort of...I like to ask in my other committees sort of if it's model language then I look at it from the lens of how we can make model language align with Nebraska statute, or if there was an interested group that brought it to you that maybe is the group to go to with better questions? [LB503]

SENATOR BREWER: Well, I think there will be plenty of people to testify that will answer the questions that...I mean, I'm willing to answer them now, but we may string this out if it's going to be answered in the testimony, but if not, then I'll do my best to address them at the end. [LB503]

SENATOR HOWARD: Sure. I'll save them for the end then. Thank you. [LB503]

SENATOR ALBRECHT: Okay, do we have any other questions? Senator Crawford. [LB503]

SENATOR CRAWFORD: Thank you, Chairman Albrecht; and thank you, Senator Brewer. So, I believe in your testimony you were concerned about whether or not unions were getting some service that other charitable organizations would not be able to. So, this bill just focuses...on the other hand, this bill just focuses on that type of organization. If you were concerned about taxpayer funding being used for this kind of service, would you also then include a provision that disallows payroll deductions for United Way? [LB503]

SENATOR BREWER: United Way doesn't have a political...(applause) [LB503]

SENATOR ALBRECHT: No, we're not going there. If there's any outbursts, I'm not going to have it and I will ask you to leave. Okay? [LB503]

SENATOR BREWER: They're not making political statements with the money. [LB503]

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SENATOR CRAWFORD: They're a nonprofit, charitable organization and involved in the community, so your line would be... [LB503]

SENATOR BREWER: Is that mandatory that the...it be taken out? [LB503]

SENATOR CRAWFORD: Well, it's not mandatory that it be taken out of union dues either. So I guess they're both voluntary contributions. One is to a union, another is to United Way. So they're both...I think, you know, standard payroll tasks that we often find in a workplace and so the bill pulls out... [LB503]

SENATOR BREWER: I don't have a problem with United Way coming out. [LB503]

SENATOR CRAWFORD: The bill pulls out unions as opposed to this sort of more standard decision about if any contribution to any organization would be allowed. And I'm raising that question about... [LB503]

SENATOR BREWER: This specifically addresses the union due piece here. [LB503]

SENATOR CRAWFORD: And why are the unions specifically designated? [LB503]

SENATOR BREWER: Because that was what was brought to me as a concern, not the United Way. [LB503]

SENATOR CRAWFORD: All right. All right, but in a legal principle of why they would be identified separately than any other kind of contribution. Is there a legal or a reason you think they should be identified differently than other organizations that a paycheck deduction may be used for? [LB503]

SENATOR BREWER: Well, I guess you could have it so that no one could take any deductions. But in this case, the specific we're looking at a admin function that is being conducted by the state of Nebraska that is not...it's a payroll function for free that we're performing for the unions. [LB503]

SENATOR CRAWFORD: And for other organizations. [LB503]

SENATOR BREWER: Okay. [LB503]

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SENATOR CRAWFORD: Thank you. [LB503]

SENATOR ALBRECHT: Senator Chambers. [LB503]

SENATOR BREWER: Yes, sir. [LB503]

SENATOR CHAMBERS: Senator Brewer, I didn't like the idea of the state compelling me to open a bank account in order for my check to be deposited. I earned it, why can't they give me my check? And you don't have to answer, but there are things done against people's will. I even argued against that when they were talking about doing it. But it made no difference. So when my money goes into the bank, if I don't use it, they might be able to make money off the money that belongs to me. And if I leave it in long enough to get interest, I won't get the amount of interest from the bank that they get when they make money off my money if they lend it to you. And I think that's far more pernicious than what is being talked about here with the unions. Just...you don't have to answer, just to show you that there are many things that the state does and people don't even give it a second thought, but in Nebraska there's a very anti-union attitude. It's what they call a right-to-work state. I get material all the time talking about how bad unions are. And some people have never had a job where there was a union. And without the union, there have been horrific circumstances and there are attempts to intimidate people who belong to a union, even a youngster as young as I was in those days. But I wanted to be a member of a union because I knew the value of them. I think this is an anti-union bill and I think whoever asked you to bring it is anti-union. And could you at least tell me who...never mind, I'll...as the people come up to speak for it, I'll ask if they had anything to do with originating the bill. I'm not condemning you for it at all. Many of us bring...many senators bring bills because people, constituents have a concern, they want to present it to the Legislature so that's not the approach that I'm taking. I was just curious. [LB503]

SENATOR BREWER: Well, I guess I would go back to the simple question is--why cannot it be a direct deposit to one's account rather than having to cycle it through state government? I have no problem with unions. That's not the idea or the purpose here. The idea is to look at functions that are being performed by the state of Nebraska that wouldn't have to be if it can go via direct through accounts. [LB503]

SENATOR CHAMBERS: Okay. [LB503]

SENATOR ALBRECHT: Do you have any other questions? Senator Lowe. [LB503]

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SENATOR LOWE: Thank you, Chairman. Thank you, Senator Brewer, for bringing this. Will you be having...do you think you'll be having union members testify in favor of this? [LB503]

SENATOR BREWER: Yes, sir. [LB503]

SENATOR LOWE: Okay. Thank you. [LB503]

SENATOR ALBRECHT: Any other questions? Senator Howard. [LB503]

SENATOR HOWARD: Thank you. Well, I decided not wait until the end. Can you tell me a little bit in the language of the bill why public school employees are explicitly included? [LB503]

SENATOR BREWER: They're paying dues that are processed through. I mean... [LB503]

SENATOR HOWARD: No, but it's just interesting...and I think that was my question is this model language specific to a type of entity more because it says: including but limited public school employees. You don't list like Corrections or social workers or any of those other groups. Is there anything special about the public school employees? [LB503]

SENATOR BREWER: I think I was here four days when I wrote that. So if it's not perfect, I apologize. [LB503]

SENATOR HOWARD: It's not that it's not perfect, it's more...I always just like to understand sort of the reasoning behind the language that we're working with. Was there any reasoning? [LB503]

SENATOR BREWER: None. [LB503]

SENATOR HOWARD: Okay. Thank you, Senator. [LB503]

SENATOR ALBRECHT: Any other questions? Seeing none, will you stay for close? [LB503]

SENATOR BREWER: Sure. [LB503]

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SENATOR ALBRECHT: Thank you. Okay, we're going to open up the testimony here and we have proponents. Do I have the first proponent? And do you have a...did you turn in a sheet to... [LB503]

AMBER PARKER: (Exhibit 1) Yes, I'm sorry. I have all these papers here. [LB503]

SENATOR ALBRECHT: That's okay. You're fine, you're fine. Thank you. [LB503]

AMBER PARKER: Okay. Well, good day to the committee here, Business and Labor. I want to start out, my name is Amber Parker, that is spelled A-m-b-e-r, Parker, P-a-r-k-e-r, and I first want to start out to say that it takes such character, and I think Senator Brewer is doing a fantastic job as a freshman senator and setting, I hope, a very powerful tide that many will soon follow because I am one of the constituents to District 39 and I am the one who asked Senator Brewer to introduce this bill. Thank you. And in answer to your question, Senator Howard, it was me making the phone call. [LB503]

SENATOR HOWARD: Thank you. [LB503]

AMBER PARKER: You're welcome. I'll start off by sharing that payroll deduction for public employee union dues is a function in which our state provides this transaction for free for public employee unions which are non-government entities. Out of these membership dues, money goes to political action committees and candidates. The state of Nebraska should not be making transactions for dues when they know money is going towards political activities. Currently, the state bears the burden of withdrawing the public employees union membership dues. We need LB503 in our state. Presently, public employee unions are putting work on our state for their members' dues for payroll deduction. LB503 is needed in our state. Without it, at the present time, Nebraska is having an improper relationship and exercising improper deduction for public union employees' membership dues for free, while knowing those dues will go towards political activities. This needs to stop. Members of the committee, I urge you to vote yes on LB503 so that the vote can reach the floor and we can pass LB503 so that the public union members and the people in Nebraska would be protected from a wide-open door to our state having such power to deduct for free public employee union membership dues that will go to political activities or candidates. I would like to close with a few examples, and I handed out some packets that you can look at these numbers. The source comes from [www.datanow](http://www.datanow.com) (sic-- www.Dataomaha.com). It's from the [Omaha World-Herald](#). So some of the examples: one, the Nebraska State Education Association PAC gave \$10,000 to the New Energy Voter PAC. Number two, Bold Nebraska gave over \$30,000 to the New Energy Voter PAC. I'm sharing this information because a founder and leader of Bold Nebraska assumed the chairmanship of Nebraska's Democratic Party according to the [Lincoln Journal Star](#). The Nebraska State

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Education PAC is the political action committee for the Nebraska State Education Association which is the state teacher's union. My last example is this: 54 percent of the donations made by the Omaha Education Association went to the Omaha Education Association PAC, political action committee, totaling \$73,336. All the donations made by the Omaha Education Association were monies that were collected by a government entity and collected free of charge. Again, without LB503, government entities collect money on behalf of the third party free of charge. That money is then spent on political speech. I think the government is giving its approval to the political speech that is paid for with the money it collects. This is an improper relationship for the government to be in. Our government entity should not be engaged in partisan political speech. LB503 stops this improper relationship. I'm thankful for the opportunity to testify. And subject to your questions, that concludes my testimony. [LB503]

SENATOR ALBRECHT: Thank you for testifying. Do we have any questions? Senator Chambers. [LB503]

SENATOR CHAMBERS: Do you think the government ought to put political speech on license plates that it officially produces and distributes? [LB503]

AMBER PARKER: Well, I think a better question...and I'm going to go to mountain lions, I'm not super big on mountain lions... [LB503]

SENATOR CHAMBERS: No, I'm not talking about (inaudible). I'm asking you a question. [LB503]

AMBER PARKER: ...but they have license plates, I'm assuming. Can you correct me, Senator Chambers, if I'm wrong on that? Because maybe to some... [LB503]

SENATOR CHAMBERS: That is not a political statement. [LB503]

AMBER PARKER: ...people that can be disrespectful to put mountain lions on a license plate. [LB503]

SENATOR CHAMBERS: You don't want to answer the question. [LB503]

AMBER PARKER: No, I'll answer your question. [LB503]

SENATOR CHAMBERS: That's all right...that's all right. [LB503]

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AMBER PARKER: I'll be glad to answer your question. But it's out of...this is out of the state doing money... [LB503]

SENATOR CHAMBERS: I don't want to harass you. You don't have to go into a long explanation. [LB503]

AMBER PARKER: Okay. [LB503]

SENATOR CHAMBERS: I withdraw the question. [LB503]

AMBER PARKER: Okay, if you withdraw. [LB503]

SENATOR ALBRECHT: Any other questions? Seeing none, thank you for coming. [LB503]

AMBER PARKER: Thank you. [LB503]

SENATOR ALBRECHT: Next proponent? [LB503]

DEB ANDREWS: I'm Deb Andrews, D-e-b A-n-d-r-e-w-s. I support LB503. Citizens should not be charged with the collection of union dues. The union members should pay dues directly to the organization. It's vital to consider the bigger picture. While on city council, Mayor Bill de Blasio moved to allow the international union, Unite Here, to contribute unlimited funds to campaigns. Many of our elected representatives are selected and supported by unions. As soon as Mayor de Blasio got his position, was elected to his position as Mayor, he moved against charter schools. All unions are interconnected. In 1997 by unanimous vote, the union took the anti-communist clause out of the union constitution. Communism is inconsistent with the Nebraska and United States Constitutions. All levels of government are unionized. Elected officials come and go, but employees and the bureaucracy that create the rules which govern our lives are entrenched and under union control. We have many dedicated public servants. However, the union organization allows for control across departments and levels of all our public institutions, including schools. As a member of a legislative bill drafting committee, I witnessed, first-hand, how the union controls legislation whether it be in the union benefit or to benefit the citizens. The union wanted it to benefit them at the expense of the citizens, and everyone in the room voted with the union position. Many refer to this bureaucratic control as the fourth branch, administrative state or deep state. Citizens do not elect the union to represent us nor do we pay union dues. The bureaucracy creates the rules that directly affect our liberty. As President Franklin Roosevelt said: The process of collective bargaining as usually understood cannot be transplanted into the public service. In his book, Government against itself: Public Union Power and Its Consequences by

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Daniel DiSalvo makes the case. Unionization and collective bargaining in state and local government impose significant costs on society while providing few broadly shared benefits. LB503 is a small step to extricate union control from a free people. I urge you to support LB503. And, Senator Chambers, I would like to add that there's a very big difference between private union and public union. And I'll be glad to take questions. [LB503]

SENATOR ALBRECHT: Do we have any questions of the committee? No? Thank you. [LB503]

SENATOR HALLORAN: Senator Lowe. [LB503]

SENATOR ALBRECHT: Senator Lowe, I'm sorry. [LB503]

SENATOR LOWE: So, it's your belief that we should not have government unions. [LB503]

DEB ANDREWS: That's my belief, yes. [LB503]

SENATOR LOWE: Thank you. [LB503]

DEB ANDREWS: We don't elect them, but they control us. [LB503]

SENATOR ALBRECHT: Any other questions? Senator Hansen. [LB503]

SENATOR HANSEN: Thank you, Chairman Albrecht. And thank you for coming in. Just to clarify, so you support this bill because you believe it would... [LB503]

DEB ANDREWS: It's a small step in the right direction. [LB503]

SENATOR HANSEN: What's the end goal of the right direction? [LB503]

DEB ANDREWS: For me, the end goal would be to get the union out of government. They control the rules that define the laws that you all are concerned with. And the union goal is more jobs and benefits and pensions, but not the citizens, services. It's a big difference. I spoke out about schools 20 years ago and I got a letter, a certified letter threatening me not to tell the truth about schools. It was a warning. That woke me up. [LB503]

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SENATOR HANSEN: Thank you. [LB503]

SENATOR ALBRECHT: Any other questions? Seeing none, thank you for coming. I'd really appreciate it if we didn't have any clapping, laughing, or have problems through this testimony. Thank you. Next proponent. [LB503]

MICK PIERCE: Beg your pardon. [LB503]

SENATOR ALBRECHT: You're the next proponent. Thank you for coming. [LB503]

MICK PIERCE: Yes. Thank you for having me. I was a school teacher for history and psychology for 37 years. [LB503]

SENATOR ALBRECHT: Okay, can I just stop you real quick. Just so you're... [LB503]

MICK PIERCE: I'm going to give my name in a few minutes. [LB503]

SENATOR ALBRECHT: Okay, very good. [LB503]

MICK PIERCE: Yes. I was just predicating...putting something in front of that, excuse me. [LB503]

SENATOR ALBRECHT: That's okay. I need it right at the first. [LB503]

MICK PIERCE: (Exhibit 2) Okay, first of all, let me...what I was trying to say is I'm appreciative what government does. I am a citizen member of the State Hearing Instrument Advisory Committee and I'm super impressed with how our state functions. It's an amazing function that you guys fulfill. You ask--my credentials are that I am Michael Pierce; I go by Mick and I spent 37 years as a public school teacher, coach, and activities director which meant all kind of extra curricular activities. I also have a year at a private school, Parkview Christian School here in Lincoln. I was an activities director there for one year, and I ran an international cultural exchange program to communist Europe in the Middle East in the 1970s and 1960s, late '60s and into the '70. I also...I say tongue in cheek, but it's somewhat true, closed down a Lancaster County mental health organization when this county was privatized and I was the one that was responsible for the people who worked in the maintenance and custodial functions. They are amazing people and accomplished a lot at Trabert Hall in the old Lancaster Center. All I was saying when I started was that I wanted you to know that I'm appreciative of what you guys do

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and the function that you fulfill. I don't think Senator Chambers would take it particularly as a compliment, perhaps he would, but I'm old enough to remember "terrible Terry Carpenter." And I want to tell you something, there's nothing bad with being associated with Carpenter because, Senator, what you do is many times what needs to be done and stated. Not to be confused with the fact that I always agree with you. Okay? My support of LB503 is based on two personal significant considerations which limit my options. I see it as the dues checkoff clause as limiting my options as a person, a single individual person, and it's a difficult situation for me to have been in. Reason one, I believe, and history supports the concept of unified membership as a National Education Association interpreted in 1968 decision. If you're not aware, you go back and look, in 1968 you had only two choices--you either became a unified union member; local, state and federal; local, state, and federal; from 1968, or you did not join the union. Okay? At that time, my paying that union fee for that kind of membership, all those memberships--local, state, and national; at the time I was very active in local at Raymond Central High School, the first school I taught at, and in Nebraska State. I licked stamps over at the Education Association a lot. But the point was that I got myself personally involved when my kids became...because I was joining the unions, all of them or none, and I was a young enough teacher I had to join all of them. You can call that not being pressured, but it was pressure. I promise you, it was real and sincere pressure. Ask my wife; ask my four children, including, by the way, a couple of years later my wife gave birth to identical twins and had seven pints of blood transfused to her. She almost died. So she wasn't capable of working there. And, yes, I did work some part-time jobs. The problem with this decision, this edict, as I saw, in 1968 was between that and this pregnancy my wife went through. I have personally suffered and watched my children qualify for food stamps later on when I replaced Frank Solich at Lincoln Southeast, but that's another story and I don't need to go there, but that's because I was only working part time. But the point still is true. The support of LB503 for me, I have been actively involved in all this stuff. My political views became more conservative after the 1980s, between 1968 and into the 1980s, when I came to Lincoln Southeast, my political views became much more conservative. I was a Democrat for 25 years. I am now a Republican. My political views, like I said, became more conservative as a result of this, a gentle...and I want to say that because the people I work with at Lincoln Southeast were tremendous people, but their political views were different than mine. One of the things I liked is the fact that we can have discourse. I taught history, American history, I understand the importance of civility. And so I'm very appreciative of you, Senator Albrecht, with your comments about cheering. And cheering is not a bad thing to...I don't mean...I would cheer for things I wanted to, too, to a certain degree, but I...but it's better that we get to talk and interact, that's the important thing to me. My political views became more conservative as a result of this a gentle...I'm getting towards the end here, my views became more conservative as a result of this. A gentle, but obvious disconnect occurred between me and my colleagues in the social studies department at Lincoln Southeast in the faculty lunch room. Great people, just didn't agree politically. In response to this, I told them I seemed to remember a democratic

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presidential candidate from Nebraska who was known as a very conservative person, Williams Jennings Bryan. Now, that was a different day, I understand, but it's still a fact. [LB503]

SENATOR ALBRECHT: I'm going to have you wrap it up here pretty quick, because we've got other (inaudible). [LB503]

MICK PIERCE: Yes, okay, I've got two short paragraphs and I'm done if you'll allow me to finish. Okay? I see that I am at the end. I researched NEA unified membership. The dues were deducted from our payroll by a third party, the NSEA in '68, and that, as I understand, continues today, although I'm not completely up to date on that. But I did look on the NEA Web site and saw that 97 percent of NEA's money in 2015 went to support... [LB503]

SENATOR ALBRECHT: Sir, I'm really sorry, but I'm going to have to stop you. If I let everybody do this, we're not going to... [LB503]

MICK PIERCE: Liberal candidates... [LB503]

SENATOR ALBRECHT: You're welcome to provide that information. [LB503]

MICK PIERCE: I have a copy, that be fine. [LB503]

SENATOR ALBRECHT: If you want to have it copied, we'd be happy to put it in the record. And just one second, we might have some questions for you. [LB503]

MICK PIERCE: Sure. [LB503]

SENATOR ALBRECHT: Senator Halloran. [LB503]

SENATOR HALLORAN: Thank you, Madam Chair. As a teacher and a union member, did you feel compelled to join? I mean, did you feel... [LB503]

