

Business and Labor Committee February 26, 2018

ALBRECHT: [00:00:02] Good afternoon and welcome to the Business and Labor Committee. I am Senator Joni Albrecht, I'm the Chair of the committee and I will have the committee members introduce themselves, starting with Senator Crawford who is our Vice Chair of the committee.

CRAWFORD: [00:00:17] Thank you, Senator Albrecht. Good afternoon, everyone. I'm Senator Sue Crawford from Legislative District 45, which is eastern Sarpy County, Bellevue, and Offutt.

LOWE: [00:00:26] I'm the late Senator John Lowe from District 37.

ALBRECHT: [00:00:31] Senator Halloran.

HALLORAN: [00:00:31] Senator Steve Halloran, District 33, Adams and part of Hall County.

HOWARD: [00:00:31] Senator Sara Howard, I represent District 9 in midtown Omaha.

ALBRECHT: [00:00:42] Okay and thank you. And the committee staff, we have Amara Meyer is our committee counsel and we have Beverly Neel, the committee clerk, and our page today is Cassy Ross from Denver, Colorado, who's a junior at UNL studying Global Studies and Political Science. Just a few housekeeping items. Please turn off all electronic devices. Senators, again note that the microphones are very sensitive and are able to pick up side conversations. Testifiers, you should have the appropriate number of copies of handouts, exhibits ready with you to distribute. We'd like twelve copies. Each witness appearing before the committee must sign in using the forms provided at the entrance to the room, the yellow forms. Sign in only if you are going to testify. Your form must be given to the page before you begin presenting your testimony. Each testifier will be allotted three to five minutes, we'll see how many people are here to talk before the committee. We'll use a light system. The green light indicates that you may begin, yellow indicates that you are nearing the end of your time, and the red indicates it's time 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 need to leave in the middle of the hearing as they may have bills introduced in other committees, so please don't be offended if the senators are coming and going. So on today's agenda we have LB1096 by Senator Hilgers. We have LB950 and LB951 by Senator Albrecht; LB991, Senator Bolz; LB1134, Senator Vargas; LB1109, Senator Harr. And we'll begin today with Senator Hilgers on LB1096. Welcome.

HILGERS: [00:02:42] Good afternoon, Chairwoman Albrecht and members of the Business and Labor Committee. My name is Mike Hilgers, M-i-k-e H-i-l-g-e-r-s, I represent District 21 and the citizens of northwest Lincoln in Lancaster County. I'm here to open on LB1096, which is an omnibus largely technical bill brought to me from the Department of Administrative Services. I will give you a quick overview of the bill, but I do have I believe the legal counsel of DAS here to answer any technical questions you might have. There are a number of things that LB1096 does. Just briefly, mostly technical and mostly-- mostly changes that are designed to allow for a more efficient claims process. One change is really a clean-up change that changes and updates and makes consistent certain terminology you'll see throughout the green copy of the bill. References to a risk manager, that is updated language and the changes are meant to be consistent throughout the statute where that term is intended to be used. I have passed around an amendment actually that I neglected to keep a copy of. That-- there is one additional change that was not caught in the green copy of the bill. It's the amendment, it's just one additional change that we didn't catch before and so it itself is a technical change. The second change is the amount of change to the to the processing of claims. Current statute requires processing only after certain claims are aggregated above a certain threshold. That can cause a delay if some payments for certain claims are delayed because they

settled later. If-- and these all arise out of the same facts and circumstances-- the change proposed in the green copy of LB1096 would no longer make that requirement and so what would make it more efficient. There's a third change that will-- that would relate to the State Self-Insurance Liability Fund and essentially would just conform the statute to current practice. And the last change is an exemption to current law. The current law is that state vehicles have to have-- have to say that they're state of Nebraska. They have to actually-- if you ever drive and you see a state of Nebraska vehicle say state of Nebraska, that's actually required by statute. There's a number of exceptions in statute, seven already including the State Patrol, DHHS in certain circumstances, the Military Department. The change in LB1096 would include an eighth exception, which is for the Department of Justice, the Attorney General's Office and so currently when you have an undercover investigation it's hard to have an undercover investigation if it says department of or state of Nebraska on the vehicle. So that change would just simply add that additional exception to the list of exceptions already in law. As I mentioned, there is legal counsel from DAS behind me who can answer any technical questions you might have. I'm happy to answer any questions that you might have to the extent that I'm able to do so. I am-- we do have an Exec Session in Transportation right now, so I will, I do not intend to stay for closing unless there are any burning questions that the committee might have. And with that, I'm happy to take any questions.

ALBRECHT: [00:05:45] Great. Thank you for coming. Senator Howard.

HOWARD: [00:05:48] Thank you, Senator Albrecht. Thank you, Senator Hilgers, for visiting with us. It seems like a simple bill. Were you thinking of trying to get it on consent calendar?

HILGERS: [00:05:55] Yes.

HOWARD: [00:05:58] Perfect. Thank you.

HILGERS: [00:06:01] Thank you, Senator Howard.

ALBRECHT: [00:06:01] Any other questions? Senator Halloran.

HALLORAN: [00:06:04] This is my only chance to ask you? You're not closing?

HILGERS: [00:06:04] I'm not going to close.

HALLORAN: [00:06:05] Okay.

HILGERS: [00:06:05] Well, I didn't intend to. Would you like me to close, Senator Halloran?

HALLORAN: [00:06:08] That's fine. I just-- no, I don't have any questions.

ALBRECHT: [00:06:17] Seeing no other questions, thank you for coming and we'll close out without you.

HILGERS: [00:06:19] Okay. Thank you very much.

ALBRECHT: [00:06:22] Okay. We're looking for proponents of LB1096. Do we have any proponents? Afternoon.

DOUG WILKEN: [00:06:39] Afternoon.

ALBRECHT: [00:06:39] And can I just have a show of hands on this particular bill how many

folks would like to speak? I'll give you five minutes.

DOUG WILKEN: [00:06:49] I'll try to keep it under that.

ALBRECHT: [00:06:50] Thank you.

DOUG WILKEN: [00:06:52] Good afternoon, Senator Albrecht and members of the committee. My name is Doug Wilken, spelled D-o-u-g W-i-l-k-e-n. I'm the General Counsel for the Department of Administrative Services and I'm here today in support of LB1096. I'd like to thank Senator Hilgers for introducing this legislation on behalf of the department. The purpose is to align the current statutes with previously enacted statutes. Formerly the State Claims Board was responsible for workmen's compensation claims and LB14 in the third special legislative session created the position of the risk manager. The risk manager was given the authority over workmen's compensation. Through an oversight the State Claims Board was not removed from the statutes relating to workmen's compensation and this bill will correct that. This bill also seeks to allow more efficient administration and processing of claims. Currently, claims arising out of the same facts and circumstances must be aggregated before the payment. It would be beneficial to allow the claim to be settled without aggregation. Currently, Risk Management may have negotiated a fair settlement on a property damage claim for one individual, but the payment must be delayed until all the claims arising out of the same facts and circumstances are also reach a settlement. Similarly, there is often an auto insurance carrier with a property damage subrogation claim that has reached settlement. Risk Management cannot pay the insurance carrier on their claim until the bodily injury claims or other claims by other people involved in the same incident are also settled and paid. This is done to determine the overall aggregate of the cost of the incident. In situations like these the delay in paying claims has caused some claimants to back out of negotiated settlements and to seek higher settlements and they often get frustrated and retain counsel. The change will allow some multi-claimant claims to be paid in a more timely manner rather than waiting until a legislative session. Risk Management would be authorized to pay individual claims under the \$50,000 threshold, but would still report to the Legislature when the aggregate of any multi-claimant claim surpasses that statutory threshold. This bill also proposes to establish that the cost be paid out of these State Self-Insurance Liability Fund. Risk Management has historically paid claims against the state which there is no specific provision of law for payment out of this fund. These claims include payments for awards, settlements, associated costs including appeals-- excuse me, appeal bonds and costs associated with the state's appearance before a tribunal. This section also provides statutory authority for Risk Management to pay these costs on behalf of the Attorney General's Office out of the State Self-Insurance Liability Fund. Finally, this bill proposes to exempt the Department of Justice from having its vehicles marked with State of Nebraska Attorney General's Office due to the sensitivity of some matters being investigated or litigated by the Department of Justice. For example, sexual assault cases, anonymity is sometimes necessary or preferred for the protection of the victim and witnesses or the integrity of the investigation. I thank for your time, and I'll answer any questions you might have.

ALBRECHT: [00:10:02] Thank you. I appreciate the testimony. Do we have any questions for Mr. Wilkens? Seeing none, thank you for being here.

DOUG WILKEN: [00:10:10] Thank you.

ALBRECHT: [00:10:11] Senator Chambers, would you like to introduce yourself to the folks?

CHAMBERS: [00:10:12] Say again.

ALBRECHT: [00:10:12] Would you like to introduce yourself to the folks?

CHAMBERS: [00:10:14] Not really, but I will.

ALBRECHT: [00:10:19] Alrighty. Do we have any other proponents wishing speak? Just hold it and we'll let Senator Hansen introduce himself. You can go ahead and introduce yourself.

HANSEN: [00:10:35] Senator Hansen, District 26, northeast Lincoln.