MICK PIERCE: Yes, without a doubt. And it's insidious in the sense that it's not something you can put your hand on. You know, it's nebulous; it's not something I can grab, but, yes, I did. There was no question. And there were times that I went without it. For two years, I was activities director at North Bend, Nebraska. I was a member of the Administrators Association, so I didn't have to deal with it then. I came back to Lincoln Southeast. In order to qualify for

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tenure and stuff, I spent a period of time, about three years, which I think tenure is ridiculous anyway, too, but that's another story. [LB503]

SENATOR ALBRECHT: I want you to get comfortable in your chair because we might have some more questions for you. Even though I... [LB503]

MICK PIERCE: I'm not getting ready to leave, but I'm old and I need to be ready to get up. [LB503]

SENATOR ALBRECHT: That's okay, but even though...the lights mean a lot because I have a lot of folks that are...and I don't mean to be rude and cut you off that way, but you'll have questions and you can certainly... [LB503]

MICK PIERCE: Yes. Ma'am, you're doing what you can with what you've got from where you are. [LB503]

SENATOR ALBRECHT: Thank you, thank you, I appreciate that. [LB503]

MICK PIERCE: I will shut up and wait for...see if somebody ask a question. [LB503]

SENATOR ALBRECHT: No, no, you're good. Another question? Senator Lowe. [LB503]

SENATOR LOWE: Thank you, Madam Chairman. And thank you for being here today. [LB503]

MICK PIERCE: Thank you. [LB503]

SENATOR LOWE: Do you feel that you...this was an opt in or an opt out pressure? [LB503]

MICK PIERCE: It was definitely an opt in pressure. I heard numerous comments where people said, wow, we got 100 percent membership. I remember that the first couple of years at Raymond Central and I thought, yeah, here I am, I'm a member. You understand what I'm trying to insinuate. So, yes, I felt it was an opt in; you needed to be part of that. [LB503]

SENATOR ALBRECHT: Any other questions? I do have one. Can you remember back when you had those three payments that you had to give to state, local...local, state, and federal? [LB503]

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MICK PIERCE: And federal. Yeah, it's been unified since 1968, and that's a fact that you can look up. [LB503]

SENATOR ALBRECHT: Can you tell me back then what kind of money did you have to put out? [LB503]

MICK PIERCE: I think the total then was about \$240. And for somebody that's making \$5,000-some a year, \$240 in the course of a year doesn't sound like a lot, but when I watch my kids qualified for lunch programs and stuff, and fortunately we were able to stumble our way through that, but it was difficult for me. And then with my wife having problems with the birth of identical twins, there... [LB503]

SENATOR ALBRECHT: Well, I appreciate your testimony. [LB503]

MICK PIERCE: ...it became a difficult time for us. [LB503]

SENATOR ALBRECHT: Thank you. I appreciate your testimony. Thank you, I appreciate your testimony. [LB503]

MICK PIERCE: Thank you. [LB503]

SENATOR ALBRECHT: Thanks for coming. [LB503]

MICK PIERCE: I'm known as being a little too loquacious. I'm sure, Senator, knows that. [LB503]

SENATOR ALBRECHT: You're okay, you're just fine. Okay. Do we have any other proponents wishing to speak to LB503? Any other proponents? Hi there. [LB503]

STEPHANIE BOHLKE SCHULTE: Hello. I'm Stephanie Bohlke Schulte, S-t-e-p-h-a-n-i-e, Bohlke, B-o-h-l-k-e, Schulte, S-c-h-u-l-t-e. Taxpayers' money should not be utilized in a way that benefits unions or that benefits public employees in an unequal manner. I'm speaking as a retired school administrator having been employed 26 years as a teacher, counselor, and principal. I was also elected to two terms on a local school board. While a principal and school board member, I worked effectively with the locals teachers' union. However, I, myself, have never been a member of the union. Teachers, law enforcement officers, fire fighters certainly can and should be free to choose if or not they want to belong to a union. But when a government

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entity such as a school district or law enforcement business office handles paycheck deductions free of charge for a union, taxpayer money is clearly being used to benefit the union. This is clearly an improper relationship between government and private organization. Unions subsequently sometimes make contributions to political causes and candidates that may not be in the best interest of that government entity or even to the individual from whose wages those fees are being deducted. Also, this free payroll deduction service contributes to employees sometimes viewing the automatic withdrawal as a requirement such as a tax or social security deduction and not remembering that it is strictly voluntary dues to an organization that may or may not be reflecting their individual views. Please help stop providing this free service to the unions at taxpayer expense. Please advance LB503. [LB503]

SENATOR ALBRECHT: Thank you. Do you have any questions? Senator Crawford. [LB503]

SENATOR CRAWFORD: Thank you, Chairman Albrecht; and thank you for being here. [LB503]

STEPHANIE BOHLKE SCHULTE: Sure. [LB503]

SENATOR CRAWFORD: And I was interested in your perspective from the administrative side of this bill. So can you tell me some of the other things that you know as an administrator tend to be deducted from individual's checks? [LB503]

STEPHANIE BOHLKE SCHULTE: Well, I was...you know, I work in a large school district so I don't know. [LB503]

SENATOR CRAWFORD: You don't know what else was deducted from your check? [LB503]

STEPHANIE BOHLKE SCHULTE: No. [LB503]

SENATOR CRAWFORD: And were you involved in the bargaining discussions at your school... [LB503]

STEPHANIE BOHLKE SCHULTE: As a school board member. [LB503]

SENATOR CRAWFORD: ...as a school board member? [LB503]

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STEPHANIE BOHLKE SCHULTE: Yes. I worked in a different district than where I lived, so during the time I was a school counselor, I was also a member of the Grand Island school board. So, yes, I was on the negotiations committee and that's why I said I felt like I worked very effectively. And I think if you talked to the union people in Grand Island, they would say I worked very well with them as a negotiating member there. And as an administrator, I facilitated the first part-time union president in Grand Island was one of the teachers in my school and we helped make that happen. [LB503]

SENATOR CRAWFORD: So you have had a positive relationship? [LB503]

STEPHANIE BOHLKE SCHULTE: Yes. [LB503]

SENATOR CRAWFORD: I think that's what you're trying to say. [LB503]

STEPHANIE BOHLKE SCHULTE: Yeah. [LB503]

SENATOR CRAWFORD: Do you know if the...sometimes, it's my understanding, that the...a bill...that part of the collective bargaining agreement, in terms of what are we agreeing to, what are you agreeing to, is part of that agreement is that the payroll deductions will be made from the paycheck. And that's part of that agreement and that it's a vol...and that is a vol...is agreement made through that bargaining process? Would you agree that's sometimes... [LB503]

STEPHANIE BOHLKE SCHULTE: That is sometimes the case whether... [LB503]

SENATOR CRAWFORD: ...(inaudible) leads to the case. And I don't know if you know if that was the case in your school or not, but that is the case that that's part of that process. [LB503]

STEPHANIE BOHLKE SCHULTE: In some cases it is. Whether it is in all I couldn't say. [LB503]

SENATOR CRAWFORD: Right, right, right. And so...so it's not just automatically given, but it would be something that might be bargained upon? So the other question in terms of your roles as administrator, when someone had a dispute, when there was a need to work with the union on some dispute for an employee, was that employee represented whether or not they paid those dues? [LB503]

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STEPHANIE BOHLKE SCHULTE: Not that I know of. They had other counsel. They didn't pay...if they weren't a member of the union, in the cases of which I am aware. [LB503]

SENATOR CRAWFORD: Okay. And maybe we'll have other people speak to that as well. In your case, you weren't aware of that if that was happening. [LB503]

STEPHANIE BOHLKE SCHULTE: Okay. [LB503]

SENATOR CRAWFORD: I think in some cases those employees are represented, which is another way in which those dues impact other people. So I appreciate you answering those question. [LB503]

STEPHANIE BOHLKE SCHULTE: Sure. [LB503]

SENATOR CRAWFORD: Thank you for being here today. [LB503]

STEPHANIE BOHLKE SCHULTE: Glad to. [LB503]

SENATOR ALBRECHT: Do you have any other questions? Seeing none, thank you for your testimony. [LB503]

STEPHANIE BOHLKE SCHULTE: Thank you. [LB503]

SENATOR CRAWFORD: Thank you. [LB503]

STEPHANIE BOHLKE SCHULTE: Thank you. [LB503]

SENATOR ALBRECHT: Do we have any other proponents wishing to speak? Any other proponents? [LB503]

CAROL RAYER: Good afternoon. My name is Carol Rayer, C-a-r-o-l R-a-y-e-r. I'm taking this in a different way. I am a retired teacher. I have grandchildren in the school districts in Nebraska. And also I've been involved...I stayed involved after I retired so long ago in the education system because I really believe in it. And one of the things was that, just last February, I was involved in the civics standards summit here in Lincoln held in February. And that was a great experience, a lot of teachers that I could relate to. The reason I'm for LB503 is because I think the schools have enough work. They are so inundated, the school system, the superintendents, the teachers, the

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special teachers, even the lunch rooms, there is so much more going on then when the union first was started many years ago. And it became a good voice for the teachers. However now, I think that there is so much that the schools have to do that it would be one small thing to take that out of there, to take that off the dues and one less job for them to have to do. Also, I think that this would, as far as the schools go, it would leave clarity that the schools are no longer...not no longer, I don't mean that...are not involved or partnering with any unions that would take that out of there. I think that would solve a lot of problems also. I thank you. [LB503]

SENATOR ALBRECHT: Okay, do you want to hold on just one second...see if there are any questions. Thank you for your testimony. Do you have any questions? Seeing none, thank you for being here. Any other proponents wishing to speak? Any other proponents? Seeing none, do we have any opponents wishing to speak? [LB503]

JOHN CORRIGAN: Good afternoon, Madam Chair. Members of the committee, my name is John Corrigan, J-o-h-n C-o-r-r-i-g-a-n, I'm an attorney with the firm of Dowd, Howard and Corrigan. I'm also appearing today on behalf of the Nebraska AFL-CIO and the Nebraska Professional Fire Fighters in opposition to LB503. The concept of dues deduction is part of the collective bargaining process. It is a mandatory subject to bargaining under Nebraska jurisprudence currently, meaning that if one party says to the other, the union goes to the employer and says, by the way, we're going to negotiate this contract and one of the things we want to talk about is dues deduction, the employer cannot refuse to negotiate over that item. Ultimately, it can or cannot be--depending on the parties' choice in terms of the final agreement they reach--it can or cannot be a part of the agreement. But if it's not part of the agreement and the employer went to the Commission of Industrial Relations or the union went to the Commission of Industrial Relations to have those conditions of employment determined, the commission would order that dues deduction either take place on that bargaining arrangement for that year or that it not, depending on what was prevalent. Why is that important? Because people make choices at the bargaining table all of the time. This is a very easy thing for the employer to give to the unions because it doesn't cost anything. People telling you that this is a service that the state is providing or political subdivisions are providing, there is minimal set up time and it is minimally expensive for them to have dues deductions. There are several types of dues deductions or payroll deductions that apply to payroll checks. All of that is automated and it's simply a matter of coding in a particular code for the deduction of those dues or whatever it might be. And, particularly, you have payroll deductions taking money out of people's checks to go to all kinds of entities, particularly banks; 529 plans, 401(k)s, other retirement plans, health insurance. They deduct your money out of your paycheck to pay for the employee portion of a premium; that happens all the time. And if you spend any time in this building you understand that people from Blue Cross Blue Cross and First National Bank and every other corporate entity in this state spends money on politics and lobbying. That's corporate money. And who gets to vote on whether they spend that money or not? Corporations are not necessarily democratic

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organizations. They are...it is how many dollars, how many shares in the corporation do you have to decide how you vote. Unions are purely democratic organizations; one person, one vote. Further, if you don't want to pay dues you don't have to. And guess what the union gets in Nebraska, a right-to-work state, the obligation to represent that non-dues-paying member and it happens all the time. I personally do it regularly. Now, the other thing that the democratic process in the union allows for is the union member gets to choose their own leadership. If the union expends funds on any matter that the majority of the members don't like, they can unseat that member, just like the shareholders can unseat the directors of the board of a corporation if they have enough shares to vote. However, in the democratic process in the union world, all you need is enough members to vote and they can take that action. The union also can decide not to exist. If a majority of the employees covered in that bargaining unit want to vote to disband the union they can do that, too. So there are all these levels of choice involved in union activities that don't exist in the corporate world. And yet we're not trying to shut down corporate expenditures for political activity. This is purely--and I repeat--purely an attack on the voice of workers. Workers in the state have organized and they have consistently stood up for the rights of working people and to improve the lives of working families. How do we shut off that voice? We make it inconvenient for them to choose, on their own, to allow them their money that they earned to go into a source that they want it to go into through collective bargaining. And so for those reasons we'd oppose LB503 and I would be happy to answer any questions you may have. [LB503]

SENATOR ALBRECHT: Thank you. Do you have any questions? Senator Halloran. [LB503]

SENATOR HALLORAN: Thank you, Madam Chair. What efforts...and I'm sure there are efforts to do this, but from time to time the union dues increase, I suppose, during...or not. [LB503]

JOHN CORRIGAN: They can, yes. [LB503]

SENATOR HALLORAN: How much effort and what kind of warning is there to the union member that this kind of increase is going to take place from their payroll deduction? [LB503]

JOHN CORRIGAN: Well, typically, that is a matter of each union's terms and conditions of their bylaws or constitution, so they have a provision in the bylaws that says this is how we establish the amount for our dues. There may be a manner in which they do a dues assessment separate and distinct from ongoing dues, but in my experience the union's executive board would meet to vote under the bylaws to determine whether the union...the dues would be raised. That would have to be approved then by the membership. And if the membership voted upon itself a dues increase, notice would be given to the employer saying this is the amount of the dues deduction that we seek. [LB503]

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SENATOR HALLORAN: If a union member decided to quit the union, would the dues cease immediately? [LB503]

JOHN CORRIGAN: As soon as they communicated that to the union, yeah. And in most cases, that has to be communicated to the employer so that the employer can apply that to the paycheck of the employee. But I'm not aware of anybody having to pay dues after they said they didn't want to. [LB503]

SENATOR HALLORAN: Let me ask you one more question. I understand and can appreciate the argument that it may or may not be that burdensome for a company or, in this case, the state to deduct union dues from the payroll. Is it that burdensome for the union member to write a check? [LB503]

JOHN CORRIGAN: Is it that burdensome for the union to have to chase that down with... [LB503]

SENATOR HALLORAN: To write a check for the dues. [LB503]

JOHN CORRIGAN: They can write a check for the dues but also the union has the obligation, one, to sit at the table and bargain on behalf of everybody in the unit and represent all of those people and they have the ability to give and take at the table for things they want, things they really care about. And if they say, we want dues deduction, the employer gives it to them. [LB503]

SENATOR HALLORAN: That's not my question. My question is pretty straight up. It's...it may or not be...and I'll argue the case it may not be particularly burdensome for the state to do automatic payroll deduction. So if that's not an argument or if that's not an argument in defense of... [LB503]

JOHN CORRIGAN: It's not a reason that you need to do LB503. [LB503]

SENATOR HALLORAN: Is it that burdensome for...it's an annual dues, right? [LB503]

JOHN CORRIGAN: No. [LB503]

SENATOR HALLORAN: No. [LB503]

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JOHN CORRIGAN: Usually, they're spread out over the year by each payroll period. [LB503]

SENATOR HALLORAN: Okay, but it adds up to an annual dues. [LB503]

JOHN CORRIGAN: You could...yeah. You can figure out what it's worth per payroll or per... [LB503]

SENATOR HALLORAN: If I were a union member could I write you a check at the start of the year? [LB503]

JOHN CORRIGAN: It depends on the bylaws of the union, but it's certainly conceivable, yes. [LB503]

SENATOR HALLORAN: Well, I guess it doesn't answer my question. Is it that burdensome for a union member to write a check for their dues annually at the start of the year? [LB503]

JOHN CORRIGAN: It's a burden that you're placing on the union to go out and collect it when it otherwise is the press of a keystroke. As soon as the union shows up with a signed card saying this member has authorized dues deduction and then it takes place automatically. And that's a burden that the union takes off of itself when it engages in collective bargaining and puts that in the contract. Now, would it be burdensome to go out and chase, say, 4,000 members for their checks once a year? Yeah, that would be burdensome and it's unnecessary. [LB503]

SENATOR HALLORAN: But if you're providing...and I'm not saying you are or aren't, but if you're providing a good service to your members...union members, they ought to be relatively eager, I would... [LB503]

JOHN CORRIGAN: Well, they are. And you'll hear from some of them. You'll hear from several of them. [LB503]

SENATOR HALLORAN: (Inaudible) and it should be relatively simple for them for you to send a notice that your dues are due January 5 of this year for the next coming dues for the next coming annual payment, right? Wrong? [LB503]

JOHN CORRIGAN: Well, right now we have dues deduction and it's been the case at least since the inception of the Commission of Industrial Relations Act for over 70 years. So if the

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Legislature says they want to change it or Senator Halloran says he wants to change it, that's certainly your prerogative. And we're here asking you that you not do that. [LB503]

SENATOR HALLORAN: Okay. Thanks. [LB503]

SENATOR ALBRECHT: Senator Crawford. [LB503]

SENATOR CRAWFORD: Thank you, Chairwoman Albrecht. And thank you for being here, Mr. Corrigan. Just to follow up on that line of questioning, for many working families I assume that being able to have the payment divided into 12 monthly payments is important for their family budgeting. Would you think that might be the case? [LB503]

JOHN CORRIGAN: Well, absolutely. You don't pay your health premiums for the year all at once, it's spread out over time. So for budgeting purposes it makes life easier for those folks. [LB503]

SENATOR CRAWFORD: And second, could you speak to--I think you mentioned, but I just wanted you to clarify--the legal obligation of a union in the state of Nebraska to represent nonunion members in labor relations, labor disputes or conflicts. [LB503]

JOHN CORRIGAN: First and foremost, the union has the obligation to bargain on behalf of all bargaining unit members. That does not apply only to people who have authorized dues deduction. That applies to anybody who has a job in that group. And those folks who the union has to bargain in good faith on their behalf, they can't say, well, we have ten jobs in this bargaining unit and none of the people in the lowest paying job are members, so we're not going to ask for a pay increase for them, we're going to ask for pay increases for the other ones. They can't do that. That would be a prohibitive labor practice, sanctionable by cease and desist and other remedies from the Commission of Industrial Relations and the courts. Also, on an individual basis, if the union...if a member was to, say, was asked to appear and be investigated for some alleged misconduct and the union provides representation to employees for those purposes, the union can't refuse to provide that representation to a nonmember simply because they didn't pay dues. There can't be discrimination because of or on account of that person's membership or nonmembership in the union. And so oftentimes the union is providing services and resources to people who have not paid into the process or into the resources of the union at all. But that is something that is mandated by Nebraska law and it's an obligation that the unions in Nebraska, in my experience, have taken on with the understanding that--and this happens pretty regularly also--when you do represent a member successfully who was not a dues paying member, they become dues paying members because they see the efficacy of that choice.

[LB503]

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SENATOR CRAWFORD: Thank you. [LB503]

SENATOR ALBRECHT: Senator Chambers. [LB503]

SENATOR CHAMBERS: Do non-dues-paying members request union representation? [LB503]

JOHN CORRIGAN: Sometimes. In my experience it kind of depends on the bargaining unit. But there are some times people just don't know that. I have run into that, where somebody will be a member and say they'll call our office to ask about their legal rights and I'll say, well, is there a contract there? You know, because oftentimes the contract is a much better protection than the laws of the federal or state government in terms of your employment relationship. And sometimes you hear people say, well, I'm a member...or there was a union but I wasn't a member so I never asked for their help. Well, if you don't ask for it, that's a little difficult to salvage that, especially when there are time lines to process grievances. But, for the most part, yes. In my...particularly with respect to the public employers that we represent, we represent nonmembers regularly. [LB503]

SENATOR ALBRECHT: Thank you. Senator Lowe. [LB503]

SENATOR LOWE: Thank you, Chairwoman. And thank you, Mr. Corrigan, for being here today. My sons tell me that I need to get with the twenty-first century. And they think I'm in the eighteenth century most of the time I think. But you say it's because of ease to collect these dues amounts monthly or whatever time it is, instead of writing a check or once a year or whatever else. Could that also not be done off a debit card and get the state out of it or off a credit card where it's deposited in their account and then it's off the credit card just as easily? [LB503]

JOHN CORRIGAN: Well, I don't know about just as easily, because the payroll deduction is something that is established contractually between the union and the employer. They agree on that. If you're going to do an automatic withdrawal, it would certainly not be as uniform as to when that's going to be received and paid. You know, if somebody says, well, I want to do it on the 29th of the month and the union would not be getting the funds biweekly or once a week. And as soon as they say that the member has the ability to change that. And so it would not be as easy as the manner in which it is conducted now. [LB503]

SENATOR LOWE: So we're no longer talking about the union member. We're now talking about the unions, making it easier for the union. [LB503]

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JOHN CORRIGAN: No. And I'm saying that that would not be easier for the union than getting payroll deduction from the employer. [LB503]

SENATOR LOWE: Would it be just as easy for the member? [LB503]

JOHN CORRIGAN: It may or may not. I mean, it would be more...there would be one extra trip they would have to make, rather than going to the union and saying, I'm going to sign a dues deduction card authorization and then the employer has that and it's done, because now they're going to have to go to their bank or they're going to have to go to...separately go to the union and say, I want to do this and this is when I want to do it. Is it different than it was 30 years, 40, 50 years ago? Yeah, we have a lot of automation in the electronic world, but that's also evidence as to why it's easier. It is simply not a good argument that the state is in the business of giving the service to the unions because they have a lot of deductions coming out of paychecks all the time. And let's not forget, these aren't paychecks that are unearned. These are monies that people earned as a result of engaging in honest labor and they have decided that that's what they want to do with their wages. [LB503]

SENATOR ALBRECHT: Do we have any other questions? Senator Hansen. [LB503]

SENATOR HANSEN: Thank you, Chairwoman Albrecht. Mr. Corrigan, were you here during when we heard the State Claims bill earlier today? [LB503]

JOHN CORRIGAN: Most of it, yes. [LB503]

SENATOR HANSEN: All right. Well, I guess my point is, throughout the State Claims bill there was a waiver of several hundred thousand dollars to the state of Nebraska of uncollectible debts and dues, so obviously there's some difficulty even from an agency as powerful as the state to collect dues. Would you agree? [LB503]

JOHN CORRIGAN: Well, absolutely. And the state is a big organization. Some of these unions aren't and they don't have the resources or the power of the state and the Attorney General to do that for them. But that goes to my point, ultimately, of this is an attack on the voice of working families because the unions are that voice and they have provided that. And how can we interfere with that because we don't agree with their political choices? Well, this is one way. And that's all this is. So I appreciate it. I understand what people are saying. But let's not kid ourselves, this is harassment because of political views and that's pure and simple. [LB503]

SENATOR HANSEN: Thank you. [LB503]

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SENATOR ALBRECHT: Senator Lowe. [LB503]

SENATOR LOWE: Thank you, Chairwoman. Thank you again, Senator (sic: Mr.) Corrigan. And I don't believe it's harassment. How much does your union save by having the school system or the entity do by processing this? [LB503]

JOHN CORRIGAN: I couldn't answer that question. [LB503]

SENATOR LOWE: Does it (inaudible). [LB503]

JOHN CORRIGAN: I think from the standpoint of--obviously the size of the group matters to the banks in terms of what they're going to do--but the cost financially for deduction versus authorization from payroll deduction versus account deduction is probably minimal on either side. It doesn't cost the state anything at all, maybe a few hours to set it up initially when, say, you have a new bargaining unit and they set up a new payroll deduction for that classification of employees; time that would have been spent or paid for anyway. But in any event, it is public time that will take to do that, a few hours. That's really it. And so it's not a comparative question of cost, in my mind. [LB503]

SENATOR LOWE: But it is a cost. [LB503]

JOHN CORRIGAN: Well, I've never seen anybody actually be able to account for that cost. If you wanted to, I suppose you could ask the drafter of this bill to say, this is what it's costing the state of Nebraska to provide a dues deduction. I don't know that they could honestly say it's costing them anything, but maybe they could. I don't know. [LB503]

SENATOR LOWE: So it's just easier for you. [LB503]

JOHN CORRIGAN: Well, it's not only easier, it's a legal right that exists now and this bill seeks to terminate that. It is a legal right that exists that allows people to have a collective voice. How do we silence that voice? Well, we can't outlaw your speech, but we allow unlimited corporate dollars to go into the political arena all day and every day after Citizens United. And I don't see this bill as trying to do anything to stop the corporations who have money deducted out of payroll checks in this state that go to them--and maybe they provide a service, but they also make money on those services--and turn around and spend those monies on politics. Well, if organized workers do the same thing, we have to stop that because that's an improper transaction. No, it's a voluntary transaction that has existed for a very long time. And this is not the only

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place across the United States that we've seen these similar attacks. And that's why I have that opinion, sir. [LB503]

SENATOR LOWE: Okay. [LB503]

SENATOR ALBRECHT: Any other questions? Senator Howard. [LB503]

SENATOR HOWARD: Thank you, Senator Albrecht. Thank you, Mr. Corrigan, for visiting with us today. I wanted to start by asking you about the fiscal impact, because I think Senator Lowe was asking a good question as to how much of a savings this would be to the state. And I'm not seeing that savings in the fiscal note. Can you tell me anything about that? [LB503]

JOHN CORRIGAN: Again, I think it would be very hard for any employer to quantify the savings if they didn't do dues deduction. And I think the fiscal note just recently came up. I have not seen it yet, sorry. [LB503]

SENATOR HOWARD: And then I appreciate the burden on the unions in this regard, but I also try to think about the burden on the workers. And maybe this is more of a comment than it is an actual question for you. But you remember my mom? [LB503]

JOHN CORRIGAN: Sure. [LB503]

SENATOR HOWARD: Gwen Howard. Sometimes Senator Chambers called her Lady Howard, sometimes he called her other things that were less complimentary. But when she was a single parent and she was raising my sister and I, the dues deduction helped her so that it was one less bill that she had to worry about. It was one less thing that she might have forgotten. And when she became a senator and she came and she said, I would like to continue my dues deduction out of my legislative salary, they told her that that wasn't an option because she was considered a retiree at that point from her union. But I just...I actually more, in my consideration I'm thinking of the worker and the worker who is probably very appreciative of the dues deduction just going out directly so that they don't have to think about it. We are not necessarily in a state where if the employer decided that they couldn't do the dues deduction or wouldn't, that we would be allowed to strike for it. Right? [LB503]

JOHN CORRIGAN: Well, certainly, the public employees in Nebraska are not allowed to strike. And in exchange for that limitation on their tools in the toolbox, so to speak, they have certain rights. And one of those is we have a Commission of Industrial Relations to decide labor disputes. But we also have a sort of road map of what is and what is not bargainable. And this

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has always been considered a mandatory subject, something that we had to talk about. And we're not in any shape advocating to eliminate that balance between labor and management in the public sector so that we can have chaos. That's not the goal of the labor movement. Our goal of the labor movement is to improve the lives of working people. [LB503]

SENATOR HOWARD: Because teachers and social workers don't want to strike, because it would hurt the people that they're working for? [LB503]

JOHN CORRIGAN: Well, there is the saying that you can't strike against the public good. And now, whether people want to, I don't know. Sometimes I think that with the pendulum swinging each way, people may have those feelings. I've certainly heard them on the floor of union halls. But for the most part, the union leadership that we have exposure to, they understand how serious their work is and they take that obligation as public servants very seriously. But in exchange for the risk and the years of their lives, their working lives that they give, they expect certain things in return. And one of them is be able to say what I want done with my own money. [LB503]

SENATOR HOWARD: And so we, the unions, collectively, relinquish the right to strike for the Commission of Industrial Relations and some of these benefits therein, such as dues being taken out of their paycheck. And that was a grand bargain and so it would be Nebraska's obligation to uphold that bargain? [LB503]

JOHN CORRIGAN: I would hope so. The Commission of Industrial Relations has been around a long time and with that is the Industrial Relations Act going back into the 1940s covering the public utilities. But really, in the mid-'60s, late-'60s as the commission expanded to cover municipal and other workers, we've seen--at least in my view and I've been doing this 20 years--a willingness to work together to resolve these disputes in ways that maybe they don't get resolved in other states where you do see strikes, where you do see marches and protests. Governor Heineman called it the Nebraska way and we certainly accepted that as a marker for what we were trying to do in resolving these disputes about how to bargain in the public sector. [LB503]

SENATOR HOWARD: Thank you, Mr. Corrigan. Thank you, Senator Albrecht. [LB503]

JOHN CORRIGAN: Thank you, Senator. [LB503]

SENATOR ALBRECHT: Thank you. Do we have any other questions of the committee? Seeing none, thank you for your testimony. [LB503]

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JOHN CORRIGAN: Thank you. [LB503]

SENATOR ALBRECHT: Any other opponents wishing to speak? [LB503]

DENNIS TOALSON: (Exhibit 3) Good afternoon, Senator Albrecht and the rest of the senate committee. My name is Dennis Toalson, D-e-n-n-i-s T-o-a-l-s-o-n, I'm president of the Southeast Community College Faculty Association. And I guess I am in the union, too, because where we've been talking about unions and having a bargaining group and executive officers, in my testimony I'm going to tell you I'm a volunteer. Our whole union is all volunteer work and this really helps us. My name is Dennis Toalson, I'm a faculty member at Southeast Community College, Beatrice Campus, where I teach in the area of ag business. I'm also a 19-year member and currently serve as president of Southeast Community College Faculty Association, a nonprofit entity that supports and defends the rights of Southeast Community College faculty members. I'm testifying here today not as my capacity as a faculty member, but in my capacity as president of the faculty association and a citizen of Nebraska. My role as an officer of the faculty association is purely volunteer and it is service work that I do for the greater good of the association and my obligations to the college. The proposed law would put some burdens in collecting the association dues on volunteers like me. The process of collecting dues through payroll has worked for years without issue. The function costs to the college are virtually nothing to perform, such as deductions that are performed automatically through computer software requiring only checking a box. This bill will not do...will do no more than complicate the timely present manner that we have. The law would unfairly treat our association differently than the other entities that presently benefit from similar payroll deductions, such as big banks, insurance companies, who receive insurance premiums and investment deposits through the same type of system facilitated through the college. For these reasons I oppose LB503 in its entirety and ask you to do the same. We don't have...this isn't on that testimony, but we don't have an executive director or anything else. One hundred percent of our association is voluntary, members are all faculty members, and for 19 years this has worked very well. In fact, our college twice since I've been there has volunteered to do more payroll deductions for us. And it is a timely manner. Our treasurer, who collects these dues, gets a check from the college once a month; it comes in one time. And she's totally voluntary, also. And so we're giving of our time to help everyone. We represent everyone. Senator, you asked earlier, we have never refused the right...only about 75 percent of the people that are faculty members at Southeast Community College are members of the association, but we negotiate for 100 percent of the faculty. Also, we have never refused the right to help anyone if they come to us and ask for assistance. And it's done 100 percent voluntary. And so this would really limit our ability to function. [LB503]

SENATOR ALBRECHT: Thank you. Any questions? Senator Halloran. [LB503]

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SENATOR HALLORAN: Madam Chair, thank you. Thank you for your testimony, Mr. Toalson. Can you give me...how much are the annual dues? [LB503]

DENNIS TOALSON: They'll really knock you back. They're \$12 a month, \$144 a year. And you know, we don't give to any political entities for the betterment. Last year we had...well, in the 19 years that I've been there, we gave over a dozen college scholarships. We take that extra money and we give it to students that are going to college at Southeast Community College as scholarships, so our excess money doesn't go out and negotiate big deals and get the right people elected, whoever they are. We actually give it back to the college's scholarships for students that need some assistance. [LB503]

SENATOR HALLORAN: Okay, thank you. [LB503]

SENATOR ALBRECHT: Other questions? Senator Lowe. [LB503]

SENATOR LOWE: How many members do you have? [LB503]

DENNIS TOALSON: We have approximately 275. [LB503]

SENATOR LOWE: Okay. So there's what, 325 faculty members? [LB503]

DENNIS TOALSON: You know, that changes, but that's close. [LB503]

SENATOR LOWE: Approximately? [LB503]

DENNIS TOALSON: Yes. [LB503]

SENATOR LOWE: Would it be just as easy to have an automatic withdrawal off their debit card or credit card, because I'm assuming that you, being a man of today's stature, that you probably have some automatic payments come off of...out of your credit card or (inaudible)? [LB503]

DENNIS TOALSON: Actually, I don't. I'm afraid somebody will get my credit card number, so I don't do that. But I do have a lot of automatic withdrawals from my bank account. Yes, that could be done. But you know, it's like everything else, number one, that \$12 a month--and that's not a great deal--but that comes out of my check before I ever see my check. And the college has volunteered to do this. We haven't, I mean, I'm not saying we didn't ask them, that's been going on more than the 19 years I've been at the college. But the bottom line there is that I don't see

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that money and it's already been paid. I don't have to go through the hassle, I don't have to do any other paperwork. And maybe from a question over here earlier, too, we are very proactive. If you come to us and say, I'm no longer going to be a member, next month you won't have your dues withdrawn because we will meet with the college CFO, we'll get your name off of our...so we're very proactive and we make those things happen, so there's not some bad debts they have to go back and collect later. [LB503]

SENATOR ALBRECHT: Another question? [LB503]

SENATOR LOWE: Another question for you, if you may,... [LB503]

DENNIS TOALSON: Yeah. [LB503]

SENATOR LOWE: ...because you brought it up. You said that it comes off before you even see your check. I know it's been brought up with phone bills, with other kind of bills, utility bills, but all of a sudden the bill just seems to keep on rising because new fees are added on and nobody really ever looks at that. It's just they pay the bill. And I see that with things being deducted off of your check. So I'm just concerned there that people just see the check and that's what they get. [LB503]

DENNIS TOALSON: Well, our bylaws say that any increase in dues that we have would have to be voted on by the executive council and passed and notify the membership. I joined the Southeast Community College Faculty Association 19 years ago in 1998. I started paying my \$12 a month dues. Those dues have not gone up since...and so we don't have a lot of hidden fees, there is no other fees involved. And each campus--we have three, but the main campus is Lincoln, Milford and Beatrice--and there are four members from each campus that make up our executive council. So each campus has a very big say in what's going on in the college. And along with that big say, it would take a total agreement from the entire executive council and then we would put that to the...probably we would put that to the vote of the members of the association, because that's a...after 19 years and I think there might be some other people here to testify that say it goes back that amount for a lot longer time. If we were going to change that, I'm sure we would put that to the vote of the people. [LB503]

SENATOR LOWE: Thank you for teaching our children. [LB503]

DENNIS TOALSON: Thank you, sir. [LB503]

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SENATOR ALBRECHT: Any other questions? Seeing none, thank you for your testimony. [LB503]

DENNIS TOALSON: Thank you, ma'am. Thank you. [LB503]

SENATOR ALBRECHT: Any other opponents? [LB503]

STEVE LeCLAIR: Good afternoon. Madam Chair Albrecht, members of the Business and Labor Committee, my name is Steve LeClair, S-t-e-v-e L-e-C-l-a-i-r, I'm the president of the Omaha Professional Fire Fighters Association, Local 385, representing over 600 women and men of the Omaha Fire Department. While I rise today in opposition to LB503, I want to take a moment and thank Senator Brewer for bringing this type of legislation, because I'm more than happy to have this kind of debate in this type of venue. I feel very confident of where we are and where we've come from and how we've arrived at where we have in Omaha, so it's not a bad thing to have this debate. As I said, I rise today to oppose LB503. And briefly, I'll give you several reasons why. Try not to...there's been a lot of good commentary and a lot of discussion so far, so I'll try to limit some of my remarks to things that haven't been hit on, in the essence of time. But one thing I want to reiterate is that no one in Nebraska is required to join an employee organization or a union, so to speak, as a requirement of their employment. This is an open-shop state, right-to-work, this is not a closed-shop state. The status of the law currently provides that the employer and the employee have that choice. And I look at this bill, LB503, as an infringement on that individual choice. As has been said before, there is no financial savings. The process of deducting dues off one's paycheck is exactly the same as deducting my contribution to the United Way or wage garnishment for child support, a supplemental insurance payment like Aflac, flexible spending accounts. If you're only going to remove the dues payment and include the others it doesn't make sense because the accounting process is exactly the same. It's essentially today a push of the button. It was probably quite an onerous, quite a cumbersome process before the advent of computers. Somebody probably had to go through every week and by pencil make a notation next to every person's name. It's not that process today. Unions, much like other 501(c)(3) organizations, have an enormous positive philanthropic impact in our communities, as United Way and others. Let me just give you a few examples how we in Omaha, as firefighters, give back to our community and prevent government from having to spend more to address these other needs. In the last five years we have collected and contributed over \$350,000 to the MDA; \$10,000 annually goes to the UNMC Burn Unit; we've been ardent supporters of the United Way; ring the bell and support Salvation Army each year; our members regularly donate to and volunteer for the Omaha Food Bank; in the last four years, we've provided over 1,500 American-made coats to needy children in the Omaha metropolitan area; and we annually support a toy drive to ensure children in a hospital during the Christmas season get a little joy, no different than many other 501(c)(3) charitable organizations. So you see, not only do our members respond to the emergencies of Omaha citizens, we also respond to the most

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emergent needs of those most vulnerable in our community. One thing I did want to note as I was looking at the statement of intent--and there's a sentence in there that it kind of drew my attention--it's the last sentence. It says, "This occurs when terms of the collective bargaining agreement has a 'dues check-off' clause, then the employer is required to withhold union dues from the employee paycheck." I would say that as a result of collective bargaining nobody is being required to do anything that they haven't already objectively given their permission to do as a result of that collective bargaining process. Now I've been engaged in negotiations with the city of Omaha--it seems almost without break for many years, going back to 2009--but we have subsequently reached collective bargaining agreements in 2013 and again in 2015. And over the course of that short, albeit short, historical perspective the issue of dues deduction has come up on occasion. And at no time has the city made some demand to stop it. We actually talked about this very scenario. In the event that some state body, the Legislature or whatnot, ended the ability to do the deduction, how would we navigate those waters going forward? So while it has been a part of the collective bargaining, the city has never in my duration--and, again, that's a short duration over the course of historical perspective--but the city has never made a demand that we stop doing it. So with that, I thank you for your time this afternoon and for your service to our state. And I'd be happy to answer any questions, if I may. [LB503]

SENATOR ALBRECHT: Do we have any questions? Senator Hansen. [LB503]

SENATOR HANSEN: Thank you, Chairwoman Albrecht. And thank you for coming, Mr. LeClair. So just from a (inaudible) perspective, the dues checkoff or the dues deduction might precede your tenure, but presumably when that was first requested there was some sort of trade off in negotiations between salary, benefits, and that in the dues? [LB503]