ALBRECHT: [00:10:38] Thank you. Ready? You have five minutes. Would you introduce yourself and spell your name, please?

RYAN POST: [00:10:44] Will do. Good afternoon, Chairwoman Albrecht and members of the Business and Labor Committee. My name is Ryan Post, R-y-a-n P-o-s-t, and I'm an Assistant Attorney General with the Nebraska Attorney General's Office. I'm testifying in support of LB1096 and because you've just heard a summary twice of what this bill does I'm going to shorten up my testimony. The provision that I want to talk about just to provide a little more color is Section 8 of LB1096, which amends the State Self-Insured Liability Fund to allow it to be used to pay claims against the state for which there is a specific provision of law allowing for the resolution of the claim but which doesn't neatly fit into one of the funds that currently exists. The example we see in our office is, if you have an official capacity civil rights claim and there's an award of attorneys fees, that doesn't fit within the definition of an indemnification. So do we pay it out of the Indemnification Fund? Well, does it fit in that definition? Do we pay it out of the Liability Fund? It doesn't fit in that definition and you kind of see the dilemma. The bill must be paid and there's no dispute about that, but we need to clarify what the funds can be used for so that way the Legislature can appropriately see the bills that are getting paid and that they're coming out of the appropriate fund. And so we do think that LB1096 would clarify which fund is used to pay the award. It shouldn't cost any more money. This is the same bill, it's paid either way. It's just going to clarify where it comes from. And I'm happy to answer any questions you may have.

ALBRECHT: [00:12:13] Very good. Thank you for your testimony. Do we have any questions for Mr. Post? Seeing none, thank you for being here today. Do you have any other proponents wishing to speak? Any other proponents. Seeing none, any opponents wishing to speak? Do we have any opponents? Moving on to anyone in a neutral capacity. Seeing none, we'll close this hearing and there are no letters to be read into the record. So we'll move on to LB950. Our legal counsel will introduce this and followed by those that can answer the questions on the claim.

AMARA MEYER: [00:13:21] Good afternoon, Senator Albrecht and members of the Business and Labor Committee. My name is Amara Meyer, A-m-a-r-a M-e-y-e-r, I'm legal counsel for the Business and Labor Committee and I'm here to introduce LB950. LB950 directs payment for those claims against the state that are approved and processed through the State Claims Board. I'm passing out a chart summarizing all these claims. You will also see in your binder an amendment, AM2097, which adds a tort claim to the bill which was not settled at the time LB950 was introduced. With the amendment, there are three tort claims, one indemnification claim, three workers' compensation claims, and ten agency requests for write-offs. Here to testify and explain a little more is Shereece Dendy-Sanders, who is the State Risk Manager. She can answer your question as to LB950, the amendment, and the process. Also here is Stephanie Caldwell from the Attorney General's Office and some agency representatives who will discuss some of the write-offs. Thank you.

ALBRECHT: [00:14:28] Amara, would you like to just have a seat in the audience and we'll start with the proponents of LB950, for those who would like to explain the claims.

SHEREECE DENDY-SANDERS: [00:14:38] Hi.

ALBRECHT: [00:14:38] Hi.

SHEREECE DENDY-SANDERS: [00:14:57] Senator Albrecht, members of the Business and Labor Committee, good afternoon. My name is Shereece Dendy-Sanders, S-h-e-r-e-e-c-e D-e-n-d-y-S-a-n-d-e-r-s, and I am the State Risk Manager for the state of Nebraska. LB950 is said to provide for the payment of claims against the state. I'm here to discuss the claims listed within the bill and to provide an overview of the claims process. Tort, miscellaneous, and contract claims are filed with the Office of Risk Management. Claims in the amount up to \$5,000 can be approved directly by the office manager. Any claim \$5,001 up to \$50,000 has to 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. Agency write-off requests for uncollectible debts and the payment of workers' compensation settlements and judgments greater than \$100,000 must be approved by the Legislature and are also included in the claims bill. That's a quick summary of how the claims make it to the claims bill. I will now go through the process and provide a brief description of the workers' compensation claims listed within the bill. The first claim is to close out a workers' compensation settlement for Judith Williams. Ms. Williams had various work comp claims with the state, most of which resulted in repeated injury to her knee. This claim was in litigation and the Attorney General's Office negotiated settlement in the amount of \$200,000 to be paid by the state. One hundred thousand dollars has already been paid and the remaining one hundred thousand dollars is still owed and is reflected in the bill. The next claim is for a workers' compensation settlement for Annette Halsey. Ms. Halsey was involved in a two-car collision and suffered multiple injuries. This claim was also in litigation and settlement was negotiated by the Attorney General's Office for the state in Nebraska to pay \$206,250. One hundred thousand dollars has already been paid and the remaining one hundred six thousand two hundred fifty dollars is owed and is also reflected in the bill. Lastly, the last workers' compensation claim is a settlement for Terry Armstrong. Ms. Armstrong suffered injury to her left shoulder while transporting a patient from a chair to a wheelchair. This claim was in negotiation and the Attorney General's Office negotiated settlement for the indemnity portion of the claim for \$200,000. One hundred thousand dollars have been paid pay and a hundred thousand dollars is remaining. That is all that I have for this afternoon. Up next is Stephanie Caldwell, Assistant Attorney General. She will present claims 2018-17778 for the ACLU of Nebraska; 2014-13451; and 2014-13452 for Gary and Deborah Lee; and also 2015-14391, Schmid. After Miss Caldwell's testimony, the following individuals will discuss specific agency write-off requests. Frank Daley, Executive Director of the Nebraska Accountability and Disclosure Commission; Terry Brown, Legal Counsel for the Supreme Court; Randy Gerke, Director of the Nebraska Public Employees Retirement System; Regina Shields, Legal Counsel for the Fire Marshal; Kay Menci, Budget and Financial Director for Game and Parks Commission; and for the Department of Revenue we have two testifiers, Dennis Nelson, Finance Manager from the Lottery Division and John Cannon, Legal Counsel for the Property Assessment Division; Dave McManaman, Legal Counsel for the Department of Health and Human Services; Colleen Byelick, Legal Counsel for Secretary of State; Jeremy Elder, Deputy Director of Industries for the Department of Correctional Services; and Kyle Schneweis, Director of the Department of Transportation. Are there any questions for me?

ALBRECHT: [00:18:49] Well, thank you very much. Do we have many questions for Ms. Sanders? Seeing none, thank you for coming.

SHEREECE DENDY-SANDERS: [00:18:51] Thank you.

ALBRECHT: [00:18:51] Afternoon.

STEPHANIE CALDWELL: [00:19:06] Good afternoon, Chairwoman Albrecht and members of the Business and Labor Committee. My name is Stephanie Caldwell, S-t-e-p-h-a-n-i-e C-a-l-d-w-e-l-l, and I am the Legal Counsel for the Claims Board and also an Assistant Attorney General. Thank you to Ms. Dendy-Sanders for introducing myself and I will proceed as she described in the claims that were listed to you. The first is a tort claim. This is on page 2 of the bill on lines 9 through 16. These are tort claims 2014-13451 and 2014-13452. These are-- represent claims that we paid from the Tort Claims Fund and they are a settlement that was entered into by the state of Nebraska. The tort claims involved a 2013 incident in which a individual crashed a motorcycle he was driving in Nebraska. He suffered injuries to his shoulder and as well damaged his motorcycle. He had a passenger as well, which is the second claimant, Deborah Lee. Mr. Lee alleged that the armor coating project resulted in deep gravel on the roadway causing the crash. The state entered into litigation with this and defended the case. After discovery, however, the party's compromised and entered into a settlement without either side admitting fault. So those were two claims, one for \$800,000 and a second for \$350,000. The second claim is captioned as an indemnification claim to be paid from the Indemnification Fund. This is on page 3 of the bill, lines 3 through 7. It is claim number 2018-17778, payable to the ACLU of Nebraska in the amount of \$197,330.63. This is a claim for fees and costs that were awarded in the case of Stewart v. Heineman in which the ACLU on behalf of six plaintiffs sought an injunction against the Department of Health and Human Services and three individually named defendants via 42 USC 1983. This case was litigated and tried. The district court ultimately found in favor of the plaintiffs and awarded costs and attorney's fees. The state did appeal on procedural grounds, including mootness and standing. The Supreme Court affirmed the decision and ordered the state to pay the fees. The third claim that I have here is the amendment, AM2097. That's been provided to the senators and this is a claim number 2015-14391. Payment of \$112,500 to the Estate of Elaine Schmid. This was a case that was litigated and filed in district court in the state of Nebraska. It was filed against the state arising out of a 2014 crash in Stanton, Nebraska. The plaintiffs allege that maintenance activities being conducted by Nebraska Department of Transportation at the time of the crash caused the accident. The state of Nebraska alleged that the actions of the two drivers involved in the crash were the cause of the accident. The other claims were approved by this Legislature last year and settled and the state has come to the same determination that with the risk of trial for the state that the Department of Transportation entered into a settlement without an admission of fault by either the state or the claimant. And we would ask that-- the state would ask that those claims be approved and paid. If there are any further questions, I'd be happy to entertain them.