STEVE LeCLAIR: Absolutely. While I am probably the most likeable person around and my predecessor was also, the city...that relationship at the bargaining table is not a, we're going to do this because we like you or we're going to not do this because we don't like you, it's really what it arrives at is really a bottom line, dollars and cents, give and take. And as I've said repeatedly over the course of my tenure as the president of Local 385, I think a good sign of a good negotiation is both parties walk away a little bit ticked off at the other. So your point is extremely...is spot on. No benefit has just been given. [LB503]

SENATOR HANSEN: So, in other words, the city wouldn't have agreed to it unless they thought it made financial sense to them as well. [LB503]

STEVE LeCLAIR: I think not only financial sense, but there is something to be said about labor peace, getting deals done. No deal, in my experience, has been successful or a failure on one particular item or another. They are global agreements where at the end of the day you take a

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look...a 10,000-foot look and say, okay, is this a good agreement globally? And, yes, there are parts of this Article 42, Section 1, that we really dislike or Article 45, Section 2, which is very good. There is a definite balancing act there that goes on at the negotiating table. [LB503]

SENATOR HANSEN: Great. Thank you. [LB503]

STEVE LeCLAIR: Yes, sir. Thank you, Senator. [LB503]

SENATOR ALBRECHT: Senator Lowe. [LB503]

SENATOR LOWE: Thank you, Chairwoman. Thank you, Mr. LeClair, for being here today. And I might add that you're much nicer than your predecessor. [LB503]

SENATOR ALBRECHT: Okay. [LB503]

SENATOR LOWE: I think Senator Brewer agrees with me. The...what percentage of the members are union members, with the fire department? [LB503]

STEVE LeCLAIR: Our labor density in the Omaha Fire Department is 99.954 percent. We do have a few, I think three, that have chosen to not be members of the association. We may not agree with that, we may not like that, but we certainly...it is the status of the law and we respect their decision to do so. [LB503]

SENATOR LOWE: And when was the last time your union dues have gone up? We've noticed that several haven't gone up in several years. [LB503]

STEVE LeCLAIR: Coincidentally enough, my treasurer and I were having this discussion on the way down here. We've actually tried to lower our dues the last two years and that has been rejected by the membership. But in the event that there are, say, union dues reductions or dues increases, that under our bylaws is a pretty strictly confined process. We have to post that to all the members for everybody to read that to see what the dues reduction or increase is going to be for 15 days. There is then a full-body vote on that matter. [LB503]

SENATOR LOWE: And thank you for your service to Omaha. [LB503]

STEVE LeCLAIR: Oh, thank you, Senator. [LB503]

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SENATOR ALBRECHT: Senator Chambers. [LB503]

SENATOR CHAMBERS: When certain groups bring legislation like this, then I think about what their overall philosophy might be. In order to practice law in Nebraska you must belong to a private association which is known as the Nebraska State Bar Association. You must pay dues. And if you don't, you cannot...you lose your right to practice law. No tax money is involved in that. But the Governor is going to take money out of that and use it in the state General Fund so that taxpayers as a whole are not going to have to pay as much in taxes. Now it might be an infinitesimally small amount compared to the overall budget, but it seems to me those groups who don't want the state to deduct this money when it's a voluntary thing on the part of those who are being deducted from, they don't care about the state reaching into the...the Governor reaching into private money and taking it and using it for a state purpose. That's far more insidious than anything connected with this. And I thought I'd just throw that out there to kind of roil the water and establish why you are not the most popular person here, I am. [LB503]

STEVE LeCLAIR: I would dovetail off that to say in terms of the dues money, there is a portion of that that is a political action contribution. And, again, that is voluntary. We have members that opt out of the PAC program and their dollars go to the General Fund. And we certainly...I know that there's this perception that unions, they're just pure financial support for the Democratic Party. I will tell you that probably...firefighters, we look for people who support public safety. We look for people that support firefighters, whether they have a D, an R, or an I behind their name. I don't know that political affiliation should be a driving, motivating factor behind eliminating the dues deduction. Again, purely voluntary. And we have folks that they don't...they've chosen not to contribute to PAC. That's fine. That's fine, that's their choice. And in the state of Nebraska, open shop, you have that choice and we respect that choice, so. We have many, many years of negotiating history here with the dues deduction and we would like to see that continued. [LB503]

SENATOR ALBRECHT: Thank you. Senator Halloran. [LB503]

SENATOR HALLORAN: Thank you, Madam Chair. Thank you for your testimony. While Senator Chambers may be the most popular person here, you're far more humble than he is. I would like to just add so everyone understands, I'm not opposed to collective bargaining. A little history and I'm just going to make this as brief as I can, just so you understand. I was once the national president of the National Farmers Organization. It was an organization based upon collective bargaining. We had dues as well. And we also had program costs based upon marketing programs that we developed for the membership. But if I would have...my philosophical maybe difference with this is, I think there's an element of keeping unions on their toes, so to speak--not that you're not--but keeping you on your toes in regard to your membership

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and keeping you doing what they would expect you to do and so forth based upon their willingness to pay dues. And... [LB503]

STEVE LeCLAIR: They would certainly not elect to...I'm up for reelection every two years, as are the other officers of Local 385. If you don't do the will of the body, then the body gets rid of you. [LB503]

SENATOR HALLORAN: God bless you. I think we should be up for election every two years here, as well. But that being said, I'm not arguing over...my philosophy is if a member has to write a check, it's like payroll deduction for taxes. I would much rather see everyone have to write a check, because it becomes more personal. You know? And good luck on your election, I think you'll do fine. [LB503]

STEVE LeCLAIR: Well, you know...thank you. I just got reelected. [LB503]

SENATOR HALLORAN: Well, there you go. [LB503]

STEVE LeCLAIR: I have two more years to come down and see everybody down here. But with regard to just writing a check, one, I think it gets a little bit onerous when you have to come up with, say, it was lump summing. Right now, it's done on a bi-weekly basis, automatically done, taken out of your regular pay. It does become a little more difficult to go out and chase those dues down, for lack of a better word. Now, I understand what your point is. It's going to be, well, if you're doing a good job, well then there should be no...yes, all that is good and fine. And in a right-to-work state with labor density reaching almost 100 percent, we are obviously doing a good job for...I think on behalf of the members. But at the end of the day, you still do have to go and physically secure those dues either on a monthly, bi-monthly, an annual basis, whereas right now through the collective bargaining process, the city has agreed to do the dues deduction. And at some point in time there was a give-up also on the part of the firefighters. I'm sure that when this was first being discussed and talked about it was a lot more onerous. It was a more cumbersome process that probably did involve quite a bit of hand work on the park of the city. [LB503]

SENATOR HALLORAN: So the resistance to this is fundamentally centered on how much easier it would be for the union to collect the dues? [LB503]

STEVE LeCLAIR: Well, I think a part of it is not just the ease of the collection, but it is also the fact that there has been a duly recognized and ratified collective bargaining process that has...obviously, it has passed the muster of the city council in Omaha and also upon ratification

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of the members. It is a component of the contract that is there, whether you agree with it ideologically or philosophically if there's some opposition to that clause, that clause remains. [LB503]

SENATOR HALLORAN: Oh, I understand. Thank you. [LB503]

STEVE LeCLAIR: And we'd love to see it continue. Thank you, Senator. [LB503]

SENATOR ALBRECHT: Thank you. Any other questions? Senator Lowe. [LB503]

SENATOR LOWE: Thank you, Chairwoman. Thank you, Mr. LeClair, again. Do you think if you would take it out of having the automatic withdrawal out of your paycheck that the union would make less money if it was put onto, say, an automatic debit system out of a debit card or credit card? [LB503]

STEVE LeCLAIR: No, I don't. [LB503]

SENATOR LOWE: You wouldn't lose any more money? [LB503]

STEVE LeCLAIR: Well, I mean, it's dues, it's not...dues are revenue. I would think that with the 99.954 percent density that we'd also continue to have 99.954 percent contribution. Now, whether or not...it's tough to answer. It really is. [LB503]

SENATOR LOWE: Okay. Thank you. [LB503]

SENATOR ALBRECHT: Thank you for your testimony. [LB503]

STEVE LeCLAIR: Thank you, Madam Chair. [LB503]

SENATOR CHAMBERS: One other thing. [LB503]

STEVE LeCLAIR: Oh, yes. [LB503]

SENATOR CHAMBERS: To try to be a...did I...could I have read something in the paper where the firefighter's union is going to contribute to the Humane Society for that explosion of kittens which usually arrives around this time of year or a few months from now? [LB503]

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STEVE LeCLAIR: We have partnered with the Nebraska Humane Society to address a pretty serious concern in the city of Omaha with regard to feral cats in the post-winter explosion of kittens. And we know from experience in talking to the Humane Society that they are going to have thousands upon thousands of cats in their shelters that they, frankly, they're not prepared for. So we have partnered with the Humane Society and we are taking donations, any feline, any cat donations, we are taking them at our Union Hall, 6005 Grover Street. [LB503]

SENATOR ALBRECHT: Thank you for your testimony. [LB503]

STEVE LeCLAIR: Have a great day. Thank you very much. [LB503]

SENATOR ALBRECHT: Okay, we have a long day ahead of us. Here we go. Okay, any other opponents wishing to speak? [LB503]

MIKE MARVIN: (Exhibits 4-6) Good afternoon, Senator Albrecht and members of the Business and Labor Committee. My name is Mike Marvin, M-i-k-e M-a-r-v-i-n, I'm executive director for the Nebraska Association of Public Employees, the union representing the majority of state employees. I'm here today...thank you for the opportunity to testify. And as a side note, this will be the absolute last standing committee that I testify in front of as a union representative. So I want to thank you all for the opportunity you've given me over the years. We're here today to testify in opposition to LB503. It is an item that has been negotiated in our collective bargaining agreements. No employer is bound to negotiate such a clause in their agreement and no employee is required to join and have dues deducted. It is a personal choice to do so. As with any other issue in any collective bargaining agreement, the cost of doing this--and it is much less now than it was years ago--but the cost of doing this is considered by the employer when they agree to this, thereby making that much less money available for the other portions of the collective bargaining agreement. So if there is a cost, it is paid for through the process of negotiations. Again, it has already been raised and I have given you several examples of it, the state allows right now for many, many other deductions: the zoo, the charitable giving, the credit union, the banks, the different insurances you can pay. Why should we be treated any differently than those people? We don't believe we should. There's been a lot of talk about the union here. The union isn't some entity that sits out there. I work for the union. I'm an employee of the union. The union is those state employees that pay dues and want to join. Collectively, they work together. They are the union. It's not some big organization off somewhere, it is your state employees that are there. I'll be short with the rest of this. This bill has its origins in ALEC. It's been making its way around the country in one form or another. We believe that it's unfair for unions to be singled out in this legislation. And as I stated earlier, this creates an inequity for us. Are we not entitled to the same treatment under the law as all other entities? This bill is not fair

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under any reasoning and we ask you not to move this bill out of committee. And, again, I want to thank you for your time and I will be happy to answer any questions you have. [LB503]

SENATOR ALBRECHT: Thank you for your testimony. Senator Chambers. [LB503]

SENATOR CHAMBERS: Mr. Marvin, I don't think it'll surprise you, I did know where this bill came from. And I thought somebody who testified before may have acknowledged it, but I recognize it and I'm glad that somebody presented it without me having to grill for it. So thank you. [LB503]

MIKE MARVIN: Thank you, Senator. [LB503]

SENATOR ALBRECHT: Other questions? Senator Crawford. [LB503]

SENATOR CRAWFORD: Thank you, Chairman Albrecht. And thank you, Mr. Marvin. And I thank you for all your service and being in front of us for many bills to talk about the perspective of your members. I appreciate that. If...this is...since this is something that can be a part of collective bargaining, it's true that you could go into that collective bargaining and the state could say, no, we're not going to give that. Is that correct? [LB503]

MIKE MARVIN: Yes, they could. They could. Now I want to give you another consideration on that though. If we did not come to an agreement and we went to impasse and we went to the CIR, based upon the comparability and the prevalence of it in our array, the CIR could possibly order it. Okay? [LB503]

SENATOR CRAWFORD: Okay. Okay. Now, if it wasn't allowed to be a part of that collective bargaining conversation, then wouldn't union members ask for something else that cost taxpayer money in that bargain? [LB503]

MIKE MARVIN: Absolutely. Absolutely. [LB503]

SENATOR CRAWFORD: So this is probably a pretty inexpensive piece. [LB503]

MIKE MARVIN: At this point in time it is very inexpensive. As was notated earlier, when it had to be done by hand it probably had a more onus on the employer. But anymore, we send in a card that says I agree to have dues deducted from my check. They put it in the computer one time, it

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takes a couple seconds. And I think the state's fiscal note reflects that. They show that there is no cost, so it is a minimal, if any. [LB503]

SENATOR CRAWFORD: And have you ever heard a discussion where there was a discussion by a government entity to take that off the table because they felt it was onerous or costly on their end? [LB503]

MIKE MARVIN: There was a proposal once by the state to remove it, but I think it was just one of their throw-away proposals when they came in, because it went away real quick. But I will not say that it has never been put on the table, it has. [LB503]

SENATOR CRAWFORD: So on the table, but discussed and then not pushed. [LB503]

MIKE MARVIN: Yes. Not agreed to, yes. [LB503]

SENATOR CRAWFORD: Excellent. Thank you. I appreciate it. [LB503]

SENATOR ALBRECHT: Great. Any other questions? We'll miss you. I hope you'll come back just to visit. [LB503]

MIKE MARVIN: I will be back as a citizen, believe me. Thank you. [LB503]

SENATOR ALBRECHT: Thank you. See you soon. Any other opponents? [LB503]

NANCY FULTON: (Exhibit 7) Good afternoon, Chairwoman Albrecht and the members of the committee. I'm Nancy Fulton, N-a-n-c-y F-u-l-t-o-n, I'm a 34-year elementary education teacher and I'm president of the 28,000 member Nebraska State Education Association. Needless to say, NSEA is strongly opposed to LB503. LB503 is an extreme example of government overreach, state government imposing unwanted and unneeded changes to political subdivisions and the personal lives of public employees. This overt intrusion of government delves into and subverts an educator's relationship with his or her employer and denies educators the freedom and ability to manage their own paycheck. As been mentioned before, Nebraska is a right-to-work state. Members of our association make these choices annually and make contributions voluntarily. A teacher may at any time choose to join or to discontinue their association membership. It is their choice. Currently, public employees have the freedom to designate personal payroll deductions from their paychecks, like someone mentioned, United Way contributions, YMCA, also mentioned, zoo memberships, savings bonds, mortgage transfers and other checking accounts, just to name a few. In this modern computing society, these transfers occur electronically without

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any fees imposed on either the employer or the employee. LB503, however, seeks to limit the freedom employees have in choosing these deductions and limits the employers' choice in what payroll transfers it offers to the employees. Just as onerous is this: LB503 specifically targets collective bargaining by public employees and, even more pointedly, targets--by name--public school employees. This raises the question as to whether LB503 is a barefaced political retribution or whether supporters are biased against public employees in general. Legislation based on either perspective does not, and never will, make sound or sensible policy. Finally, the Nebraskans who utilize this simple and virtually no-cost service from their employer are your neighbors, your friends, and your family. Thousands of them are involved in their communities, whether they teach Sunday school, lead choirs at their churches, contribute in their communities through civic and charitable groups. They shop in businesses, they hold second jobs in stores, and they pay taxes, including the property taxes that support the school districts where they educate your children. We respectfully ask you to oppose this bill and to leave the freedom to contract and the freedom to choose in the hands of the people we trust to teach our children. Thank you for your time this afternoon. [LB503]

SENATOR ALBRECHT: Thank you. Do we have any questions of the committee? Thank you for coming. Any other opponents? Hi, there. [LB503]

LANE YOCUM: (Exhibit 8) Good afternoon. Senators, thank you. My name is Lane Yocum, L-a-n-e Y-o-c-u-m, I'm a faculty member at Southeast Community College on Beatrice Campus where I teach in the areas of agriculture and horticulture. I'm also a member of the Southeast Community College Faculty Association, where I also serve as an executive team member and I also serve as a member of the Mutual Gains Bargaining unit. I'm here to testify today not in my capacity as an employee of Southeast Community College, but in my capacity as a member of the Mutual Gains Bargaining Team. In my role as a member of the Mutual Gains Bargaining Team I work with representatives of the college on collective bargaining matters. Together we work to find common interests and achieve mutual gains. Each term of the agreement is acknowledged and negotiated. For at least my 25-year tenure at Southeast Community College, the association and the college have agreed that it is mutually beneficial for the college to deduct association membership dues automatically through payroll, just as it deducts other items and benefits at the request of the employee. Association membership dues are purely voluntary. I oppose LB503 because it interferes with our right to contract for terms and conditions that are mutually agreeable to the parties. In my time serving on the Mutual Gains Bargaining Team, this matter has never been posed as an issue, as both sides have always agreed to this term. I would ask that this committee to vote in opposition for this bill for the reason that it would interfere with our rights to contract for mutually agreeable terms. Thank you very much. [LB503]

SENATOR ALBRECHT: Thank you. Thank you for coming. Any questions? Seeing none, appreciate your testimony. [LB503]

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LANE YOCUM: Thank you for your time. [LB503]

SENATOR ALBRECHT: Another opponent. [LB503]

BOB REDLER: (Exhibit 9) Good afternoon, Senator Albrecht, members of the committee. Most liked...I don't know if that's a separate term, so I better make sure and cover it. My name is Bob Redler, B-o-b R-e-d-l-e-r, I'm a faculty member at Southeast Community College. Yes, third one here. Aren't you glad we didn't have students today? Milford Campus is where I teach in the areas of electrical and electrical mechanical technology. I'm also a member of the Southeast Community College Faculty Association, where I serve as an executive officer and as a member of the Mutual Gains Bargaining Team. I'm testifying today not in my capacity as an employee of Southeast Community College, but as a member of the Mutual Gains Bargaining Team. I oppose this bill because it is, in my opinion, that its sole purpose is to stifle the efforts of associations, such as the Faculty Association, and to inhibit the rights of teachers and other public employees to bargain collectively for wages and safe working conditions. The association enables teachers to negotiate for smaller class sizes, better teaching conditions, terms that prevent harassment and discrimination, a safer work environment, and a better quality of life for those who teach our best and brightest. I feel the intent of this bill is to weaken associations like ours in an effort to silence our voices by making it more difficult to become a member and by unnecessarily making it more expensive for the association to operate. Consider there would be no actual cost savings to the college or taxpayers. It seems that the sole purpose of this bill is to attempt to silence the voices of hardworking faculty dedicated to providing the best education possible to their students. I think it is important to note that none of the funds derived from the Faculty Association dues collected are used to contribute to political campaigns or directly support a political candidate for office. The dues, which are minimal, support professional development, collaborative and collegial environment, various benefits and services for teachers and the collective bargaining efforts. There is virtually no cost to the college to perform this function because they already have systems in place and it is presently performed automatically through their payroll software. Conversely, if this burden were shifted over to our association, the impact would be detrimental, taking away funds and energy that could be better utilized creating a stronger, better educational environment for the students at Southeast. For these reasons I ask you to vote in opposition to this bill. That's my typed testimony. I would also like to add a couple of questions that repeatedly come up. I think hopefully I can add to them; I'll do my best. Your question, Senator Lowe, about the cost to the unions. Yes, there would be a cost. If you take the credit or debit card transaction, any bank that processes those gets their cut. And so we would get less out of the union dues than what we currently do. And so, yes, there would be that cost of 3 percent, 4 percent, whatever you can negotiate for the cost of that. As far as, Senator Halloran, you talked about writing a check for it and all of that. I find it strange, ten years ago this wouldn't even have popped into my mind today, but like Senator Lowe I have a couple of children in college that are infinitely knowledgeable, of course, and trying to drag us somewhere into this decade and

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getting us to be more green and aware and all that kind of thing. And the thought of writing 275 checks a month that go to the bank and get shredded and they get thrown into the landfill, that actually starts to bother me nowadays, whereas ten years ago, like I said, I wouldn't have thought of it, but hopefully I'm getting smarter and not stupider. But anyway, that better answers those two questions. Plus, checks are expensive these days. If you've bought person checks they've gone crazy. Anyway, with that, I'm done. [LB503]

SENATOR ALBRECHT: Thank you very much. We'll see if there's any questions. Senator Halloran. [LB503]

SENATOR HALLORAN: Thank you, Madam Chair. Yeah, thank you, Mr. Redler. To back up a little and clarify, I wouldn't suggest monthly checks for anything, but semiannual would be fine. But at least, it purposely causes the person that's receiving something--and they expect to receive a service from the union, right? I mean, the union is providing a service. It consciously makes them aware when they write a check that they're...this is kind of a vote, if you will. It's a yea or nay vote that I'm getting the kind of service from my union that I expect. Backing up to my previous history in the National Farmers Organization, if I would have required our farmer members to have it automatically come out of their bank account, I would be a lot taller person than I am because they would have stretched and quartered me. But that being the case, to me it's just...it's a way of quantifying and qualifying for the membership that, yes, you're doing a great job and here's the check. Semiannual, twice a year, no big deal. But I appreciate your service teaching our kids and are you a welder by trade? [LB503]

BOB REDLER: No. No. I grew up a mechanic. Went to electronics and I do basically automation-type things, programming systems that make all the widgets that we use today. [LB503]

SENATOR HALLORAN: Right. The reason I ask, you must be out in the Nebraska (inaudible). [LB503]

BOB REDLER: No, that was actually fishing. [LB503]

SENATOR HALLORAN: Fishing good for you? [LB503]

BOB REDLER: Yeah. The weather was good. [LB503]

SENATOR HALLORAN: Thanks for your testimony. [LB503]

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SENATOR ALBRECHT: Any other questions, Senators? [LB503]

BOB REDLER: But on that note, there are a lot of things deducted from my paycheck. And I'm infinitely aware of them, state taxes, federal taxes, FICA, the Medicare, Social Security, and they mean a lot to me when I see them on there. I don't know that writing a check would make me feel any different about those things getting deducted. I'm very aware of those things and I hope that our people are. I can't speak for that, but I would hope. [LB503]

SENATOR HALLORAN: Okay. Thank you. [LB503]

SENATOR ALBRECHT: Senator Lowe. [LB503]

SENATOR LOWE: Thank you for coming and testifying today. And thank you, Chairwoman. And I appreciate you lighting our world and teaching those to light our world. A reoccurring theme is that it's been easy for our school systems and our government unions to do this because it's automated and everything else. I could see it becoming bogged down. If I wanted all my fraternal organizations--I belong to about 20 of them--to be deducted out of a paycheck, say we all belong to the same organization and Senator Hansen belonged to 20 different ones and Senator Halloran belonged to 20 different ones, it would definitely bog down the system. Where, I mean, you guys are coming from one organization's view, not from many views of the school system or the county government or the state government. It could become very tough eventually, I believe. And that's why I thought if it could come out of a debit card or a credit card or monthly or yearly check where it's actually visible, it might be better. But what are your views on overwhelming the system? [LB503]

BOB REDLER: I would completely beg to differ with your opinion there, because a lot of our payroll options--I have a lot of programming background and so I understand how these systems work, I understand how a payroll works, I've trained some of our IT people, that type of thing--and with a number of our payroll functions it's an e-mail that goes out--one blanket e-mail--that goes out to the entire college and you click on a link and you go in and check a box and it's your electronic signature to have this taken out of your paycheck or select this option for healthcare or this, that, and the other thing. And so there's an e-mail involved. And if it's... [LB503]

SENATOR LOWE: But those are limited options, though. Maybe if we would choose, for example, Knights of Columbus and everything else that you could have a designation off of. And some of the organizations I've belonged to, nobody has ever heard of. [LB503]

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BOB REDLER: I would suggest that, you get into something that has absolutely no direct relationship to the entity that we're talking about--in our case, Southeast Community College--I would start to put that in a little different category. But the ones that are going to be directly associated with the college I think are quite limited. And even if you ran the gamut of it and did that, it would still be one programming step to add those blanks for this entity and to withdraw that and then change the wash through the unbudgeted funds portion of the budget to pay that back out, probably through an electronic transfer to another account. And so, once again, very, very minimal. [LB503]

SENATOR LOWE: But there's code writing involved. [LB503]

BOB REDLER: Yes, once. Yeah, agreed. [LB503]

SENATOR ALBRECHT: Senator Chambers. [LB503]

SENATOR CHAMBERS: I just want to assure my seatmate, Senator Lowe, that he thinks nobody has ever heard of them, but I assure him that Homeland Security knows every one of them. [LB503]

SENATOR ALBRECHT: All right. Well, thank you for your testimony. Okay, another opponent. Hi, there. [LB503]

DARREN GARREAN: Chairman Albrecht, members of the committee, my name is Darren Garrean, first name, D-a-r-r-e-n, last name, Garrean, G-a-r-r-e-a-n, I am president of the Nebraska Professional Fire Fighters, representing approximately 1,500 firefighters from Scottsbluff to South Sioux City down to Beatrice. We rise in opposition to LB503. And not to hash a lot of what has already been said, you've heard about secondary insurance and philanthropy and other things that could be deducted. I think some of the context that has not been talked about is what is currently in place with dues deduction is local control. The local control of whatever bargaining agency against the bargaining unit has that option of bargaining for the dues deduction. Currently in place, if they choose it's important for them to bargain, then they bargain for that. If they don't, they have that right to make that choice. I think what LB503 is eliminating a choice for, whether it be a city, whatever bargaining agency against the bargaining unit, to make that choice on what is important. Doing so, like I said, eliminates that local control. Senator Halloran, I think you made a comment. If I may ask a rhetorical question as far as trying to keep union membership on their toes, if I rhetorically asked if there are other legislative bills that maybe do the same thing for organizations like...when I say organizations, corporations and things of that sort. These are choices between the bargaining agencies that basically have already agreed on what's important to them and have made that choice. And to

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come back and say, maybe to keep us on our toes, I don't think that happens to all other corporations and things that are in the state. And I just ask that rhetorically. There was also I think a comment on whether or not this can be done with a credit card or a debit card and it can be done in other means, in other fashions, but it had already been decided by, whether it's the city or the government entity with the bargaining employees, that this is how they want it to be done. I think that was a context that has not been discussed in this arena yet. This is often called paycheck protection, which is a model legislation from ALEC, which has originated I think as far back as 1999. It has raised its head again in 2011 for right-to-work states and we've seen it here over the past few years. Nebraska is a right-to-work state and the employees have the right to make that option individually. And I think they also have that ability to do so at the bargaining table. With that, I ask that LB503 not be moved forward. Is there any questions? [LB503]

SENATOR ALBRECHT: Thank you. Do we have any questions? Seeing none, appreciate your time. [LB503]

DARREN GARREAN: Thank you. [LB503]

SENATOR ALBRECHT: Another opponent. [LB503]

MARK SALERNO: (Exhibit 10) Good afternoon, Chairperson Albrecht and committee members. I'll start off by just kind of summarizing a few of the facts that... [LB503]

SENATOR ALBRECHT: Can I get you state your name and spell it for the record? [LB503]

MARK SALERNO: Oh, I'm sorry. [LB503]

SENATOR ALBRECHT: You're okay. [LB503]

MARK SALERNO: My name is Mark Salerno, and that's M-a-r-k S-a-l-e-r-n-o, and I represent International Brotherhood of Electrical Workers, Local Union 1483. Sorry. Anyway, go back just summarizing a few of the facts that have been stated in previous testimony. Dues deductions are not mandatory or automatic. Dues deductions are voluntarily agreed to by both parties. Management and the union agree to this during the bargaining process. As with all bargaining, something was given by the union in exchange for the dues check-off process to occur. It certainly is not given for free. There is no obligation for the employer to agree to dues check off, but must be willingly agreed to by the employer. In general, I think many would agree that organizations work best when there is a healthy relationship between the entities that represent both the employer as well as the employees. Overall, management representatives and employee

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representatives are in the best position to know what is right for each other. Interference by outside entities that are not familiar with that particular business or entity is an example of government overreach that disadvantages each party that is overregulated. This disadvantage translates to inferior service to the Nebraskans that that public entity serves. Both the employer and the employees' representatives are the most knowledgeable to determine what is in the best interest of their respective constituents. Intrusion by outside entities is an example of government overreach that interferes with agreements voluntarily agreed to by both the employer as well as the union. Similar to a rancher who knows best when to sell their cattle or the small business owner who should be allowed to order their own inventories without interference, both public sector employers and public sector unions are best equipped to determine what is in the best interest of their ratepayers, taxpayers, or union members. I work at Omaha Public Power District. I believe that part of the success of public power can be attributed to a laissez-faire attitude by the Legislature to allow power companies to serve their customers without unwarranted or undue regulation. Just as power companies are the best entity to know how to serve their customers without regulation, management should be allowed the freedom to decide how to interact with the unions. This bill is not just a solution in search of a problem, would actually serve to disrupt the connection between management and labor that has clearly benefited Nebraska ratepayers and taxpayers for decades. LB503 represents interference through unnecessary regulation that really offers nothing to Nebraskans. In short, I believe that LB503 is bad for public sector employers, for public sector employees, and clearly bad for Nebraska ratepayers and taxpayers. [LB503]

SENATOR ALBRECHT: Thank you. [LB503]

MARK SALERNO: I'll be happy to try and answer any questions. [LB503]

SENATOR ALBRECHT: Thank you. Questions? Seeing none, thank you for your testimony. [LB503]

MARK SALERNO: Thank you. [LB503]

SENATOR ALBRECHT: Other opponents. [LB503]

SUSAN MARTIN: (Exhibit 11) Good afternoon, Senator Albrecht and the members of the Business and Labor Committee. My name is Susan Martin, S-u-s-a-n M-a-r-t-i-n, I am the president of the Nebraska State AFL-CIO, representing 23,000 union members across the state of Nebraska. Today I am testifying in opposition of LB503. We feel this bill is part of a larger antiworker effort to limit the voices and rights of workers. The legislation introduced in LB503 apply rules to public sector union members but do not apply to any other organizations. A

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business that belongs to a chamber of commerce, for instance, can't opt out of paying annual dues and still belong to the chamber. But union membership is voluntary in Nebraska, therefore, union dues would be voluntary. There are two types of deductions currently taken out of employee paychecks, mandatory and voluntary. LB503 is specifically directed towards public employees stating that the public employers shouldn't be responsible for taking union dues out of an employee's check, but what about other voluntary deductions that are taken out of an employee's paycheck? Other types of voluntary deductions are: 401(k), healthcare, childcare, zoo memberships, and charitable contributions such as United Way. These are just some of the deductions now being taken out of state of Nebraska employees' paychecks and I know this because I was a state of Nebraska employee. The introduced legislation states, "A public employer shall not deduct dues, assessments, or other amounts from the wages of a public employee". Would this include some of the other voluntary contributions mentioned above? Passing this legislation may hurt donations to our nonprofit organizations. Many union members voluntarily donate to organizations like the United Way through paycheck deduction. This legislation would make that process more difficult. The bill being brought forward by Senator Brewer is nothing more than an attack on labor unions that has no substantiating evidence or valid sustenance. This type of bill we consider paycheck deception which creates unfair regulations. These laws require labor organizations to go through burdensome bureaucratic hoops in order to deduct dues from members' paychecks. No other corporation, CEO, or organization has similar restrictions. The sole intent is to force the union to spend more resources collecting dues so that they have less ability to advocate for workers at workplaces. We ask that you oppose this legislation and support the efforts of all working men and women in the state of Nebraska. [LB503]

SENATOR ALBRECHT: Thank you. Any of you have questions? Senator Lowe. [LB503]

SENATOR LOWE: How is LB503 silencing the unions if they would still be able to contribute to them? [LB503]

SUSAN MARTIN: I didn't say that it was silencing them, I said it would make it harder for them. [LB503]

SENATOR LOWE: I thought you had said that LB503 is silencing the unions in some way. I remember you said silencing in the very beginning. [LB503]

SUSAN MARTIN: I don't believe I said that. [LB503]

SENATOR LOWE: Would zoos be silenced or the United Way be silenced? [LB503]

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SUSAN MARTIN: I said it would...oh, I see what you're saying now. It would make the process more difficult. That's, I think, what I referred to. [LB503]

SENATOR LOWE: So they wouldn't be silenced? [LB503]

SUSAN MARTIN: No. It would make it more difficult to get the dues. [LB503]

SENATOR LOWE: As for any other organization it would be, too? [LB503]

SUSAN MARTIN: Yes, if that's what this bill is applying to. I'm saying, where's the fairness? If you're focusing...if this bill is focusing on dues deduction for union members, which is a voluntary contribution, would it also apply to dues or deductions for these other voluntary contributions? [LB503]

SENATOR LOWE: But the other ones can contribute outside the realm of paycheck deductions, too. [LB503]

SUSAN MARTIN: They could. [LB503]

SENATOR LOWE: Could not the unions? [LB503]

SUSAN MARTIN: They could. [LB503]

SENATOR LOWE: Okay, thank you. [LB503]

SENATOR ALBRECHT: Senator Chambers. [LB503]

SENATOR CHAMBERS: Sometimes old brains pick up things that young brains don't. I think the comment was that it's part of a broader effort to silence workers, not that this bill itself did it, but it was a part of a wider effort. And I think that's how that comment about silencing workers was uttered, if I remember correctly. [LB503]

SENATOR ALBRECHT: Thank you. Any other questions? Senator Halloran. [LB503]

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SENATOR HALLORAN: Thank you, Madam Chair. Thank you, Ms. Martin. On the last sentence on the front page you made a comment, "This type of a bill we consider paycheck deception which creates unfair regulations." (Inaudible.) [LB503]

SUSAN MARTIN: Right. And I think that's part of previous testifiers' testimony was about these types of paycheck...they call them paycheck protection. And they're trying to take away taking those dues out of union members...so it's basically paycheck deception. [LB503]

SENATOR HALLORAN: That would be paycheck deception if it was not required to take it out of the payroll check or deduct it? [LB503]

SUSAN MARTIN: It's just a way to try and make it harder for unions to get their dues. [LB503]

SENATOR HALLORAN: So it seems to be a common thread here that it's mostly for the ease of the unions to collect the dues. Do you think...if this were implemented, you think that your membership would decline? [LB503]

SUSAN MARTIN: No. [LB503]

SENATOR HALLORAN: Okay. [LB503]

SUSAN MARTIN: I think what the intent goes back to this bill is that it's trying to say that it's a burden on the state employers to deduct these dues and it's not. [LB503]

SENATOR HALLORAN: Okay. What I'm saying though is, if this were put in place and it wouldn't automatically be deducted from the individuals' payroll check, do you think that would create a hardship enough that your membership would decline in numbers? [LB503]

SUSAN MARTIN: Well, I don't think so. I wouldn't think so, because...no, because I think as previous testifiers have testified that I don't think that it would, no. [LB503]

SENATOR HALLORAN: Okay. Thank you. [LB503]

SENATOR ALBRECHT: Other questions? Senator Hansen. [LB503]

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SENATOR HANSEN: But, following up with that, even if it didn't impact membership and you say it had to do it through debit cards and pay a 4 percent fee, that's just 4 percent off the top of your only revenue stream. Isn't that right? [LB503]

SUSAN MARTIN: Yeah. Well, and I think, too, a point that...I think someone else brought it up earlier, a lot of these local unions function voluntarily. I mean, they don't get paid to do this and they're small organizations and so this would be putting a bigger burden on them to have to chase these dues down. [LB503]

SENATOR HANSEN: Thank you, Ms. Martin. [LB503]

SENATOR ALBRECHT: Thank you. Any other questions? Seeing none, thank you for coming and your testimony. Other opponents. [LB503]

DENNIS SEXTON: Good afternoon, Chairperson and Senators of the committee. I'm Dennis Sexton, D-e-n-n-i-s S-e-x-t-o-n, I'm treasurer of the Omaha Police Officers Association and I appear on behalf of our organization to encourage opposition to this bill. I'll make my remarks brief in order to not be too redundant. As it's been previously mentioned, I think this is solely rooted in the idea of an attack on collective bargaining. It makes me look across the river...but the specific language of this bill regarding school teachers makes me look across the river and wonder what's next here. As the husband of a school teacher here in Nebraska, what impact it could have on her job. The continued focus on collective bargaining throughout this country and the impact it's had on hiring and retention of police officers around this country, the detrimental effect that it's had on public safety across this nation. It gives me great pause to see what seemed like possibly a minor step in the process of merely taking away this automatic dues deduction, I think it has longer reaching effects than just this first step. And I'd be happy to answer any questions if there are any. [LB503]

SENATOR ALBRECHT: Thank you for your testimony. Any questions? Seeing none, thank you for coming. Other opponents. [LB503]

SUE DUDZIK: My name is Sue Dudzik, S-u-e D-u-d-z-i-k, I am a member of IBEW 1521, a proud union steward, and a member of the E-Board. So in the big scheme of things of all the people who have been here, I'm a peon. But I'm just perplexed at the fact that this union language has all come up. And I (inaudible) we've started with, well, this is costing the state a bazillion dollars and yet no one has come up with a fact or a figure to say exactly how much money it's costing employers to take this money out. And if you can't put a dollar amount on it where I work, then you don't have anything to stand on. You have to be able to prove what you're talking about. And then I've heard people say, well, these evil unions take their dues and they support

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political candidates. And in our case, we have a COPE fund. We set aside money for those political candidates who we know are going to support the greater good, not only of our ratepayers, but of the taxpayers, especially in the city of Omaha. So we...you know, we're kind of...this language and all of this controversy is getting me wound up and I shouldn't be. It's not good. But more importantly, I like my dues being deducted from my paycheck, because at the end of the year I get this W-2 statement that says, you know what, you paid this amount of dues. And I hand that over to my CPA and she does the proper work with it when I do my taxes. That's important to me. I'm just a peon and I'm just the clerk in the office taking applications and it's important to me to get all of my deductions and it's documented by the government. And I appreciate that you want us to go do the debit cards and you think it's no big deal, but I'm telling you it will cause me to lose members at my union, because there's some people that are still young and don't understand the importance of paying their dues and may blow it off because a cold beer is in their hand versus paying a due at the end of the week. So this is important for unions to survive. And what I really wanted to come up to say, the big push is to make America great and that's what Trump and everybody ran on. But what people fail to realize is that unions made the middle class great and that's what makes America great. And when you come doing infrastructure and doing all these things that makes America great that needs to be repaired, it's the people in this room who are going to be doing that work and need to be supported. Thank you. [LB503]

SENATOR ALBRECHT: Thank you for your testimony. Questions? Seeing...Senator Lowe. [LB503]

SENATOR LOWE: Thank you, Chairwoman. And thank you, Ms. Dudzik for being here today and testifying. Are you just a member? [LB503]