ALBRECHT: [00:22:29] Do we have any other questions for Ms. Caldwell? Seeing none, thank you for coming.

STEPHANIE CALDWELL: [00:22:29] Thank you.

ALBRECHT: [00:22:29] Any other-- Mr. Daley, are you up next? I'll just go down the list that she gave us here. Thank you for coming.

FRANK DALEY: [00:22:49] Chairwoman Albrecht and members of the Business and Labor Committee, my name is Frank Daley, D-a-l-e-y. I serve as the executive director of the Nebraska Accountability and Disclosure Commission. I'm here today to ask the committee to permit the commission to write-off a total of \$5,800 dollars in civil penalties. This amount represents civil penalties assessed by the commission for violations of the Accountability and Disclosure Act. Two of the civil penalties were assessed against individuals and we have determined that those individuals are now deceased. The third, fourth, and fifth civil penalties were assessed against a single organization in 2001 and 2002. They violated the lobbying law by failing to file principal reports as principals of a lobbyist. The organization never had a formal structure such as a corporation or a limited liability company. It appeared to have been an informal group of people

operating under a name and so they simply ceased to function many, many years ago. Each of these civil penalties was assessed more than ten years ago and I believe there's no reasonable possibility that these can ever be collected. So thank you for the opportunity to testify today.

ALBRECHT: [00:24:08] Do we have any questions? Senator Chambers.

CHAMBERS: [00:24:10] Were you working for the commission when a determination was made that two persons were deceased?

FRANK DALEY: [00:24:17] I was.

CHAMBERS: [00:24:19] How long ago was that termination made, roughly?

FRANK DALEY: [00:24:23] Five or so years ago.

CHAMBERS: [00:24:26] And you just asked for the write-off?

FRANK DALEY: [00:24:28] Yes.

CHAMBERS: [00:24:29] Did you think at that time that there might be an outside chance that they might find a way to pay it?

FRANK DALEY: [00:24:30] One never knows. However, we tend to wait till we have several to put into the system rather than doing thousand dollar write-offs.

CHAMBERS: [00:24:44] I see. Now, here's my actual question. How is the determination made? The reason I ask, people die every day. And did somebody just happen to see the name and recognize it or do they track these people to see if maybe they're still around?

FRANK DALEY: [00:25:01] We have a list of those persons and entities that owe civil penalties. And so we occasionally check into what the status is of those folks. And so sometimes we'll check to see and discover they're unemployed and functioning on Social Security disability. So there's nothing collectible and maybe eventually we'll discover that they're deceased. So we'll do Google searches and record searches and things like that and try and keep track of folks and organizations that owe us money.

CHAMBERS: [00:25:31] But it's not really a lot of time that's expended for such small amounts of money, would there be?

FRANK DALEY: [00:25:36] Not really. Just periodically we will review all of those that owe us money and see if we can find anything new about it.

CHAMBERS: [00:25:44] Thank you.

ALBRECHT: [00:25:44] Thank you. Any other questions? Seeing none, thanks for being here.

FRANK DALEY: [00:25:51] Thank you very much, folks.

ALBRECHT: [00:25:51] Terry Brown.

JUDY BEUTLER: [00:25:59] Good afternoon, Chairwoman Albrecht and committee members. I'm not Terry Brown, but my name is Judy Beutler, J-u-d-y B-e-u-t-l-e-r, and I am here on behalf of

Terry Brown, the Clerk of the Nebraska Supreme Court who was unable to attend today. The Clerk's Office respectfully requests that the committee approve the 2017 write-off of \$214.70 for the Nebraska Supreme Court. This amount consists of various costs and fees. Primary copy or fax charges and costs of various clerk certificates, which were charged by the Clerk's Office in 2017 and remain uncollected, despite two and many times three attempts at recovering these funds. These vary all the way from \$55 to \$1 and so we're requesting that write-off. Thank you for your time today and if you have any questions, I'll be glad to answer them according to my ability.

CHAMBERS: [00:27:07] Can I pay off that dollar?

JUDY BEUTLER: [00:27:12] Well, it's somebody you might know, I don't think so. But yeah, sure.

CHAMBERS: [00:27:15] I was just trying to show that I support courts and what they're trying to do.

JUDY BEUTLER: [00:27:15] I know. You always do, Senator. Thank you.

CHAMBERS: [00:27:15] Okay.

ALBRECHT: [00:27:41] Any other questions? Thank you for being here today.

JUDY BEUTLER: [00:27:42] Thank you.

ALBRECHT: [00:27:42] Okay. Randy Gerke. Hi there.

RANDY GERKE: [00:27:42] Afternoon, Chairperson 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, I'm the Director of the Nebraska Public Employees Retirement System. I'm here to ask for permission to write-off \$22,091.91. This-- these were payments that were made to our members after they had passed away. Our members-- the member's retirement benefits cease the month following their passing and we were not timely notified of their passing. And so that's what these are for. We have procedures that we write a series of letters which include from staff and from our legal counsel. We have not been able to collect these and so we have deemed these to be uncollectible. We thank you for your consideration.

ALBRECHT: [00:28:47] Thank you. Any questions. I have just one. You said these are just for four individuals?

RANDY GERKE: [00:28:52] Four folks.

ALBRECHT: [00:28:54] So how long would you have been paying them?

RANDY GERKE: [00:28:57] You know, one of them actually got 26 payments.

ALBRECHT: [00:28:59] Twenty-six payments?

RANDY GERKE: [00:28:59] Twenty-six. You know the electronic age is great, but the ACH's continue to happen and continue to happen. We have made great strides with our procedures that we do death audits very regularly now. But you know, honestly, there are some that get by.

ALBRECHT: [00:29:29] So are most of their estates pretty much paid then closed out and you

wouldn't have even had any idea that they had even passed?

RANDY GERKE: [00:29:35] That's correct.

ALBRECHT: [00:29:37] Very good. Thank you.

RANDY GERKE: [00:29:38] Thank you.

ALBRECHT: [00:29:43] Regina Shields.

REGINA SHIELDS: [00:29:57] Good afternoon, Chairman Albrecht and members of the committee, my name is Regina Shields, R-e-g-i-n-a S-h-i-e-l-d-s, I'm the agency Legal Counsel and Legislative Liaison for the State Fire Marshal agency. I appear before you to respectfully request that you approve a agency write-off claim in the amount of \$630. This amounts to ten separate instances in which fees were owed to the agency from 2014 to 2016. The agency engages in a variety of processes to try to collect these fees and have deemed them to be uncollectible for reasons such as bankruptcy, facilities stopping the approval process, and in one case a gentleman claiming that we're charging him an unconstitutional tax. It should be noted in the documentation that's submitted, the two claims that originate in the Fuels Division, you're going to see an additional amount of money that was attempted to be collected. That money goes to the Department of Environmental Quality. We do not ask to write-off their portion, we're only asking to write-off the portion that's due to our agency. They have other collection methods they get to use.

ALBRECHT: [00:31:14] Very good. Any questions? Seeing none, thank you for being here.

KAY MENCL: [00:31:14] Good Afternoon. I am Kay Mencl, I am the Assistant Division Administrator for Budget and Fiscal at Nebraska Game and Parks Commission and our write-off request today covers primarily transactions that's been over the past four years and a total of \$14,643.40. These write-offs are related to uncollectible debt, mostly insufficient fund checks that we've been received throughout the agency at our park locations. That amount is \$3,557.73. They range from \$8 dollars for a daily park permit up to \$206.64 cents for multiple-night stays at our lodging at our parks. The vast majority of these checks are under hundred dollars. In addition, there was \$6,908.177 cents from 11 different parks for event bookings. The largest of this was \$4,474.21. It was a group that came from out of state and neglected to pay. They wrote insufficient checks and when we tried to collect from them they decided that they did not need to pay. We also had a write-off that is related to a theft at one of our reservoirs in an amount of \$300 and we had two permit vendors who closed up their shop and filed bankruptcy owing us an amount of \$3,877.50. The Game and Parks Commission has exhausted all affirmative responsibilities to collect the debt and we've determined that it's no longer cost effective for us to continue to pursue the debt and we would like you to respectfully ask to consider these for write-off.

ALBRECHT: [00:33:04] Thank you. Any questions?

CHAMBERS: [00:33:05] You said you're the assistant?

KAY MENCL: [00:33:07] Yes.

CHAMBERS: [00:33:07] Whose assistant are you?

KAY MENCL: [00:33:07] I work with Pat Cole.

CHAMBERS: [00:33:07] Now, Pat could be either male or female. Is it a man?

KAY MENCL: [00:33:15] Yes, it is.

CHAMBERS: [00:33:17] And he sent a lady over here to address a committee of which I'm a member?

KAY MENCL: [00:33:22] Yes.

CHAMBERS: [00:33:22] He knows I'm partial to women and I won't give these guys any [INAUDIBLE]. But here's what I want to ask you, by chance was that group that came from out of state, ran up a bill of \$4,000 and left without paying a religious group?

KAY MENCL: [00:33:39] I do not know that.

CHAMBERS: [00:33:40] I'll make a small wager with Senator Briese tomorrow and we'll let you know the outcome. But that's all that I have. Thank you.