SUE DUDZIK: I have been a member for 30 years and I was recently elected to the E-Board and I've been a union steward for 30 years. [LB503]

SENATOR LOWE: Okay. [LB503]

SUE DUDZIK: So and I represent those people who pay the dues and those people who don't. [LB503]

SENATOR LOWE: Okay. What does IBEW stand for? [LB503]

SUE DUDZIK: International Brotherhood of Electrical Workers. [LB503]

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SENATOR LOWE: Electric. Thank you. [LB503]

SUE DUDZIK: You're welcome. [LB503]

SENATOR ALBRECHT: Senator Howard. [LB503]

SENATOR HOWARD: Thank you, Senator Albrecht. I just want the record to show that Sue and her husband, Bill, make "the" best chili in the state of Nebraska and they've won several competitions. And so I think that should be part of your testimony. [LB503]

SUE DUDZIK: Well, and then in that case, please note June 3 and 4 we'll be at Bushwackers for the Nebraska State Chili Cookoff. [LB503]

SENATOR ALBRECHT: Thank you very much. Good luck. Okay, thanks for coming. Appreciate it. Any other opponents. [LB503]

MATT SCHAEFER: Good afternoon. Madam Chairwoman, members of the committee, my name is Matt Schaefer, M-a-t-t S-c-h-a-e-f-e-r, appearing today on behalf of the State Troopers Association of Nebraska in opposition to the bill. The 392 members of the State Troopers Association are opposed for many of the same reasons you've already heard today. The one thing I would submit to you is that I think the state will spend more money, \$57,000, to reprogram a computer in order to calculate a lower retirement benefit for State Patrol members after the passage of LB467 last year than will ever be saved by the enactment of this bill. And I think that's reflected in the fiscal note. Thank you. [LB503]

SENATOR ALBRECHT: Thank you. Questions? Seeing none, thank you for coming. Any other opponents to LB503? Any other opponents? Seeing none, anybody in a neutral capacity? [LB503]

GARRY SIGLE: (Exhibit 12) Senator Albrecht and members of the Business and Labor Committee, my name is Garry Sigle, that's G-a-r-r-y S-i-g-l-e, I am the regional membership director in Nebraska for the Association of American Educators. AAE is a national, nonunion educators' organization with members in all fifty states. I'm also the executive director of the Kansas Association of American Educators, a state chapter of AAE. I was a public school track and field and cross country coach and teacher for over 30 years in Kansas. And in my role with AAE I serve educators, primarily public school educators, in Nebraska and Kansas. I am here testifying about this bill not in support or opposition, but to share my unique and relevant perspective as a representative of a professional organization operating in Nebraska that would

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be impacted by this bill. As I am not a Nebraska resident and AAE did not have an opportunity to survey our members on this specific issue, therefore I do not feel it appropriate to speak in explicit support of the bill. I did speak in support of related legislation in Kansas to prevent payroll deduction from being used for political activity. I appreciate the opportunity to share my perspective with you today. In brief, I would like to highlight two key points: First, a professional association can and does, in my experience, function with a private financial transaction between the professional association and its active members regarding the collection of voluntary member dues. This should negate any argument that losing the privilege of dues payment by payroll deduction is a threat to the organization's existence. Second, voluntary member dues paid by private transactions empower teachers and other education employees by increasing their awareness of the cost of membership and preserving their control over financial transactions. This relationship makes associations more responsive to member needs and concerns. AAE collects membership dues primarily by monthly credit card payment, annual credit card payment, monthly bank draft, or an annual check. Members choose the option that best works for them and can change that option at any time. Some prefer the credit card method because they collect rewards or cash back on their modest professional membership dues. Even though membership is annual we do permit members to join anytime and they can leave at anytime, after which we stop charging their account. This arrangement has not and will not prevent our professional organization from serving members in Nebraska. Educators are more than capable of setting up private financial arrangements for a myriad of services; their professional association does not need special treatment. In fact, we are disinclined to put the administrative burden on school district staff. More important than the ability to operate with this privilege of school district coordinated dues payments, which I am here to say AAE demonstrates, in my experience these voluntary member dues through private financial transactions enhance the relationship between members and their association. By retaining immediate and total control over the transaction arrangement, educator-members are in control of their membership and the association or union must serve that member well to earn the next month's dues payments, since cancellation is a phone call away. Of even greater significance is the transparency that comes with monthly dues being listed on each credit card statement, accessible from a member's mobile phone. This reminder of how much each member is paying for service is critical to making associations responsive to members' needs. Unless a professional organization in Nebraska allow members to leave at any time with no financial penalty, the payroll deduction arrangement puts school districts in an awkward position of being a collections agent for a professional organization or union. School districts should not be in this situation and professional organizations and members should be required to address their payments or amounts due without involving the school district. With that, I would be happy to take any questions. [LB503]

SENATOR ALBRECHT: Thank you for your testimony. Any questions? Senator Chambers.
[LB503]

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SENATOR CHAMBERS: Did you say you're not from Nebraska? [LB503]

GARRY SIGLE: I'm the regional director for AAE, which includes Nebraska and Kansas. [LB503]

SENATOR CHAMBERS: And you're from Nebraska, yourself? [LB503]

GARRY SIGLE: I'm from Kansas. [LB503]

SENATOR CHAMBERS: I think the term "neutral" means something different in Kansas than it does in Nebraska. [LB503]

SENATOR ALBRECHT: Senator Lowe. [LB503]

SENATOR LOWE: Thank you, Chairwoman. And thank you, Mr. Sigle. Do you feel that your members are at a disadvantage because you do not use the automatic withdraw from collective bargaining? [LB503]

GARRY SIGLE: We...as I said in my testimony, we prefer a private transaction because we think that puts the power in the hands of the member. [LB503]

SENATOR LOWE: Thank you. [LB503]

SENATOR ALBRECHT: Other questions? Senator Halloran. [LB503]

SENATOR HALLORAN: I'm curious...thank you for your testimony, but does...with the use of the credit card there's some cost to the organization? Can you kind of give us a feel for what that... [LB503]

GARRY SIGLE: Membership services takes care of that, but it's my understanding that it can cost anywhere from a 1.5 percent to up to 3 percent per transaction. [LB503]

SENATOR HALLORAN: Okay. [LB503]

SENATOR ALBRECHT: Other questions? Seeing none, thank you for your testimony. [LB503]

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GARRY SIGLE: Sure. [LB503]

SENATOR ALBRECHT: Anyone else in a neutral capacity. [LB503]

MARK McGUIRE: Madam Chairman, members of the committee, my name is Mark McGuire, M-a-r-k, McGuire, M-c-G-u-i-r-e, I appear in a neutral capacity. I'm representing myself. For approximately 40 years I've practiced public sector labor law involving the CIR and Nebraska system of collective bargaining and so forth. I've listened to the debate here today. I realize time is of the essence, so I'm going to make this real short and sweet. Listening to the testimony that was given, I'd like you to consider this language with respect to this bill and that is: Any teacher or administrator employed by a school district who voluntarily participates in a professional or labor organization may authorize the withholding from his or her wages of an amount to be paid to the professional or labor organization. The school district shall make such deduction each month or pay period and pay the amount deducted to such professional or labor organization. The school district may charge an amount not to exceed the actual cost incurred by the school district for making such deductions. I'd ask you to consider that language carefully, because that language is part of Nebraska law as we sit here. It's found in Section 79-872. (Section) 79-872 is one of three statutes that go to collective bargaining...the issue of dues deduction. And those sections are 79-872, 79-873, 79-874. By way of background information, language contained in these was drafted by a young lawyer named Mark McGuire. It was supported and helped along by a young state senator named Ernie Chambers. It takes us back a little bit. We both had different colored hair back then. But that's Nebraska law. And I don't say it just candidly here, how you can take LB503 and what I just read to you and blend them together. LB503 doesn't mention 79-872 and it's impossible to not have it covered by the same thing. So I raise that in my neutral capacity as having some background in this area, of which you might not otherwise be aware. I'd be happy to respond to any questions. The language that I quoted for you...yeah, if it could be distributed now I'd appreciate it. [LB503]

SENATOR ALBRECHT: Thank you very much for your testimony, sir. [LB503]

MARK McGUIRE: Thank you. [LB503]

SENATOR ALBRECHT: Senator Hansen. [LB503]

SENATOR HANSEN: Thank you for pointing me at these sections. Since you drafted them, can you tell me what the basis is for 79-874, which involves costs arising out of the withholding? [LB503]

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MARK McGUIRE: (Section) 79-874, the...and your question again is? [LB503]

SENATOR HANSEN: Well, okay, I'm going to read it and ask for your interpretation of this law. "The school district shall not be liable to the professional or labor organizations for any claim, demand, or cost arising out of the withholding authorized amounts and the transmittal of deductions authorized by the school district employs under sections 79-872 and 79-873." So, specifically for schools, the school district can't be--under current statute--liable for any costs incurred by the payroll deduction. [LB503]

MARK McGUIRE: That's the intent. [LB503]

SENATOR HANSEN: That's the intent? [LB503]

MARK McGUIRE: Yeah. That was an issue that was raised by the...at the time of the language it was 1979. Yeah. And the school board association had that concern and we, like with the rest of legislation, you worked out the language to a point where they were comfortable and our clients were comfortable as well, so that's how that got there. [LB503]

SENATOR HANSEN: All right. Thank you. [LB503]

MARK McGUIRE: Yep. [LB503]

SENATOR ALBRECHT: Any questions? Senator Chambers? [LB503]

SENATOR CHAMBERS: He's responsible for this. (Singing) Those were the days my friend. [LB503]

MARK McGUIRE: (Singing) We thought they'd never end. [LB503]

SENATOR ALBRECHT: Okay. Thank you. On a lighter note, here we go. [LB503]

MARK McGUIRE: There we go. [LB503]

SENATOR ALBRECHT: (Exhibits 14-22) Thank you for your testimony. Do we have any other folks in neutral position wanting to speak? Any other neutral testifiers? No? Seeing none, I'm going to go into the record for proponents real quick before I ask Senator Brewer back for a close. LB503 proponents were: Lee Todd, just a letter; Doug Kagan, Nebraska Taxpayers for

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Freedom; S. W. Smith, a letter; Ken Brueggemann, letter; Rachel Pinkerton, a letter; Dean Kenkel, a letter; Rachel Terry, a letter; Scott Petersen, Chase Marketing LLC; and Susan Gumm, self. So Senator Brewer, if you'd like to close. [LB503]

SENATOR BREWER: All right. Well, it's going to take a while or I guess we could do the Reader's Digest version here. I guess first off, on some of the presentations, understand that with your Southeast Community College or the Omaha Fire Department or Police Department, don't ever doubt that I don't appreciate what they do. I was a police officer. I was on volunteer fire department. I understand all those contributions. And it's not to degrade anything that they have done by what this bill is trying to do here. What the purpose of this is, is to reveal that there's a piece of what's going on with how these dues are taken out that I think is the root of the evil of the problem here. If you just take and look at a financial disclosure report...and keep in mind that we're comparing zoo, YMCA, different organizations and saying, well, if we take their dues out then you got no business taking out others. But if you go into these reports and you look and on this one report there's 20 entries for the Nebraska Education Association PAC. So we're not comparing apples and oranges here, we're probably comparing apples and watermelons, because this is where the money goes. And this...I will challenge you that the issue is, my son's a teacher, my brother-in-law is a teacher, my sister-in-law is a teacher, my niece and nephew are teachers. None of them ever had a say in the fact that thousands upon thousands of dollars were used just for things, people, candidacies, that they either supported or didn't support, but they had no oversight and no say in it. That's wrong. There's no way you can twist that and make it right. So the issue here is that the Nebraska taxpayers are being put in a position to pay a fee...I understand that fee may not be huge, but when we're talking about numbers of \$28,000, \$23,000 and some of these kind of numbers, and whether it only takes you 30 seconds or a minute per to enter, you are still putting a tremendous burden on all of the people in Nebraska. So as we look at the bill, I ask you to remember that. The fiscal note says zero. The reason it says zero is because we're reducing responsibilities, not adding them. If we were doing something like that, then there would be a price to that fiscal note. There should be a way of getting a fiscal note that actually shows that you're saving money, not spending money. That isn't quite how our system works here. So I guess with that, I would ask for your questions and we'll see if we can wrap this up. [LB503]

SENATOR ALBRECHT: Thank you. Senator Hansen. [LB503]

SENATOR HANSEN: Thank you, Senator Albrecht. Thank you, Senator Brewer. So these family members of yours that you mentioned were teachers, were they members of the union? [LB503]

SENATOR BREWER: All but my son and he just started. [LB503]

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SENATOR HANSEN: Okay. Well, as we hear testimony, obviously the leadership elections and whatnot of the union membership are decided by the members of the union. So don't they have a say by being union members to elect leadership and probably participate in candidate endorsements and all sorts of other things? [LB503]

SENATOR BREWER: I don't have access to the process there. But, obviously, if they elect someone and then that person goes and votes to spend money on candidates, you would hope that they would at least have some visibility on how that's done. [LB503]

SENATOR HANSEN: I mean on my experience, actually being a former union member myself, that's always been very public, including very prompt notice of various elections and processes and invitations for observation. And then just kind of addressing your point about the fiscal note, it's my understanding--and I've seen these here--that if there's a bill that actually reduced costs to the state we show that as a reduction in expenditure, so that process does happen. So that gives me the indication that this bill...it's not only that it doesn't increase costs, it doesn't reduce costs either. But we can go get some clarity from Fiscal Office to make sure that's the absolute case. [LB503]

SENATOR BREWER: So if you're not putting in 50,000 keystrokes, it's not reducing a burden? I mean, that's kind of what we're saying by removing these kind of numbers. [LB503]

SENATOR HANSEN: I mean, we heard testimony from some of the employee unions here that the State Troopers' union is 390-some people. That's 390-some keystrokes once every so often. I can...don't get me wrong, I've seen some fiscal notes where changing a word on a Web site cost \$57,000 and I take issue with those. But certainly, I've yet to hear or see anything that this is any sort of dollars and cents above the hour of somebody's time. [LB503]

SENATOR BREWER: This is a key stroke to remove something. You're not doing it every six month, a year, or monthly, whatever it's going to be, though. So yeah, you might have an initial requirement for whatever that is, but it's not the sustained process you're going to have to do if they continue to stay on the books. [LB503]

SENATOR HANSEN: I guess, not to keep belaboring this point, this is something we need clarity on. But any sort of cost savings, even if it's a one-time cost savings shows up. And we can clarify why that did or did not happen in this case. [LB503]

SENATOR BREWER: Okay. [LB503]

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SENATOR HANSEN: So thank you. [LB503]

SENATOR ALBRECHT: Any other questions? Senator Chambers. [LB503]

SENATOR CHAMBERS: A comment, because this is a colleague, not a layperson. Today one of my colleagues on the floor called me a hypocrite. [LB503]

SENATOR BREWER: I was there for that. [LB503]

SENATOR CHAMBERS: And I pointed out that people can say what they want to, but I do what I think is the right thing for me to do, even for my enemies. When I ran for this office the last time, the teacher's union spent thousands and thousands of dollars for my opponent. The State Patrol got rid of a Ku Klux Klan trooper. I filed a complaint that got his certification lifted. I've been such a harsh critic of the police on the floor of the Legislature and in committee that at one point some senators thought I should be censured. So...oh, and there was another trooper that I filed a complaint against because he was assigned to do some work in north Omaha and he decided he was going to humiliate a black man and he did so. And he was disciplined. So if I were this person, the way this person described me this morning, I would say this bill is a chance for me to get back at these teachers, to get back at the police, and get back at the State Patrol. But in looking at the totality of the picture, the right thing for me to do is to uphold the right of these employees to have deductions from their paychecks for their purposes as they can do for different purposes. And it's not for me to look at the particular activities of the association or the organization they want their money to go to. Now if it was going to organized crime or to support the stores in Whiteclay, that might put a little strain on me and I might do a little differently. But I point that out to make it clear to people that if I think a principle is involved, I will look at the principle and if those who I might deem my enemies bring themselves within the scope of that principle, they get the same backing from me on that principle that I would give to Mother Teresa, Martin Luther King, Mahatma Gandhi, and my good friend, Senator Brewer also. I just thought I'd throw that in. But that was the point that I wanted to make on this particular bill. [LB503]

SENATOR BREWER: Well, I did not think anything would shake my will on this until I just heard that. And you pairing with the Nebraska State Patrol has shaken my will, so. [LB503]

SENATOR ALBRECHT: Any other questions? Seeing none, thank you for LB503. Okay. Does anyone need a break? On the front side here, anybody want to take five? We're good? Okay, we're going to move on to LB598, Senator Groene. Welcome. [LB503]

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SENATOR GROENE: Thank you, Chairman Albrecht and members of the committee. Since Senator Halloran pointed at his watch, I'll cut my speech from an hour to 45 minutes. [LB598]

SENATOR CHAMBERS: That was a good opening. (Laughter) That was the quickest one I've ever heard. [LB598]

SENATOR GROENE: (Exhibits 1 and 2) LB598 would require the Commission of Industrial Relations, the CIR, to take into consideration local economic factors in its determination of wages and benefits in cases brought before them. The CIR will require information from the Census Bureau, from the U.S. Department of Labor, the Nebraska Department of Labor, and from the local business community for consideration in its findings. Currently local labor market factors are not included in the process. This can create wage and benefit discrepancies with government employment that is not matching the local economy. These local factors will assist in getting equitable solutions for taxpayers and government employees involved in the CIR process. Passed out some handouts I wanted you to see. Just for how the CIR is not equitable, I had my staff get the certified salary schedule for Lincoln Public Schools, Raymond Central Public Schools, and Norris Public Schools. Probably some of these teachers live next to each other in Lincoln. It's all in the area here of...the three schools are, in the economic area. As you'll see, Lincoln Public Schools' top pay is \$82,676 and a starting wage of \$42,831. And you can reach the \$82,676 within 16 years if you take...get your Ph.D. It's called steps. By statute, Lincoln Public Schools has to compare their wage contract with schools of the like size. In order to do that they have to leave...they have to go outside the state. The second page has Omaha; Kansas City; Blue Valley, Kansas; Olathe, Kansas; Shawnee Mission, Kansas; Des Moines; North Kansas City; and so on. Then the next one is Norris, smaller Class B school. There's a \$10,000 discrepancy there, a difference there, between the top pay of \$71,148 and starting pay of \$36,300. Their...excuse me, that's Raymond Central. Had them in the wrong order. And Norris is comparable. The purpose of the CIR and arrays was supposed to bring equitable pay in comparison. But as you can see, it really don't work. It's just no other state uses the CIR type system anymore that we can find. They all use...I'm a fan of unions. I really am. You've seen me stand up for the railroad union and I believe they need to organize because management can be...but you work for your local school district. You live in a community. Your salary should be based on the cost of living locally, the economic conditions locally, not what's going on in Des Moines, Iowa. So the legislation would add local factors. One of the ones that concerned me was I knew that...there's another handout, median household income, U.S. Census Bureau. And we all know during the crash of 2009-11, incomes for families went down. If you'll see that in Nebraska it went from 2009 of \$50,713; it dropped over \$1,000 by 2010. This was over a one-year period, \$49,520; and then the information my staff found jumps to 2014 where it went back up to \$50,296. But in the five years it has not reached the level it was in 2009. That would indicate that government employment salaries should have been pretty stagnant through that period. They have not. They take a steady climb because of the array system. What shocked me

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the other day was I met, as Chairman of Education, we had a lot of administrations of schools complaining--and they have a right to--that we're not going to give them as big a increase in TEEOSA spending as we have...as the formula states. I'm not going to state the school, but they just couldn't get under that budget. They could not take that cut. So then I read in the March 14 Omaha World-Herald the same school district just announced that they were going to give their superintendent a \$6,525 raise, a 2.91 percent. They were giving the other administrators a 2.5 percent raise. And then the contract with certified staff was going to go up 2.82 percent in '17-18 and 3.57 percent increase in '18-19. Now if I call that administrator, he would say the...I know he would say the CIR made me do it. That's what he would tell me. That's all I hear. Can you control your budget? Can you ask your employees to be part of the community, to not take the raises and not just be living this utopia where you increase your wages when the economy does not match that? And they will tell you I can't do it because of the CIR. So what my attempt here is to let the CIR also bring into account local situation, the economic situation. If you have a hospital in your town...usually if you follow a town, the hospital employment pretty much sometimes matches what the school employment does. Find out what their health benefits are, what their retirement benefits are. The same level of education in a lot of instances, find out what the nurse makes with a BA. Find out what their health insurance is and they can take that into account when they rule on a local government union issue with the CIR. And that's to give some common sense into the wage negotiations with the unions, with the government unions. It's not there now. We have this thing called a CIR and arrays. No other state does that. In Missouri, if a union goes to...has a fight with the management they go directly to mediation. And then that mediator decides what's the local issues, what's the standard of living here, how much of a wage has the local area got. They do not take into consideration what some school in Kansas City is doing...I mean in Omaha, Nebraska, is doing. They do not care. That's how unions work in the free market, also. It's a negotiation, not a formula that says you have to give this much money because the formula says it's due them because you've got to be in the middle to just...and mostly in the middle. They all shoot for the middle. Well, that's just a natural climb upward. So anyway, that's what I'm bringing here and trying...I'd love to see the CIR disappear. It's antiquated. We don't live in the 1940s anymore. People are mobile. If they don't like what they're getting paid they will move. We need to eliminate it. But I thought this was a good start to bring some free market factors into how we negotiate with our local public unions. So thank you. [LB598]

SENATOR ALBRECHT: Questions? Senator Chambers. [LB598]

SENATOR CHAMBERS: I often start conversations with this comment. I want to have you improve my education. Are the terms "laissez faire," "all the traffic will bear," and "free market" synonymous? [LB598]

SENATOR GROENE: They're all used in that context of free markets. [LB598]

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SENATOR CHAMBERS: Are they all...they all mean the same. [LB598]

SENATOR GROENE: No, they don't. [LB598]

SENATOR CHAMBERS: So what's the difference? What would be the difference between "laissez faire" and a "free market"? [LB598]

SENATOR GROENE: "Laissez faire" is whatever the buyer is willing to pay. "Free markets" implies that wherever you go you can sell your product, or you cannot be...have a tariff on it. It's a bigger context. It's all those phrases are used within the free market system. [LB598]

SENATOR CHAMBERS: But won't both of those terms mean a willing buyer and a willing seller without outside coercion or pressure? [LB598]

SENATOR GROENE: Yes. Good, yes. [LB598]

SENATOR CHAMBERS: So they mean basically the same thing. [LB598]

SENATOR GROENE: In different contexts but, yes, they're all pointing to the same issue. [LB598]

SENATOR CHAMBERS: What about "all the traffic will bear"? [LB598]

SENATOR GROENE: That's another way of saying... [LB598]

SENATOR CHAMBERS: Are you familiar with that term? [LB598]

SENATOR GROENE: Yes, I am. [LB598]

SENATOR CHAMBERS: It's an unsavory term, isn't it? [LB598]

SENATOR GROENE: Not really. [LB598]

SENATOR CHAMBERS: It carries the odor or the aroma of gouging, monopoly, and the kinds of things that mean if you're strong enough and you can have your way, that's the way it's going to be without regard to anything else. [LB598]

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SENATOR GROENE: It's a way of saying that free markets work; that you set your price as to where you think you can sell your product. And if you can't sell your product there's a lot of factors involved. Let's say you only make ten of those units. So you're going to set it as high as you can so that you sell ten. If you're capable of producing 100 units, you say, well, I'll lower that price because I can make more money at \$90 apiece for 100 units than I can at ten units that my factory can turn out at \$120. That's what all the traffic can bear means, basically. It's...there's a lot of factors involved. You want to sell everything you produce and you set that price to where that...where you're going to maximize your profit to do so. That's just common-sense marketing. And then the buyer says, I don't need that product, it's not a want I'm willing to pay that much for. [LB598]

SENATOR CHAMBERS: Well, I would...a person can look up the definition of those terms and then draw a conclusion. In a sense "all the traffic will bear" is why we have the law what it is dealing with the CIR. That provision was put in law because the interests that wanted it played by the rules of the system and got the Legislature to do what they wanted it to do. Isn't that in the law because of legislative action? What you're trying to modify about the CIR is what is in statute and the interests that might benefit from it did not have a vote on the floor of the Legislature. The senators did it, just as a senator said that a person wearing religious garb can teach in the public school classrooms. So what you're trying to do is make it easier on certain entities that you have a greater affinity with or for. Isn't that true? [LB598]

SENATOR GROENE: That's what we all do if we... [LB598]

SENATOR CHAMBERS: No, not whether we all do it. That's what you're trying to do. [LB598]

SENATOR GROENE: If existing law is law and it's written in gospel, then we all should go home. But what we do here, Senator Chambers, is come down here and tweak it, change it as the tides, the political tides change. [LB598]

SENATOR CHAMBERS: But you're not answering the question that I asked you. [LB598]

SENATOR GROENE: Yes, I'm trying to change the law, if that's what you're asking me. [LB598]

SENATOR CHAMBERS: You're trying to get something that is more accommodating to the constituency that you have affinity with. Isn't that true? [LB598]

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SENATOR GROENE: The taxpayer, who owns the schools and who hires the employees, yes. They should have a say. [LB598]

SENATOR CHAMBERS: Well, taxpayers in Omaha do too. The taxpayers in Kansas City do too. So if that's the basis of it, the law shouldn't be touched. But here's what I'm trying to get at in my conversation with you. The people whose interests will be served by the current law persuaded the legislators to do it that way. Isn't that true? [LB598]

SENATOR GROENE: At that time... [LB598]

SENATOR CHAMBERS: And the constituency that you... [LB598]

SENATOR GROENE: ...but history changes, situation changes, and times change. So that's...I'm here to say we have a group of...one side of this equation who has no say in about what price they're willing to pay. They are forced to pay a certain price for the individual that teach their children because they have no say. [LB598]

SENATOR CHAMBERS: There are a lot of people that I speak for who have no voice. I call them the last, the lost, and the least. And they don't have the power. But the ones who will ignore them while in the Legislature will accommodate farmers, ranchers, corporations, big business entities. And the statutes are littered with laws that favor them and they don't need it. They get what they want and they're gone--Cabela's. I fought against giving Cabela's breaks and stopped them from getting breaks and they built out there near Sarpy County anyway. But had I not been the brake on the wheel, Cabela's would have gotten additional breaks for that establishment. [LB598]

SENATOR GROENE: Well, Senator, we're on the same page there. If you'd ask the State Chamber of Commerce what they think of me and my stand against income...tax credits, they would say I'm sitting next to you. [LB598]

SENATOR CHAMBERS: But here's the thing, you might be next to me on that, but when it comes to medical coverage for the poor and their children, you're east and I'm west. If we talk about some of the other areas where I have an interest, you have no interest that parallels mine. So on this one, I'm going to listen to your argument with an open mind, but my mind is closed. I'm just being frank. And here's what I did on this area. People don't know what I've done. Did you know this outfit used to be called the Court of Industrial Relations? Do you know who changed from that? I did. I said, first of all, it's not a court. The individuals who are on it are not judges. They do not have to meet the qualifications of judges. They're not selected in the way

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that judges are for a court. So it's a commission and that's what it ought to be called. And there were lawyers and others who said you shouldn't do that because in other states, if a ruling comes down from this group it carries more weight if the document says signed by a judge of the Court of Industrial Relations. And I said I believe in truth in advertising. They're a commission. The people are commissioners. And over much opposition I got the law changed to what it is. They're called a commission. You all don't know what I've done here. [LB598]

SENATOR GROENE: Well, I just learned. [LB598]

SENATOR CHAMBERS: And as a result, I get excoriated. But I thrive on that. I thrive on it. I am an example of if it doesn't kill you it makes you stronger. So I would ask you, if you were not from an area where you have these smaller schools and you're worried about the cost to those entities, would you be bringing this bill, do you think, or you would be more amenable toward the constituency who sent you here if it happened to be from Omaha? [LB598]

SENATOR GROENE: You represent who sent you there. [LB598]

SENATOR CHAMBERS: So you would not be bringing this bill, would you, if you were elected by Omaha? [LB598]

SENATOR GROENE: Oh, I think I probably would. It depends. [LB598]

SENATOR CHAMBERS: They have sick people in the area where you were. [LB598]

SENATOR GROENE: Yeah. [LB598]

SENATOR CHAMBERS: But you'd be against the expansion of the reach of Medicaid, wouldn't you? [LB598]

SENATOR GROENE: Yes. [LB598]

SENATOR CHAMBERS: Okay. Your witness. (Laughter) He and I, we banter. [LB598]

SENATOR ALBRECHT: Yes, you do. Any other questions? Senator Halloran. [LB598]

SENATOR HALLORAN: Madam Chair, CIR is not just teachers' salaries that we're talking about here, right? [LB598]

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SENATOR GROENE: No. It's all government employment. [LB598]

SENATOR HALLORAN: Right. We have...and I shouldn't make this so local because this will come back to haunt me, but in Hastings we have a recently retired individual in charge of utilities. And he was pulling down a salary of, oh, I'm going to say \$180,000 a year. This is in a community that the average median salaries probably...median income is probably somewhere around \$27,000. Now, that \$180,000 was a result of just what you're talking about here--them looking around the country studying what someone in Chicago or Cincinnati makes in an area with much higher cost of living, for example, and yet we just felt obligated to pay this guy. This guy was going to go nowhere but Hastings. He loved Hastings. He was going to stay there. He would have taken significantly less, but we were forced to take...to pay that high a salary. [LB598]

SENATOR GROENE: Yes, this isn't...I always say I never blame a person for taking... [LB598]

SENATOR HALLORAN: Absolutely not. [LB598]

SENATOR GROENE: ...what's offered or what's available. That's the American way. [LB598]

SENATOR HALLORAN: Yeah. [LB598]

SENATOR GROENE: But I do blame the elected officials who enable it. Any other questions? [LB598]

SENATOR ALBRECHT: Thank you. Other questions? Thank you. Are you going to stay for close or...? [LB598]

SENATOR GROENE: I've got to leave. If I'm available...if I'm not here, close without me. [LB598]

SENATOR ALBRECHT: Thank you. [LB598]

SENATOR GROENE: I got to get back to Education. [LB598]

SENATOR ALBRECHT: Very good. [LB598]

SENATOR GROENE: I got fires to put out there. [LB598]

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SENATOR ALBRECHT: Okay, we're going to open it up for proponents wishing to speak to LB598. Do we have proponents wishing to speak? (Laughter) Proponents. Proponents. Do we have any proponents wishing to speak to LB598? Seeing none, we'll move on to opponents. [LB598]

DALTON TIETJEN: Good afternoon, Madam Chairman and members of the committee. My name is Dalton Tietjen, that's D-a-l-t-o-n T-i-e-t-j-e-n. I'm a lawyer with the firm of Tietjen, Simon and Boyle, and I'm here testifying on behalf of the International Brotherhood of Electrical Workers. We wish to register our opposition to LB598. We believe quite firmly that enactment of the bill's changes will certainly serve to further complicate an already complex process and it will increase costs for all of the parties to negotiations while not providing any corresponding benefit. My law firm has been working with the commission and with public sector labor unions for my entire career, over 31 years now. And I will tell you that it is an extremely complex area of the law but it's much, much needed. It's enact...it's provided for by constitution. It is enacted as a strike substitute, so I was...I was shocked to hear that somebody says that they want to get rid of the CIR. If you want to get rid of the CIR, your alternative is strike; and the public sector labor unions don't want that and I don't think any of the municipalities, the counties, or anybody else wants that either. Nearly seven years ago I was contacted by Senator Lathrop who asked if I'd join a work group to discuss making some changes to the Industrial Relations Act. And that group ended up including several senators, myself, and John Corrigan and Mike Dowd for labor, representatives of municipalities and their counsel also. And that group worked for nearly a year in trying to come up with some suggestions as to changes that could be made to the commission that could be helpful for everybody involved. I can tell you that, as I said, it was nearly a year. LB397 resulted, but it didn't result without a lot of wailing and gnashing of teeth on both sides. That was the process of negotiation. Everybody had to have a little bit of unhappiness with what came out. But the commission has, over the years that it's been in effect for, well, it's been working actively since probably the '60s, developed some very specific guidelines as to how to find out what comparable wages are and how to then apply that. It developed those guidelines over the years very carefully. The subject itself is complex. And when you push in one area it puts pressure on another area which...and then you take care of that problem. It puts a squeeze over on the other area. So that's why it took us nearly a year. It's not something where you can just drop a bomb in with a few sentences and say you're going to take care of a problem. And throughout that year when we were talking, the expressed concerns, the two focal points for management, were that they wanted simplicity and predictability. Well, we worked as hard as we could, but we didn't achieve 100 percent simplicity or predictability. It's impossible when you deal with something with this many variables. It's unavoidably complex and somewhat unpredictable. You can't just make a simple little calculation and have everything come out or it's going to be horrendously unfair to somebody. I can say that, though, that LB598 will operate contrary to both of those goals. It will make it far, far more complex because of all of these new factors that have to be taken into consideration, and it's going to make it far less predictable

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because it gives precisely zero guidance to the commission, as all it says is that the commission should consider these factors. That's like having a recipe where you say you have seven ingredients that should be placed in this, in whatever you're going to be baking, but it doesn't say how much of each ingredient or what you do with each ingredient. So the commission has zero guidance. Nobody is going to be able to predict what's going to come out of it if we do this. Furthermore, the statute 48-818 already allows for economic variable evidence for out-of-state employers. That's on page 7 of the bill. It doesn't demand such evidence, but it allows people to produce it if they think it will be helpful. [LB598]

SENATOR ALBRECHT: Thank you. I'm sorry to cut you off but we have several behind you. [LB598]

DALTON TIETJEN: No problem. [LB598]

SENATOR ALBRECHT: Do we have any questions? Senator Chambers. [LB598]

SENATOR CHAMBERS: Not a question. You...when people speak, they draw pictures in my mind. You've seen these long balloons and, like you said, if you squeeze it real hard here then it's not uniform, then it bulges over here. So as you say, you...this is for my friend Senator Halloran. When you push the bulge down here, then it goes over here. But in all seriousness, this has been a very contentious area because you don't have people whose interests parallel; they clash. You have the, to make it easy, the management and the workers, and they are trying to reach an accommodation because something has to be done. So I think the most you can do is reduce the amount of friction. You're not going to make it an ideal situation for any of them. And I was kind of bantering with Senator Groene because he knows that this bill is not going anywhere, but he paid his devoir to virtue, as they say, and offered it. And you saw that he's not anywhere to be seen right now. He couldn't stand to watch his child meet the fate that he knew it would meet. [LB598]

DALTON TIETJEN: (Laugh) Well, I do definitely agree with you in that it...the whole purpose of the statute is to try to get people to get to some sort of an agreement. They're not going to be happy, probably either side, but it's to get to some sort of an agreement. And in that sense, the statute has been very successful. Since the enactment of LB397 six years ago, we've had precisely two cases that have gone all the way through the commission. All the other municipalities, counties, everybody, the state employees, they've come to voluntary agreements. They might not have been perfectly happy with them, but they came to voluntary agreements. In my opinion, that's the law is achieving its purpose. [LB598]

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SENATOR CHAMBERS: And to show how perfectly you've summed up the situation, there's a city in Nebraska, some people call it the River City, and it had a manager called a mayor, and it had a group called the police union, and they couldn't get together. So they went to someplace, I'm not going to say where it was, but the sword was being raised, raised, raised, and just as it was about to come down they said, stay your hand. And they reached an agreement and a contract was settled, which is the negotiations, if you want to call it that. It was more like a war had gone on and on and on. But then when they thought that this entity was going to come down with a decision then they decided it would be better for them to get the best that they could and move on. So in a way, it's serving its purpose even when it doesn't issue a ruling that resolves the issue. If you can bring two warring sides together and they reach an accord, that's what you were after. So I really don't see the need to alter it in the way this bill would. [LB598]

DALTON TIETJEN: I certainly agree. I don't like the alteration at all of this bill. And I think if there are going to be alterations, we're probably going to have to get together with another process like we did six years ago where it's going to take a long time, lots of study. Because, like you said, like you talked about earlier, you press one area, you're putting pressure over on the other side. And you have to address that situation and you have to try to finally put together a package that's balanced. [LB598]

SENATOR CHAMBERS: That's all that I have, though. [LB598]

SENATOR ALBRECHT: Thank you. Any other questions? Thank you for your testimony. [LB598]

DALTON TIETJEN: Thank you. [LB598]

SENATOR ALBRECHT: Do we have any other opponents? [LB598]

MIKE DOWD: Good afternoon, Madam Chair. My name is Mike Dowd. I represent the Omaha Police Officers Association and also the AFL-CIO. [LB598]

SENATOR ALBRECHT: And can you spell your name real quick? [LB598]

MIKE DOWD: M-i-k-e D-o-w-d. I had the privilege of taking a simplistic approach towards a CIR case most recently that resulted in 12 banker boxes worth of statistical information that was presented to the commission over the course of a year. The first half of our case would have been tried in November of 2015, with a December...excuse me, with a June of 2016 decision as to the array. Last half of the case was tried in November of 2016 with a 50-page brief on both sides

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talking about what is not a simplistic process but a very complex process. I've taken a look at the additional language that's being suggested and all we're doing is adding another layer of confusion and complexity that is not warranted in this instance. We have to engage in a cross-comparison of every single benefit, of every single wage aspect. And even before we get to the comparison of the wage and benefits, we have to compare ourselves to the working conditions of those we're comparing to. Why do we do that? Why is it important? Why not just go ahead and ax the CIR? Let's go ahead and strike. Let's go ahead and let the market bear. The problem with that is...and I'll give the example of the Omaha Police Officers Association. In 2010, 1,979 applicants for the position. Okay? By 2013 that was reduced to 1,847. By 2015 it was reduced to 969. Of those, only 328 would even qualify. When we talk about let the market bear itself, we have to remain competitive with the outside comparators or they will flee and they will go, and our quality teachers will not be here. Our individuals that are going to serve as police officers who have to hold up the most important rights of individuals within the communities and not overstep those rights, we want to make sure it's the best and brightest out there. We want to have the most skilled firefighters. And for the other public sector unions, in each facet that they're performing work for our society, we do want the best and the brightest. We want to maintain and promote some desire for individuals to come and reside within the state. So when we look at these additional factors and just simply throwing out there, let's go ahead and use the Department of Labor studies on their American Community Surveys, there has to be some meaning to that because we have to do a comparison of whoever we're comparing to, to ourselves. It doesn't even say to compare those statistics with the other entity. So what are you supposed to consider when you look at that information? We saw some of the information that was produced at the time of the last court hearing: the percentage of Alaskan Natives that are within Nebraska. I mean, what does that have to do with the term and condition of employment? What does that have to do with a wage? A statistic without meaning is just a statistic. There has to be some intent behind it, not just throwing out something and seeing what sticks. When we talk about the CIR, it's a political group of commissioners. They are not judges. And there is a flow that goes back and forth, depending upon who holds the seat as Governor and those appointments. Right now one of the commissioners happens to be a former head of the Republican Party for Douglas County and also the state, not necessarily the best commissioner to be arguing in front of, from our standpoint. But we have that group of commissioners and we deal with that. And when we looked at the realities of the information we went through, we looked through the 12 banker boxes of statistical information, we looked at our respective arguments, which included economic arguments where the city was suggesting a 6 percent wage cut based upon a statistical analysis, all of those things are considered when we went back to the bargaining table and reached an agreement, so that the process itself is working. We don't even have a single case that's been decided by the commission utilizing the full process. And I would go ahead and agree with Tietjen's comments that that shows that the process is working. If we can go ahead and defer that type of litigation, I think we did our job seven years ago. But to go ahead and now just