ALBRECHT: [00:33:43] Okay. Any other questions? Seeing none, thank you for coming today.

KAY MENCL: [00:33:48] Thank you.

ALBRECHT: [00:33:48] Dennis Nelson.

DENNIS NELSON: [00:34:05] Senator Albrecht and members of the Business labor Committee, my name is Dennis Nelson. That's spelled D-e-n-n-i-s N-e-l-s-o-n, and I'm the Finance Manager for the Nebraska Lottery which is a division of the Department of Revenue. The Department of Revenue has miscellaneous claims comprised of two write-off requests totaling \$19,291.14. One of those from the Property Assessment Division and the other is from the Nebraska Lottery. I'm here to present the Nebraska Lottery's miscellaneous claims seeking permission to write-off some of our accounts that are uncollectible. The Nebraska Lottery sells scratch and lotto tickets in the regular course of our business. We sell a lot of products through a network of about 1,200 retailers which are located throughout the state. Every Wednesday we execute an electronic funds transfer from retailer bank accounts for the tickets that are sold and validated. Occasionally a retailer does not have sufficient funds in their account when we do the electronic funds transfer. We are then notified by the State Treasurer and the sweep is returned to us for insufficient funds. We then work with these retailers to collect the money. Unfortunately, for various reasons we sometimes are unable to collect the money owed. The Nebraska Lottery is requesting permission to write-off four retailer accounts. All of the retailer accounts for this miscellaneous claim are out of business and the lottery portion of the revenue write-off is \$7,085.84.

ALBRECHT: [00:35:28] Thank you. Anybody have any questions? Senator Chambers.

CHAMBERS: [00:35:31] Just for my information, how would that work? Do these outfits get a certain number of tickets they sell and then don't turn the money in or just how does that happen?

DENNIS NELSON: [00:35:40] Correct. During the week they sell scratch tickets and lotto tickets, like a pack of tickets is what they would sell they would be charged then for the pack of tickets. They sell those, then the following Wednesday we sweep and sometimes they don't have the money in the account when it comes time to sweep.

CHAMBERS: [00:35:54] Do you ever have investigations undertaken by a county attorney where any of this happens?

DENNIS NELSON: [00:36:01] Usually we don't.

CHAMBERS: [00:36:03] Why not?

DENNIS NELSON: [00:36:04] It depends with sometimes it kind of depends on what happens. Sometimes it's just a bankruptcy issue. More times than not it's just they didn't have the money. We have had some that just closed their business, walked away, and left the keys and there's nobody left to contact on it.

CHAMBERS: [00:36:18] But if you have somebody who hasn't walked away, who hasn't gone into bankruptcy, and is still there, what action would be taken to try to recover from that person?

DENNIS NELSON: [00:36:28] We could pursue that. I guess we never had in all the years that I've been there. But I suppose that would be a possibility.

CHAMBERS: [00:36:34] But I guess since you're in the gambling business, if that's if they stole it and that's all that they stole, that's not really much when you're gambling with the amounts of money that the lottery brings in. Is that correct?

DENNIS NELSON: [00:36:44] Well, every dollar that we're supposed to be responsible is a concern to me. So any time we have a retailer that does not pay what they should it's concerning. And I put a lot of effort into getting the money that I can.

CHAMBERS: [00:36:55] I don't mean you. I mean the lottery itself. They must have a policy according to which you operate and their policy must declare that under the circumstances where these people are still around, they haven't turned in the money, they're not going to pursue that person. That must be a policy, isn't it? Or did you make the decision not to pursue?

DENNIS NELSON: [00:37:15] I make that decision.

CHAMBERS: [00:37:17] Then you can tell me what it would be based on.

DENNIS NELSON: [00:37:19] Well, I guess it depends on what the situation is. If I felt that it was a criminal act I would talk to our legal counsel and see what their, what their thoughts were on that. But a lot of times I've worked with these retailers on and on and on and I kind of have a feeling of what the situation is.

CHAMBERS: [00:37:34] So these are people that you know?

DENNIS NELSON: [00:37:34] Just over the phone and through business contact, correct.

CHAMBERS: [00:37:39] Now, do you make a determination that there might be something criminal and then contact legal or do you talk to legal, they look at all the facts and determine that there's not likely anything criminal?

DENNIS NELSON: [00:37:51] I would probably, I would probably make that decision first that if I felt that there was something illegal going on or some criminal activity then I would pursue that with our attorney.

CHAMBERS: [00:37:58] Do you have a law degree?

DENNIS NELSON: [00:38:00] I do not.

CHAMBERS: [00:38:00] Have you worked in law enforcement?

DENNIS NELSON: [00:38:02] I have not.

CHAMBERS: [00:38:03] On what basis do you make that determination?

DENNIS NELSON: [00:38:07] I guess just if you get a gut feeling. I've been doing it for 14 years and so I kind of just go out what I think that if it's, if it's a bankruptcy issue you know we know really not anything to be done.

CHAMBERS: [00:38:17] Well, you and your gut are always going to agree. Has anybody ever looked over your shoulder to see whether or not, let's say over the years a practice has developed, because you can't keep track of every individual retailer that sells the tickets, I know that. Or do you? Are you able to do that?

DENNIS NELSON: [00:38:34] Yeah. They're all set up in a regular system so we know what they sell and everything and it's all electronic.

CHAMBERS: [00:38:40] What's the name of the retailer at the filling station on Highway 370, because that's where I get gas and they sell lottery tickets?

DENNIS NELSON: [00:38:48] I'd have to look that up in our files and find out what retailer that is.

CHAMBERS: [00:38:52] So then you don't just know, you--

DENNIS NELSON: [00:38:54] Correct, I don't know that.

CHAMBERS: [00:38:56] Well, where gambling is involved, I'm very skeptical, not of you, but I think they might be careless. I look at some of the ads that they run, which are very expensive and I think there might be kickbacks and payoffs. That's just what I'm saying so you will know that I don't trust the lottery outfit. I've gone after lawyers and judges when I thought they did something inappropriate. The lottery operation is on my radar, I just haven't gotten down to them yet. So tell them they've got time to straighten up and fly right before I get on their trail, because-- have you heard that song by, have you ever heard of the Coasters?

DENNIS NELSON: [00:39:32] I have not.

CHAMBERS: [00:39:33] They sing songs. They sang one called "Gonna Find Her." They say, they talk about this woman that they're going to search down, then they say, Sherlock Holmes, Sam Spade, these are detectives, have nothing on me. Sergeant Friday, Charlie Chan, Boston Blackie, wherever she may hide, she's going to hear me coming. I'll walk right down the street like Bulldog Drummond. Well, I'm going to outdo all of those detectives and the as the song says, if they're hiding up on Blueberry Hill, am I going to find them there? You better bet your-- I will. But I'm just looking, not accusing.

DENNIS NELSON: [00:40:19] Understand, Senator.

CHAMBERS: [00:40:19] Okay, that's all that I would have.

ALBRECHT: [00:40:19] Thank you, Senator Chambers. Any other questions? I guess I have one quick one.

DENNIS NELSON: [00:40:21] Yes.

ALBRECHT: [00:40:22] So when they choose not to pay or don't have the money to pay, why would we continue to let them sell?

DENNIS NELSON: [00:40:29] We don't.

ALBRECHT: [00:40:30] So they're done? You're just trying to collect.

DENNIS NELSON: [00:40:31] Yeah. All four of these have been out of business and that's usually what happens. I'm working with them, working with them and they close their doors.

ALBRECHT: [00:40:38] Very good.

DENNIS NELSON: [00:40:38] But we don't let them continue to sell. We would in a situation if we have like a surety bond on them or something like that, but I do not let it go very far, just so we have some protection.

ALBRECHT: [00:40:47] Very good, they're out of business. Thank you. Okay. Very good. Okay, next up is Jon Cannon. Hi.

JON CANNON: [00:41:08] Chairwoman Albrecht, members of the Business and Labor Committee, good afternoon. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm an attorney and a manager with the Nebraska Department of Revenue in the Property Assessment Division. I'm here to request the remainder of what Mr. Nelson was just informing you of from the Department of Revenue. That's a write-off in the amount of \$12,205.30. These come from two different areas under the Department of Revenue Property Assessment Division's purview. One being central assessment and the other being the management of the statewide sales file. For central assessment we have a number of companies, telecoms, pipelines, and the like that we assess from the state. If they don't file in a timely manner or if they don't report certain things to us we impose a penalty. In tax years 2009 and 2010, we imposed a twelve thousand dollar penalty on one such company called Segur Inc. And we found out that their certificate of occupancy had been revoked by the Secretary of State on April 16 of 2008. So they weren't around, they'd passed on, and so that's a debt that we were not going to be able to collect. The remainder of our claim is for \$205.30 and that's for four requests that were made to the statewide sales file. This is a sales file that we maintain which has all arms-length transactions in the state and on which doc stamps or documentary stamp taxes have been paid. And there are certain people that will ask us to query the state sales file so that we can tell them you know what's the how many hotels along I-80 have sold. We'll make that query for them and we'll send them an invoice and bill them. For four of these we did not receive payment and they were fairly small amounts and I think all four of these were people from out of state and so these are not going to be collectible. We'd respectfully request that you approve the write-off of \$12,205.30. On behalf of the Tax Commissioner, Tony Fulton, and the Property Tax Administrator, Ruth Sorensen, I'd like to thank you for the opportunity to testify in front of you today, and I'd be happy to take any questions you might have.