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start to tweak things again without any real understanding as to what the commissioners would even look at is nonsensical. [LB598]

SENATOR ALBRECHT: Thank you for your testimony. Questions? Senator (inaudible). [LB598]

SENATOR HALLORAN: Go ahead, Senator. [LB598]

SENATOR CHAMBERS: Should I? Okay. [LB598]

SENATOR ALBRECHT: Senator Chambers. [LB598]

SENATOR CHAMBERS: Mr. Dowd, I think you're aware of the fact that there hasn't been peace between me and the police union. [LB598]

MIKE DOWD: I understand that. [LB598]

SENATOR CHAMBERS: When I wore a younger man's clothes, the police didn't even have a union in Omaha and I was the one who pushed for it, because I thought if they could get in a position to bargain with the city and get better conditions, better wages, they would be less hard on my community because they wouldn't be so angry. It didn't work that way. But I think you could confirm that never have I tried to break the police union or take away any bargaining powers or whatever for the purpose of getting even with them for what I feel they've done to us. And the reason I've done that is because I have to look at what is best overall if sometimes my community is left out of it. And I think letting the police have a union, given the worker-employer way that things are done, it's a hard thing for me to swallow, because I cannot tell you that I haven't had the urge on occasion, and this Legislature being what it is, there could have been a possibility of cutting back on what they could do. You are here representing the police union. An emissary carries messages both ways. You might be able to make them understand some of what I've just told you that they would never accept from me. You, in a sense, are one of them, they trust you, and you would not say anything just to be saying it to accommodate me. But they need to understand that there's somebody in this Legislature who could put a hurting on them, but I haven't done it and haven't even tried. So they need to...Madam Chair, can I take a little liberty here? The buzzard took a monkey for a ride in the air, / The monkey thought that everything was on the square. / The buzzard tried to throw the monkey off his back. / The monkey grabbed his neck and said, listen, Jack, / Straighten up and fly right, / Straighten up and stay right, / Straighten up and fly right. / Cool down, Papa, don't you blow your top. / The buzzard told the monkey you are choking me, / Release your hold and I will set you free. / The

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monkey looked the buzzard right dead in the eye. / He said, your words are touching but they sound like a lie. / Ain't no need in diving. / Ain't no need in jiving. / Straighten up and fly right. That's the message I wanted to get to the police, if I can. Where my community is involved, straighten up and fly right, and they might have the best friend that they've ever had. And that's all I do have. [LB598]

SENATOR ALBRECHT: Thank you, Senator Chambers. Senator Halloran. [LB598]

SENATOR HALLORAN: Thank you, Madam Chair. So hard to compete with that. (Laughter) And I'm not going to try. But how long...when was the court or Commission on Industrial Relations first started? [LB598]

MIKE DOWD: 1940s. So you had the Industrial Relations Act, excuse me, was in the 1940s. In the 1960s it was expanded to go ahead and allow for greater numbers of organizations, aside from the utilities, to engage in collective bargaining on a public union basis. So when we look at the court system and the change that existed and the recognition of this as a commission versus a court, which, I believe, was in the 1980s--I could be wrong on that--it has been around for decades. [LB598]

SENATOR HALLORAN: So has it substantively been amended over that period of time other than adding some additional...? [LB598]

MIKE DOWD: The most substantive amendment obviously came about with LB397. So what happened during the time of this working committee was that we were looking at decades of case law and there was a codification that occurred of many of the, I guess, the agreed upon concepts that existed. But there was also a desire to go beyond what the commission had done in the past and that was to give value to all benefits. [LB598]

SENATOR HALLORAN: So when was that LB, what was it, 3...? [LB598]

MIKE DOWD: LB397. That would have been in 2011. [LB598]

SENATOR HALLORAN: 2011? Okay. Now I'm going to tell a story because Ernie Chambers likes to tell stories. It was Easter, and this is timely I think, but it was Easter. This family was preparing Easter dinner. The mother was preparing the ham and she cut off the end of the ham and she put it in the pan, put it in the oven. The daughter was there watching and said, Mom, why did you cut off the end of the ham? And the mother said, always done it that way. My mom, your grandmother, has always done it that way. Ask her. She's making the salad. She goes over

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and asks Grandma, why did you cut off the end of the ham and put it in the stove? My mom always did it, Great-Grandma. She's in the living room. Go ask GG why she did that. So she goes...little girl goes in the living room, sits on GG's lap and says, GG, why did you cut off the end of the ham before you put it in the oven? And GG smiled and said, Honey, easy to answer: the ham was too big for the oven. And they went through several generations of ovens growing in size and changing, but she still cut off the end of the ham. All I'm saying is I don't...I can't buy into the argument that this is going to make it more complex. Can't buy into the argument that bringing it down to the local level, bringing it closer to where the individual is being employed and the information and the data involved around that and whether or not people can locally pay for it, I know that doesn't matter to some people, but it's important. It's crucial. How is your salary determined? [LB598]

MIKE DOWD: My salary is determined based upon my services provided and if people are satisfied then they'll pay my salary as they so choose. [LB598]

SENATOR HALLORAN: Okay. So did they...does it have any relationship to how an attorney in Chicago is paid? [LB598]

MIKE DOWD: With the groups that I represent, if they felt that they were getting inadequate service, they're going to go ahead and find the best and the brightest and they're going to go ahead and pay the wage that's commanded by that person. [LB598]

SENATOR HALLORAN: Whatever the market was for that person... [LB598]

MIKE DOWD: Correct. [LB598]

SENATOR HALLORAN: ...or whatever the...so there is a marketplace for attorneys. [LB598]

MIKE DOWD: There is a marketplace for attorneys. [LB598]

SENATOR HALLORAN: Okay. [LB598]

MIKE DOWD: But if you go ahead and artificially deflate a wage and say we're just going to go ahead and pay what the market bears in Nebraska and, by the way, us as Nebraska, we're going to only pay 20 percent less than our comparators, you're going to get what you pay for. [LB598]

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SENATOR HALLORAN: Well, at some level, well, we're going to be just simply unable to pay for it. I know that's a hard thing to fathom for a lot of people. I know that's a difficult thing for people to understand, but there are limits and we're, honestly, you can dismiss this all you want and I'm not going to (inaudible). [LB598]

MIKE DOWD: I'm listening, Senator, but one of the things, and I would, of all people to quote, Mayor Stothert, her position was, listen, we need local governance. We know what our budget is. We know what we can go ahead and afford and what we can't. And when we go in and choose to go ahead and control homicides versus filling potholes, that's going to be a choice that we're going to make. And if my constituents feel that that's inappropriate then I could be out of office. And, by the way, she's up for reelection here fairly quickly. She's held herself out as a public safety mayor. Her decisions and the way they're going to go ahead and govern themselves locally, the question is are we going to go ahead and put something in the statute just to put it in there? What does the U.S. Department of Census tell us? How does that go ahead and allow for us to make a better decision on what the wage should be for a given entity? It's a random grouping of information. There's no direction. If we looked at the census information itself, what are you extracting from that? What is important? As Tietjen had pointed out, we have a provision already in the act, 48-818(2)(e), which reads: "the parties may present economic variable evidence and the commission shall determine what, if any, adjustment is to be made if such evidence is presented." The commission shall not require that any such economic variable evidence be shown even to directly impact wages or benefits paid to employee by such out-of-state employer. It's there. [LB598]

SENATOR HALLORAN: They "may" and they "shall," but they don't have to. [LB598]

MIKE DOWD: What is "shall"? What is "shall"? So you're going to go ahead and say here's the U.S. Census, you shall go ahead and consider that. What are they considering out of that document, hundreds of pages? [LB598]

SENATOR HALLORAN: I appreciate your testimony. But it is a different world out there than it is in Omaha and Lincoln, let me assure you. There is a practical limit to how much more people can pay and continue to pay based upon gauging someone's salary on a broader base of income around the country. How many cases have you had for the commission in the last three years? One, okay. You call that a success. What I call it is it's people that have recognized that there's no need, there's no chance for success to come before the Commission on Industrial Relations because they're going to lose. [LB598]

MIKE DOWD: I absolutely disagree. In this particular case, when we look at the economic variable evidence, there was a 6 percent decrease in wage across the board that the expert for the

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city was proffering at the time of the hearing. We obviously disagreed with that. We went ahead and did a very strenuous cross-examination of that expert. There is a right to go ahead and present evidence of a decrease. When we looked at the comparability in terms of wages, we were pretty much on the level. We had to do a new analysis concerning an actuarial valuation of the pension. We had to do a new analysis regarding the valuation of healthcare, which would have allowed for adjustments. And you have this economic variable evidence that you can present. It already exists in the statute. Simply saying you shall consider something is nonsensical and does not allow for any further direction to the commission to already do what is a very difficult job. [LB598]

SENATOR HALLORAN: I appreciate that. In closing, I'll just say, talking to people at the ground level back home, okay, out in hinterland, that's what they say. There's no need to go up in front of the commission; we're going to lose. Now that may look like a success to you but what it is, it's intimidation. If the alternative is to strike, then that's not the battle. The battle hasn't been won well, if that's the case. [LB598]

MIKE DOWD: We didn't bring the suit in front of the CIR. In fact, the last two series of litigation with the Omaha Police Department were actions that were filed by the city of Omaha. [LB598]

SENATOR HALLORAN: I'm telling you why cases don't come in front of you, sir. That's why I'm saying people don't want to, frankly, waste their time and lose the money in an effort to try to bring that case in front of you. They are convinced they're going to lose. [LB598]

MIKE DOWD: Yeah, and we will have our opposing opinions regarding that. [LB598]

SENATOR HALLORAN: Thank you, sir. [LB598]

SENATOR ALBRECHT: Other questions? Seeing none, thank you for coming. [LB598]

MIKE DOWD: Thank you. [LB598]

SENATOR ALBRECHT: Any other opponents? Hi. [LB598]

SCOTT NORBY: Hi. Senator Albrecht, members of the committee, my name is Scott Norby, N-o-r-b-y. I serve as legal counsel for the Nebraska State Education Association. I have been here with you all afternoon so I won't attempt to repeat what others have shared with you this morning. But I have found some of the comments interesting and insightful. What I would offer

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is my experience in better part of 37 years of representing instructional employees in this process, and I'll limit my comments to instructional employees, as to how the process is presently working. The Industrial Relations Act I think is designed to create industrial peace, to encourage people to bargain toward settlement as opposed to bargain towards impasse and then have a third party adjudicator determine terms and conditions of employment or, alternatively, if you don't like that process, face the consequences of a general strike. And obviously, our drafters of our constitution found that securing industrial peace through the process of the CIR is more important to us than experiencing the consequences of a strike. This body, the Legislature in 2011, and you heard some of my colleagues speak about the investment that was made by stakeholders, very informed people, a lot of senators that spent a substantial amount of time made the most significant changes to our Industrial Relations Act than had occurred maybe in its entire history. As it relates to instructional employees, what that bill, LB397, basically did was two things. One was imposed a bargaining calendar which provided structure. And I don't have enough time to go through and identify the benefits of that, but all parties agree that that structure and that bargaining calendar has served us well. The other piece of it is, is include what is called a resolution officer process, which is kind of an intermediary mediation arbitration component that you go through before you go to the CIR. That resolution officer mediation arbitration process specifically includes the types of provisions that this bill seeks to include in 48-818. What that has done, and I think this is significant, is that there hasn't been a single case under 48-818 for instructional employees in the five years since LB397 has passed. Now I believe that that suggests that that bill achieved its intended purpose of encouraging and creating a dynamic and process by which negotiations take place that result in a settlement as opposed to going to impasse and the consequences associated with going to impasse. In my opinion, if you take that component and move it to the more analytical process of 48-818, which has been articulated for you in how that works, I think we're going to start having more CIR cases. Why? Because you're plugging into the last component of that process a subjective, unpredictable component. You've heard of the benefits of both predictability and simplicity. What this will do, in my judgment, is take the predictability component out of it. And if somebody can get two bites at the apple instead of one, they often take it. So my suggestion is to not, at least for instructional employees, which I'm limiting my comments to, create a process that takes us back to where we were prior to the efforts made by this body in LB397. This is turf that has been covered before and I think the fact that there hasn't been a single (48)-818 case in the last five years suggests that what the Legislature did and those that invested in that process is working if you think our Industrial Relations Act is about securing industrial peace, because that's exactly what it's done for our educators. [LB598]

SENATOR ALBRECHT: Thank you. Questions? Seeing none, thanks for your time. Any other opponents wishing to speak? Opponents. [LB598]

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DARREN GARREAN: Chairman Albrecht and members of the committee, I will be brief. I know it's late and you've been here quite a while this afternoon. My name is Darren Garrean, D-a-r-r-e-n, last name is Garrean, G-a-r-r-e-a-n, president of the Nebraska Professional Fire Fighters, representing approximately 1,500 firefighters across the state from Scottsbluff to South Sioux City down to Beatrice. We rise in opposition of this bill and changes to the CIR. You've heard a lot of testimony prior to me. And what happened in 2011, all of the shareholders and the stakeholders got together and basically negotiated what was best for everybody, what they felt at that time. And those changes were agreed to by the League, the chamber, labor. Everybody got down and, for lack of a better term, had basically bloody negotiations to an agreement, and what has resulted out of that is labor peace. Nobody has taken abuse of that situation or is going to the CIR and using it in the fashion of...it's not intended to. As somebody from a bargaining unit that had gone to the commission prior to that, I can tell you that it is not pretty. It is something that is very disruptive and it is not a choice to sit there and say, hey, I want to do this. I think the labor organizations take that very seriously and try to sit down and negotiate something that is better for their members. And realize that I'm not speaking for the other side, but I think they realize that, too, when you look at the fact that nobody has really gone to the extent of taking a full case through 48-818. With that, like I said I'd be brief. If there's any questions, I'd be glad to answer them. [LB598]

SENATOR ALBRECHT: Thank you. Questions? Seeing none, appreciate your time. [LB598]

DARREN GARREAN: Thank you for your knowledge and your history of the CIR. I appreciate that. [LB598]

SENATOR CHAMBERS: Okay. [LB598]

SENATOR ALBRECHT: Other opponents wishing to speak? [LB598]

SUSAN MARTIN: Good afternoon again, Senator Albrecht and the members of the Business and Labor Committee. My name is Susan Martin, S-u-s-a-n M-a-r-t-i-n. I am president of the Nebraska State AFL-CIO. I really have nothing further to add that hasn't already been mentioned by the experts that have testified ahead of me, but I would like to go on the record as being in opposition of this bill. And I ask that you do not advance it. And thank you for your consideration. [LB598]

SENATOR ALBRECHT: Thank you. Questions? Thank you for your time. Any other opposition? [LB598]

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DENNIS SEXTON: Good afternoon again, Dennis Sexton, D-e-n-n-i-s S-e-x-t-o-n, here on behalf of the Omaha Police Officers Association. And I, too, will once again be brief. In particular, regarding...I've heard comments regarding fairness, regarding sort of the belief that there's wins and losses when it comes to decisions from the CIR. As kind of a long time person as part of our executive board and in the leadership of the organization, any time we've been in these situations in front of the CIR, we're always asked by our members, are we going to win? And the answer inevitably over time becomes no one ever really wins. The notion that it's more favorable to one side than the other in my mind is simply not the case. To hold that belief I think is rooted a little more in perception than reality. And I'd leave my comments at that and answer any questions if there are any. [LB598]

SENATOR ALBRECHT: Thank you. Any questions? Seeing none, thanks for your testimony. [LB598]

DENNIS SEXTON: Thank you. [LB598]

SENATOR ALBRECHT: Other opponents? Any other opponents wishing to speak to LB598? Seeing none, anyone in a neutral capacity? Neutral? Okay. Thanks for staying all afternoon. [LB598]

PAUL ESSMAN: It was interesting. Paul Essman, P-a-u-l E-s-s-m-a-n. I own a comparability data company. Over the last 31 years I have done at least 300 to 400 preparations for the CIR. I'm an expert witness in both the CIR and in district court on human resource matters. I wanted to speak today after looking at LB598. I did not speak at LB397 because I'm the guy that has to put all the information together for one side or the other. I work for management and I work for unions. Hastings Utilities is one I've worked for. As I was listening I wanted to just say that what the impact is for each side when you add items to be reviewed, just for an example, I have the first volume of ten volumes I've prepared for the Omaha police case. There's nine more of these. Mr. Dowd had 14, I think. Those are all exhibits. Of that, here's an 81-page comparison of economic variables that was prepared in the Omaha case. They already get this stuff. Here's 12 pages of economic data that we've prepared that has, oh, I don't know, five to six of all the U.S. Census data. Already, they already look at it. It's already there. Whether they look at it and use it or whether they don't consider it, that's up to the commissioners, but it is all, in every case I've done, there have been two wage cases since 2011. I have been the expert for the FOP, for Crete PD in one, and I was the expert for the city of Omaha in the current...in this last case. I looked at each factor that this LB598 would do. They already look at local...the local factors at each location. The economic trends, that's a...wage cases are decided two years later basically, in my experience, especially with all the new data that we have to collect. So you're talking about economic trends from...it would be the 2015, so it would be '12, '13, '14 if we were looking at

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economic trends. (iv) here, number 4, "The latest information from the Nebraska Department of Labor," in the Crete case we were no more than 50 miles from any city we compared, so the idea is the same. (Laugh) There's nothing to be gained. Crete, Nebraska City, Fairbury, there's not enough difference. And the validity of the Nebraska Department of Labor, I'd love to argue with them on there, how they collect their stats. The last one is the best one because that would be a pay raise for me. I would have to do a separate survey on private employers and private employers over the last 30 years, lots of places have said, look at the private sector when we do...when you do your survey. Well, that's great but private employers are known not to want to give out their information, number one, but with the commission we have subpoena power. So we could go...and if I was the union's expert I would probably look for the most...the people that are paying the most--Paypal, Kiewit, and around Omaha--collect that data. If I was the union expert, I would probably go to Joe's Garage. About three of them have no benefits. It's a wash. It does nothing. So as I see these four things, it's really not anything that will help. But the last one would give me more money. I could probably get three more books out of a private employer comparison, so that would be great. That's all I have, if you have any questions. I have been in business for 30 years and I've had hundreds of public employer clients. I have more cases, I've done more cases than anybody else. [LB598]

SENATOR ALBRECHT: Very good. Thank you. Questions? Seeing none, appreciate your time. [LB598]

PAUL ESSMAN: Thank you. [LB598]

SENATOR ALBRECHT: Anyone else in a neutral position? Seeing no neutral, I will be closing. Senator Groene will not be; he's waiving. I do have one letter from...as a proponent on LB598, it's Marlen Ferguson, city administrator for the city of Grand Island. And this concludes the meeting and thank you all for coming and appreciate your time. [LB598]