ALBRECHT: [00:43:17] Great. Thank you for your testimony. Any questions? Maybe when they come and call from out of state you should ask for payment before they get the information. Just a thought.

JON CANNON: [00:43:30] Yes ma'am.

ALBRECHT: [00:43:30] Thank you.

JON CANNON: [00:43:30] Thank you.

ALBRECHT: [00:43:32] David McManaman.

DAVID McMANAMAN: [00:43:52] Good afternoon, Senator Albrecht and members of the Business and Labor Committee. I'm David McManaman, my name spelled D-a-v-i-d M-c-M-a-n-a-m-a-n. I'm an attorney with the Nebraska Department of Health and Human Services. I'm here to testify in support of LB950, specifically, Section 5, which would permit the department to write-off certain debts owed for fiscal and accounting purposes and to provide additional information. The department is requesting write-off authorization this year in the amount of \$723,678.25. The requested write-off amount relates to debts owed to the department by way of assistance provided through 19 different programs. The debts are due to overpayments being made or for services provided for which we have not been reimbursed. Prior to submitting these debts for write-off the agency pursued recovery through one or more of the following efforts: regular billing statements, recoupment, demand letters signed by the program by one of the agency's directors and/or by one of the agency's attorneys, and referral to a collection agency and use a credit reporting as well as litigation. As you look at the debt you'll find over 99.8 percent or \$722,423.25 of that debt is being submitted for write-off because: 1) either the debtor has passed away with no probate being filed; 2) the debtor has had the debt discharged in bankruptcy; or 3) the applicable statute of limitations has passed to include money owed from persons who remain on needs-based assistance. The overwhelming majority of this year's submission, nearly 92 percent falls within that third category. Debt that's uncollectible has now passed the statute of limitations. Much of that debt is owing from persons who were on needs-based assistance at the time their debt went past the limitations period or involve debts that were returned as uncollectible, following submission to a collection agency or the agency's legal department. For example, the largest number of accounts included in this year's write-off include debts that came about due to overpayments made to recipients of Aid to Dependent Children. Nearly 60 percent of the overpayment accounts this year are of that type. Of those accounts, over 96 percent involve persons who were on need-based assistance at the time the limitations period ran or were debts submitted to a collection agency and returned as uncollectible. The remaining small portion, .2 percent of this year's total submission involve individual accounts of less than \$100 averaging approximately \$42 each and where we've sent billing statements, mailed demand letters, and made telephone calls to no avail. Thank you for the opportunity to be here today. And I'm happy to try and answer your questions.

ALBRECHT: [00:46:57] Thank you. Senator Chambers.

CHAMBERS: [00:47:04] So I can understand it, if the statute of limitations had run, some of these debts accrued or reached the point of being uncollectible years ago?

DAVID McMANAMAN: [00:47:07] I think we have done a really good job of bringing them more current. I can't tell you what percent.

CHAMBERS: [00:47:14] I'm not being critical.

DAVID McMANAMAN: [00:47:15] No, I understand.

CHAMBERS: [00:47:15] This is not an amount that accrued this year, this past year. That's what I was getting at.

DAVID McMANAMAN: [00:47:20] No. Absolutely right, Senator.

CHAMBERS: [00:47:21] Okay.

ALBRECHT: [00:47:24] Any other questions? Thank you for being here.

DAVID McMANAMAN: [00:47:42] Thank you.

ALBRECHT: [00:47:42] Colleen Byelick. Hi there.

COLLEEN BYELICK: [00:47:42] Hi. Chairperson Albrecht, members of the Business and Labor Committee, my name is Colleen Byelick, C-o-l-l-e-e-n B-y-e-l-i-c-k. I'm the Chief Deputy and General Counsel for the Secretary of State's Office. With respect to LB950, the Secretary of State's Office is requesting write-off of receivables in the amount of \$1,175. These are receivables related to seven invoices for business services filings or fees that have not been paid. Multiple attempts have been made to collect these invoices without success. The customers involved have indicated that they do not intend to submit payment for these invoices due to the time that has lapsed since the invoices were originally issued. At this time we request that the Legislature as set forth in LB950 approve the write-off of these receivables. Thank you for your time. I'm happy to answer any questions you may have.

ALBRECHT: [00:48:35] Thank you. Do we have any questions? So the people just tell you that they're just not going to pay? They can't give you--

COLLEEN BYELICK: [00:48:41] Well, these are actually related to what's called an IBT or interbureau transfer, which is with another either state agency or the university. And they felt that the time has passed that they are statutorily allowed to make these payments. The oldest one I think dates back to 2006 and the most recent one I think dates to 2013. So these are all very old invoices and so they have indicated that they're not willing to submit payment for these at this point in time.

ALBRECHT: [00:49:15] And you've submitted payment every year I suppose and they've chose not to pay every year?

COLLEEN BYELICK: [00:49:20] We have, these would have been for a one-time, for example, renewal of a trademark or renewal of a service mark. So at the point they need to renew that we would have invoiced them for the costs of that and they did not pay. And we have since followed up with that and they have determined that these are so old that they're not going to submit payment.

ALBRECHT: [00:49:43] Do you have much trouble with anyone else writing [INAUDIBLE]?

COLLEEN BYELICK: [00:49:45] No, and we did have a change in some staff and so our prior staff wasn't doing a good job in reaching out and reviewing these kind of aging receivables and making sure that we were attempting to collect on them. So we did have some success in collecting on our original list of receivables but these are the ones that remain that we don't feel we can collect on.

ALBRECHT: [00:50:11] Thank you. Senator Lowe.

LOWE: [00:50:11] Thank you, Chairwoman. Thank you for testifying. Is this a problem with our state agencies that they quibble back and forth and don't pay?

COLLEEN BYELICK: [00:50:21] I don't think typically it is. I think what happened is just because enough time elapsed here that they felt they were time barred from making these payments. I think that typically most of our, almost most or all of our filing fees we require payment up front. So the situation where we're even invoicing people is pretty minimal and it's when we have these other state agencies filing documents with us.

LOWE: [00:50:56] Thank you.

ALBRECHT: [00:50:58] Any other questions? Seeing none, thank you for being here.

COLLEEN BYELICK: [00:50:58] Thank you.

ALBRECHT: [00:50:58] Jeremy Elder.

JEREMY ELDER: [00:51:09] Good afternoon. Senator Albrecht and the members of the committee, my name is Jeremy Elder, J-e-r-e-m-y E-l-d-e-r, I'm testifying on behalf of the Nebraska Department of Correctional Services where I serve as the Deputy Director for Industries. I'm testifying in support of LB950 and specifically for permission to write-off the amount of \$1,571.06. This amount arose from the operation of Cornhusker State Industries, a self-sustaining program within the Nebraska Department of Correctional Services. Cornhusker State Industries had repaired a total of 97 Braillewriters for one customer between 2011 and 2014. The total of \$1,571.06 represents the amount that the customer has refused to pay for repairs that were made during 2014. We had invoiced the customer multiple times and had provided additional supporting documentation to go through those charges that they were invoiced for and we've sent several other written requests for payment with no resolution. At this point, the department does not feel it is cost effective to continue pursuing payment as the customer has refused to provide it. Thank you for your consideration. I'd be happy to answer any questions you may have.

ALBRECHT: [00:52:23] Thank you for being here. Senator Chambers.

CHAMBERS: [00:52:26] The Braillewriter was a product of the prison industries?

JEREMY ELDER: [00:52:31] So the Braillewriter is like a Braille typewriter. It has nine keys and a combination of those keys makes the Braille characters.

CHAMBERS: [00:52:38] Right.

JEREMY ELDER: [00:52:39] So what we do, we're one of the few places in the country where you can send the machine in. We take it apart, clean it out, replace parts that are broken, and then ship it back to the customer.

CHAMBERS: [00:52:50] And the customer, is this a retailer, if you know, or is it somebody who actually uses?

JEREMY ELDER: [00:52:56] It was a Braille group, so they provide a number of Braille products. I'm not sure how they are organized, but we've done a series-- we've done quite a bit of business with them. When I look back between 2010 and 2014 we did a total of \$31,000 worth of business. A lot of that was related to Braille transcription and about \$3,600 was involving Braillewriters.

CHAMBERS: [00:53:22] Well, tell them when you contact them that there's a very suspicious senator who says that if they will stiff those who've repaired their Braillewriters, then they're

probably stiffing the people whom they are supposed to be helping, which would be blind people. Now Jesus talked about the blind leading blind what would happen, but he didn't talk about those who would rob the blind because he probably didn't think that would occur. [INAUDIBLE] these people know that somebody might be looking at them. I'm not faulting the department at all on this one.

JEREMY ELDER: [00:53:53] Yeah, and we don't do, we haven't done business with them since.

CHAMBERS: [00:53:56] Oh, okay.

JEREMY ELDER: [00:53:56] Because of that issue.

ALBRECHT: [00:53:59] That would have been my next question. I hope that you don't continue business with somebody who chooses not to pay back. Okay. Any other questions? Seeing none, thank you for being here today.

JEREMY ELDER: [00:54:10] Thank you.

ALBRECHT: [00:54:14] Okay. Up next, Kyle. He's going to say his last name and spell it.

KYLE SCHNEWEIS: [00:54:18] Thank you. Chairman Albrecht, members of the committee. I'm Kyle Schneweis, I'm the Director of the Nebraska Department of Transportation. My colleague from the Attorney General's Office talked a little bit about the tort claims. I want to give you just a little bit of context. As you know, we operate and maintaining about 10,000 miles of state highways and it's a 24/7 job, 365 days a year. And our folks do a great job and we've got a very well maintained system. Despite that we do see about 12,000 crashes a year on our highways. And it's very rare that they involve anyone in the department or our activities, but occasionally it occurs. And when that happens I want you to know that safety is a critical thing. It's what we think about every day when we get up. It's what we're out there trying to perform, is to make sure that it's a safe traveling environment for the public and that our folks on the roadway are safe when they're out there. And so when we do have an incident, whether it's something that rises to the level of today or a near miss or anything that we can learn from, we have a whole host of activities that we do to try to make sure they don't occur again. And it's everything from safety huddles there in the local shops to monthly meetings in the district to an annual conference where at that maintenance conference we spend a fair amount of time on safety, including reports from the Attorney General about activities that have occurred so we can spread the word and try to minimize these events as they occur. We do occasionally see claims, again they are rare. When we do we work with the Attorney General's Office, they support us. And usually we don't end up having to settle, but occasionally we do and we work with the Attorney General's Office to determine the merit and the scope and the risk to the state and then make a determination. And that's why we're here today and I believe the total on the tort claim is about \$1.15 million for this year's request. On the write-offs, every day we have folks that leave the roadway and hit signs and guardrails and pieces of the roadway. Our roadways are damaged by fire and those things and generally we try to seek damages. This year we had, I think last year we had at \$1.7 million. I think the number I recall is correct. And we were able to receive 77 percent of that through claims. So we start at the staff level, we have some dedicated folks in our traffic engineering group that try to get the payments made. If that doesn't work, we work through the AG's office and then eventually we get to places where we just need to write them off and that's why I'm here today. I think that number is \$188,000 this year. So with that, I'd be happy to answer questions you have.

ALBRECHT: [00:57:12] Any questions? Senator Chambers.

CHAMBERS: [00:57:13] I read a lot of things in the newspapers, some I understand, some I don't. There was something about-- it was not too long ago, a particular guardrail or a partial guardrail that the state will no longer use. I couldn't visualize what this looked like, this piece. Can you describe it at all?

KYLE SCHNEWEIS: [00:57:34] Sure. So you've seen lots and lots of guardrail across the state highway system. Any time you put the guardrail it's meant to keep a vehicle from leaving the roadway. Well, at the end of the guardrail you've got to do something. And so there's a treatment that you put on the end that's designed that if a vehicle hits it, it extrudes that guardrail out of the way. And they go through rigorous, rigorous tests. We use the same manufacturers that they use all over the country and there is some-- there is some discussion and concern about a particular end treatment. We have four of them here in Nebraska that I think the announcement in the news the other day was that we're going to remove those. I should say that those have passed all the tests. There's just some concerns about some of in-use effects that we've seen across the country and so we're being cautious.

CHAMBERS: [00:58:28] Okay.

KYLE SCHNEWEIS: [00:58:28] And we'll be working with the manufacturer because of course they like to see their product in Nebraska.

CHAMBERS: [00:58:32] I was pleased when I read the article, the rationale for the department doing what it is doing in reference to this. So even though I don't understand it all and I'm usually critical, not of that department, but tell them that, that I was glad to read.

KYLE SCHNEWEIS: [00:58:46] Thank you, Senator.

ALBRECHT: [00:58:47] Any other questions? Seeing none, thanks for your testimony. Before we close I would like to-- and ask for proponents and opponents, I'd like to ask two people to come back up, Randy Gerke, from the Nebraska Department of Public Employees Retirement System. Are you still here? I just have a quick question. And if anyone else would like to call any of these back up. Okay, thanks for coming back up, Mr. Gerke. I'd like to-- you talked about one individual that received 26 payments. So if those payments were to him or her, who cashed those checks?

RANDY GERKE: [00:59:31] Let me see which one that was. There was a-- I believe this was the member that we actually prosecuted them and there were two sons that took the-- that got the money.

ALBRECHT: [00:59:48] So somebody was cashing that check knowing full well--

RANDY GERKE: [00:59:51] They weren't checks, though. They were done as an ACH, I believe.

ALBRECHT: [00:59:55] ACH is?

RANDY GERKE: [00:59:56] Automatic-- it's direct deposit into an account.

ALBRECHT: [00:59:59] Okay, so a direct deposit. So they kept that person's bank account open. So were they prosecuted?

RANDY GERKE: [01:00:07] They were. They were prosecuted. And there was a an agreement that they came to, however, they had not followed through and paid on that to pay that money back.

ALBRECHT: [01:00:24] So do they serve time or what happens to the people that do that?

RANDY GERKE: [01:00:29] I believe there is one in jail, although I don't believe it was for this. It was through other issues.

ALBRECHT: [01:00:38] Okay. I just wondered what exactly would take place if somebody was taking somebody else's money and cashing their check or spending their money.

RANDY GERKE: [01:00:46] You know, we don't have a great hammer to use, honestly, to collect this money.

ALBRECHT: [01:00:53] But when you do find it out, you do take action. That's good to know.

RANDY GERKE: [01:00:55] That's very rare that we do, we actually get into a court system to try to collect this money, but it has happened occasionally, a couple of times that I remember.

ALBRECHT: [01:01:06] Very good. Thank you for coming back up. Any other questions before I let him go? Okay, thank you. And the next one I'd like to call back up is David McManaman from the Department of Health and Human Services. We have another request for a question. Thank you. Senator Halloran.

HALLORAN: [01:01:26] Thank you, Chair. Thank you, Mr. McManaman. The question I guess I have is, these debts, it's quite a sizable figure.

DAVID McMANAMAN: [01:01:34] It is.

HALLORAN: [01:01:35] Almost three-quarters of a million dollars. And it says in your testimony the debts are due to overpayments made or services provided for which we have not been reimbursed. I guess my primary concern is overpayments, I mean that's a management issue it seems.

DAVID McMANAMAN: [01:01:56] It is to an extent and it's something that we recognize probably the front end we can get a better grasp on. The tail end is a little difficult, because the clients that we provide payments to oftentimes don't have the means to pay us back if there was an error made. We're working on the agency error side of things, but sometimes we have probably the overwhelming majority are client errors. For instance, the ADC area that I talked to you about, 60 percent of our accounts are ADC overpayments. And that situation might be one where we're paying a certain amount each month and the recipient doesn't report that they have a new income stream and we find out a month or two later and we're in the hole a thousand dollars or more. And at that point it's very hard to collect it back. And there are very strict limitations on being able to collect back. So that's a good part of it there. On the front end and I think we can make improvements and we're continuing to try to do that.

HALLORAN: [01:03:07] Okay. Thank you.

ALBRECHT: [01:03:07] Thank you. Any other questions? Seeing none, thank you for coming back up. Okay, at this time I'd like to open it up, LB950 for any opponents wishing to speak. Any proponents. Seeing none, do we have any opponents wishing to speak? Any opponents on LB950? No opponents. Anyone in a neutral capacity that would like to speak? Seeing none, we have no letters to read into the record. At this time we'll move on to LB951. Thank you for being here.

AMARA MEYER: [01:04:16] Hello again. Senator Albrecht and members of the Business and

Labor Committee, my name is Amara Meyer, A-m-a-r-a M-e-y-e-r. I am legal counsel for the Business and Labor Committee. LB951 is a shell bill for any claims that are denied by the State Claims Board and appealed to the Legislature. Currently, there are no denied claims which have been appealed.

CHAMBERS: [01:04:45] Is it possible I could get my name in a statute, even though it's temporary, if I filled in all these places with my name and some fictitious amount and so forth. And then if you disapproved, would that then go over into the side where an attempt would be made to collect it and it will not show disapproved here or would they just disapprove it out of hand, if you know?

AMARA MEYER: [01:05:10] So, Senator you're asking if you could make an amendment to put your name for a claim, that would automatically be denied?

CHAMBERS: [01:05:17] Yes.

AMARA MEYER: [01:05:17] I believe the only way you would be able to get your name in there is if you brought a claim against the state which was denied and then you appeal that to the Legislature.

CHAMBERS: [01:05:29] I don't have time to do it. Thanks, though.

ALBRECHT: [01:05:29] Any other questions? Thank you, Amara. Okay. Again, this is just a shell bill. I'll just run through it. Any proponents wishing to speak? Any opponents? Anyone in a neutral capacity? We'll close out LB951. Thank you. Up next we have LB991. Can you call for Senator Bolz and find out if she's ready to come? So we take a quick break just to-- we'll take a quick stand-up break. We're just waiting for Senator Bolz.

ALBRECHT: [01:10:06] Just give Senator Crawford a minute. She just walked out. The next bill up will be LB991, Senator Bolz.

BOLZ: [01:10:25] Thank you. Thank you, Senator Albrecht and members of the Business and Labor Committee. For the record, my name is Kate Bolz, that's K-a-t-e B-o-l-z, and I'm sorry to keep you waiting. We are finalizing the budget downstairs and we're hard at work. This bill and its accompanying amendment put into statute authorizing legislation for a policy that merges remedial and developmental education with specific job training credential earning programs at our state's community colleges. The bill with the amendment would fund the initiative for three years out of the Worker Training and Support Cash Fund. The bill is modeled after Washington state's I-Best program. I-Best stands for Integrated Basic Education and Skills Training. The program was started in 2004 and combines classroom and professional and vocational educators with remedial or developmental educators. We all know that Nebraska's employers have long found work force shortages to be a major impediment to economic growth. In fact, the state Chamber of Commerce has listed work force shortages as the number one issue since 2011. We also know that people without postsecondary education are unemployed and underemployed at higher rates. Matching these people with skill-based training will both improve business's ability to grow and increase the earning potential of Nebraskans who want to work and want to earn a good wage, but need opportunities to earn a credential through a program such as the integrated education and training program. Washington State sees great success in credential attainment. We have an opportunity to follow that model. The parameters put into the bill are that the programs must be training in high demand programs and job areas, offer industry's recognized credentials, and must pay above average wages, and there must be evaluation. The Washington model found an increase in annual wages of \$4,000 and found that students were three times more likely to earn college credit and nine

times more likely to earn a certificate or degree. Further, integrated education and training programs are recommended practices in the federal Workforce Innovation Opportunity Act. A couple of points in response to questions that I have received. The first is, what population are you targeting? And the answer is, the legislation contemplates serving any population with the need for developmental education through the community college system. The concept is meant to be both flexible to the industry and to the population served. Another question that has come up is, is it appropriate to limit opportunities to only the community colleges? I would say, yes. The statutory mission of community colleges as outlined in 85-961 is that they have the sole responsibility for the award of associates degrees, diplomas, and certificates at the associate degree level or below. A third question in debate on this bill was, will it impact property taxes? The answer is, no, not as funded through LB991 and not if funded through General Funds. The community colleges are required to provide matching funds, but they could come from existing funds, philanthropic funds, or partnerships with local businesses. The last question was, why use the worker training fund? First, I think this fund is closely associated with the purposes outlined in LB991. Further, I believe that-- and I believe this sincerely, that it's time for us to provide a more strategic and statewide vision for worker education and training. Piloting programs like this one is a great start and the Worker Training and Support Cash Fund, while it does support some very valuable training, does not necessarily do it in a manner that is strategic or statewide. Some programs, like Leadership Development as currently funded in the Worker Training and Support Cash Fund, I would be surprised if they match up with wage increases like the \$4,000 annually that was found through the Washington State integrated education and training model. I'm pushing the state to become more innovative and strategic. The last issue I wanted to address was some discussion about what the role of high schools might be in this kind of work. Certainly, high schools should be a part of the solution. However, I did want to mention that community colleges serve a specific population. The average age at Metro Community college, for example, is 27.8 years old. So many older or returning learners will need developmental or remedial education simply because they are returning to learn. Additionally, 25 percent of Nebraska adults between 25 and 64 have some college but no degree. And in order to pull that population into higher skill and higher paying jobs they will likely need remedial or developmental education to complete their degrees. I do have other testifiers and I do have, I do have a fair amount of information for you. In addition to the packets that are provided for you I have an amendment for your consideration that outlines a slightly smaller number pulled from the Worker Training Fund in order to make it more sustainable for the three years contemplated in the bill and a summary fact sheet. But I did want to provide for you all of the information that I have already provided, because I think this is such an important topic and it's such an important topic for discussion with you members of the Business and Labor Committee. To me, talking about work force education should be one of the priorities of this body. It's our economic future and it's the economic future of working families in Nebraska. So I've provided you with information about the demand from the business side, the evaluation of the Washington model, as well as some additional information about the growth of skilled employment, middle-skill jobs we expect in Nebraska. So I appreciate your time and attention. I am happy to take any questions now. I will likely waive closing to join my colleagues in the vault downstairs to finish budget deliberations. Thank you.

ALBRECHT: [01:16:34] Senator Chambers.

CHAMBERS: [01:16:37] Well done.

BOLZ: [01:16:38] Thank you.

CHAMBERS: [01:16:39] Senator Bolz, just for my information, this is a bill dealing with education. If you're going to get down to the elements that make up living creatures or nonliving creatures-- what is the element that's smaller than a molecule?

BOLZ: [01:17:01] Is an atom smaller than a molecule?

SENTOAR CHAMBERS: [01:17:01] Well, I'll be. There he is. Thank you. We like to have you participate. I appreciate it.

BOLZ: [01:17:11] Thank you.

ALBRECHT: [01:17:13] Any other questions? Senator Lowe.

LOWE: [01:17:13] Thank you, Chairwoman. Thank you, Senator Bolz, for being here. After the first three years, the first three years has funding. After the first three years, how's funding going to be made then?

BOLZ: [01:17:26] Yeah, it's a great question and you know I think I have I think every legislator in this body has a different thought about these kinds of things, but I think it's important to pilot initiatives and have proof of concept. The bill does require evaluation of outcomes for these programs. And so after three years with three years' worth of evaluation data we can move forward in a number of ways. The first way could be that the program doesn't provide sufficient proof of concept and there isn't a political will to move forward with it. The second is we could change the mix or the intent of Worker Training and Support Cash Fund and that would be worth conversation with this committee. The third would be we could fund it, if proven to be successful, through General Funds. So I think the-- the idea of showing the value and showing the increase in wages and ability to move on to credential attainment would be the responsibility of the initiative.

LOWE: [01:18:27] You know, I have a problem with things that we start and then we don't fund later and then we're forced to fund them because they've already started. Would you be agreeable to a three-year sunset on this?

BOLZ: [01:18:42] If I did it correctly, the amendment proposed to you does do just as you propose.

LOWE: [01:18:50] Okay, thank you.

ALBRECHT: [01:18:50] Other questions? Senator Halloran.

HALLORAN: [01:18:54] Yeah, thank you, Chair Albrecht. Thank you, Senator Bolz, for bringing this bill. I'm not sure where or why or maybe you can explain how much remedial education is necessary. I don't know if that's in percentages of students or what that might be, but if I understand remedial education might be some basics that might should have been done in K-12?

BOLZ: [01:19:26] It's a--

HALLORAN: [01:19:28] Go ahead, that's fine.

BOLZ: [01:19:28] Sorry, didn't mean to interrupt. It's a great question. Your fact sheet outlines the reference here from Accelerate Nebraska, which says between 25 and 70 percent of students require remedial education in math depending on the community college area and between 18 and 38 percent of students require remedial education in English depending on the community college area.

HALLORAN: [01:19:50] What was the percentage for math again? I'm sorry.

BOLZ: [01:19:50] Between 25 and 70. So it varies between community college area. I guess I

would have a couple of thoughts there. The first is we're talking about a somewhat different population than the K through 12 population. I graduated-- I have a birthday this week. I'm getting older. I graduated in 1997, which means I've been out of high school for 20 years. And so even though I have a college degree and a master's degree if I decided to go back to school and pursue a degree in biosciences or a degree in manufacturing, I would likely need some remedial math education in order to qualify to get back into a program area that has nothing to do with what I studied which was social work. So I don't mean to be long-winded other than to say, because we are looking at returning learners, we're looking at slightly older learners, we're looking at that 25 percent of the population that has some credit or some postsecondary education but no degree. Those folks who have to come back and catch up are what we might be targeting here.

HALLORAN: [01:21:03] Thank you for your answer. You gave a very high level example, namely yourself. But in practicality, is that what commonly would be done or would the typical beneficiary of this program be someone that you just described or would it be someone who just didn't catch the basics in K-12?

BOLZ: [01:21:27] That's-- that's a fair point. The legislation contemplates underemployed workers, unemployed workers, youth, and others who might be in need of remedial education. That's what the language in the bill says. So you're right, it's not likely to be someone precisely like me. It may be a youth who-- who made different choices and didn't complete their high school diploma or GED. And I wouldn't disagree with you that if we're not getting students to completion that that's worth a critique, but we have one of the best high school graduation rates in the nation. So how do we catch those folks who need a second chance and how do we catch those folks who had their first chance and now because of the change in the economy you need to do something different?

HALLORAN: [01:22:15] Sometimes statistics are very deceiving. We use them all the time. For example, using high school graduation rates. A lot of times students get socially promoted, we've heard that term used a lot. And it's to the detriment of the student more than anybody else that that happens. But so some percentage of graduation, of graduates do graduate. They get their diploma, but are the result of being socially promoted and didn't really attain basic--basic fundamental skills in math or reading, for example. So I mean I guess it's kind of long-winded, but to me it's kind of an indictment of our K-12 system that we don't, at some level, have a significant enough progress in making sure that they do graduate with that knowledge. That's more of a statement than a question, I'm sorry.

BOLZ: [01:23:16] That's okay.

HALLORAN: [01:23:19] But it's a sad statement to me that we have to have this kind of remedial programs for people that in many cases just freshly graduated high school.

BOLZ: [01:23:27] May I respond?

HALLORAN: [01:23:27] Sure, please.

BOLZ: [01:23:27] The only thing I would say in response is, while I would be among the first to say let's do, let's do the best we possibly humanly can do in our K through 12 system for every kid and let's push every school to do the best that they can, the fact remains that there are students in our communities now who need, who need skills and education and training. We're I believe second in the nation for the number of people who hold more than one job and that's because of our lower wages and our underemployment. And so even I don't, I don't believe it is counter indicated to say that we should both push for the best in our K through 12 system and push for opportunities in the community college system to catch those folks who have skills and abilities and a work ethic that

they want to contribute to the work force in our state.

HALLORAN: [01:24:30] I concur wholeheartedly. I just am one of those people who like to catch the problem at the root of the problem and not-- and thus make it necessary for bills like this to happen. But thanks for your testimony.

ALBRECHT: [01:24:46] Senator Crawford.

CRAWFORD: [01:24:48] Thank you, Chairman Albrecht. And thank you, Senator Bolz, for being here and presenting this bill. And I apologize that I had to step out for a moment. It's my understanding also we're talking about adult education of this kind that we have many Nebraskans who are in our state who can use these skills and be a part of a work force who did not go through our K through 12 system. So they are also a key target for this bill. Is that correct? Could you speak to that population?

BOLZ: [01:25:15] Sure. You might be referring to some of the refugee population. And you know I've always been proud of the faith-based tradition, particularly through Catholic Charities, of in welcoming refugees. So folks who are English language learners might be a part of a population that would definitely benefit from the remedial education, particularly the ASL pieces. So the SRI report, which was commissioned by our Nebraska Department of Economic Development, identified that population of folks who they are a minority or underperforming or folks who are English as a second language, that we need those folks. Our employment rate is so high that we are, we have to turn to that incumbent work force even-- even if there are skills that they need to grow. So when our own Department of Economic Development says, you know, we need all hands on deck, I think it's important to respond.

CRAWFORD: [01:26:13] I agree. Thank you so much. Thank you, Chairwoman Albrecht.

ALBRECHT: [01:26:13] Other questions? I have a couple. So tell me, this work force training fund. How much money is in this fund at this time?

BOLZ: [01:26:25] Sure. I think the second tab of your handout shows the cash fund balance. And was there one extra for me? I'm sorry if I passed it out. The worker training fund has about \$4 million balance. When I first spoke with the fiscal analysts we thought the 750 might sustain us for a few years. The amendment brings that down to 500. And the idea is that we will be able to fund both initiatives for a period of time. Thank you. Musical handouts here. It would be able to fund both for a period of time. I also think it's not unreasonable to think about how we might change that fund mix, so the other thing that is in your pack, your packet, your handout is the annual report for the worker training so Training and Support Cash Fund which you know you're the Business and Labor Committee, it's for your review. But I would argue that some of those programs approved have more value than others. And I would lean more towards the manufacturing programs than say the leadership development programs, because I think they're more skills based. I'm sorry I did. I'm answering a question you didn't ask, but that's the answer.

ALBRECHT: [01:27:39] That's-- I just needed to know how much money is in that and how are these funds collected? Where did that \$4 million come from?

BOLZ: [01:27:43] It's the Unemployment Insurance Trust Fund, the interest on the Unemployment Insurance Trust Fund.

ALBRECHT: [01:27:51] Okay, so we're trying to fill all these different needs that we have in our state. A lot of the unions apply for those grants. Knowing you're not going to be here and you might

not hear that we have letters from some of the folks. How will this affect them if they teach their own classes to their own folks?

BOLZ: [01:28:16] So the idea as proposed would allow for ongoing funds under the existing rubric, under the existing work of the Worker Training and Support Cash Fund, as well as this additional purpose and in three years we'd have to revisit how that mix works. Whether we fund it through the Worker Training and Support Cash Fund or General Funds or some other way, shape, or form, I believe wholeheartedly in this concept and I believe that we must provide more worker training and education. And so if it's not this fund, if there isn't the appetite to pursue the opportunity presented to you, the 500 for three years, which I think could be sustained by the fund giving, given the cash balance, how else will we do it? I'd love to work with you guys if you have a different idea, because I think-- and I've said it before and I know I've said it on the floor, I think this is one of the major issues of our time. Thanks for the opportunity. I'm sorry I can't stick around. I think they need me downstairs.

CHAMBERS: [01:29:26] I bet you're not really sorry.

BOLZ: [01:29:29] I'm always sorry if I can't stay in the same deliberations as you, Senator Chambers.

CHAMBERS: [01:29:33] Thank you so much.

ALBRECHT: [01:29:34] Thank you. We'll take proponents of LB991. Proponents.

GREG ADAMS: [01:29:46] Madam Chair, members of the committee, my name is Greg, G-r-e-g, Adams, A-d-a-m-s, representing the Nebraska Community College Association. By state law our community colleges are open access. We take all comers, all of it. And I think a lot of times we get caught up in the stereotype when we look at these bills and others that it's the high school kid that is graduating from high school here in another couple of months and moving on into higher ed. And we could talk about that group and their remedial issues, but this bill is addressing something else and maybe the easiest way to explain it to you is an example. A couple of years ago I was walking down the street in York, my hometown, and I got a tap on the shoulder. Mr. Adams, do you remember me? Having taught school for 30 years, usually my answer is, oh, yes, and then I'm trying to figure it out. I spun around and there stood this big, tall fellow with a Harley headband on, sunglasses, and a red beard that covered most of his chest. No, I don't recognize you. Without naming names he told me who he was and I said, oh. And I knew that he had been spending time in prison. And we sat down and we talked for a little bit. I asked him all the obvious things. What are you doing? Washing dishes at the truck stop. I knew what kind of a student he was. And though he may have been a trouble causer he was fairly bright. But now it had been a bunch of years since he was sitting in my high school class and he was looking at me saying, I got to go back and do something different. Go back where? He said, well, I can't go to college. I don't know that I could afford it and besides that I'm not going to take the ACT or whatever it takes to get in. Here's a kid that wanted to make a move. He's kind of that nontraditional population and there's probably a lot more like him. But then also think of some other groups, veterans coming back. A lot of nontraditional students who have been working hard manual labor and they say, I just have to do something else, but it's been 10, 15, 20 years since I was in high school. I might have done well in math, but it's been too long. And I take the entrance, diagnostic entrance that we have at the community college and it tries to catch. And if we catch and yet there's an issue we put you in a remedial class. And right now the traditional method is you go into remedial math, remedial reading and when you have completed it satisfactorily then you go into the welding program or the CNA program or whatever it may be. What the I-BEST plan attempts to do in this particular bill is to incentivize the means whereby we could reach out, grab that former student of mine, pull him out of

that truck stop for a while each day or each week, get him into a classroom where he probably needs some remediation because it's been a long time since he did any math. But we're going to try something different, not just remediate him in math, we're going to get him into welding or whatever he wants to do at the same time. And these are the kind of people that probably are not headed for an associate degree. They want a certificate or a credential in something so that they can move on and maybe that becomes the next step to the next step to the next step. That's really the cohort of students that we're looking at here. And it costs extra money. I don't have all the details of it, but at Mid-Plains Community College this summer we're going to be piloting a program and they just kind of shrug their shoulders wondering how it's going to work. And it's to reach out and grab kids or young adults like him and bring them onto campus all day long, intense, almost boot like boot camp like, even stay in the dormitory. And it's going to take money for room and board. You're going to miss work for two weeks and they're going to be in math and welding or whatever it is all at the same time and we'll have to have extra instructors in the room. And in many cases it's a support services, not just the extra instructor in the room to move these, move these people along. It's a model that we have not used much in Nebraska. We're more tied into the conventional model of remediate a course and when you've completed that, then on to whatever your other aspirations may be. So with that, I'll conclude and try to answer questions.

ALBRECHT: [01:34:44] Thank you. Questions?

GREG ADAMS: [01:34:44] Yeah, really. Come on.

ALBRECHT: [01:34:47] Senator Crawford.

CRAWFORD: [01:34:49] Thank you, Chairwoman Albrecht. And thank you for being here. So you mentioned one model of the welding and math and it sounds like you already have people who are ready to step up for that kind of a model. Correct?

GREG ADAMS: [01:35:00] Well, I think, I mean, I'm talking just about Mid-Plains, one college that I'm aware of right now. There may be others that are sitting in their offices right now watching this saying, us, too, Adams. I don't know that. But it's the one that I do know and this will be the first attempt at this summer to see how it works.

CRAWFORD: [01:35:16] Great. Thank you. I just going to ask if there were other examples of initiatives that you knew there were interests in if a program like this were to make it available.

GREG ADAMS: [01:35:31] You know, we're working on some things that right now that are further along that are intended to deal with the remediation and the developmental issue, but it's more directly with the K-12, Senator, that you're concerned about with. And a year from now I can maybe come back and report how well we're doing with that. We're having some plans to help the high schools, but in the meantime that's a little bit different than this.

CRAWFORD: [01:35:55] Thank you, I appreciate that.

ALBRECHT: [01:35:55] Okay, I'm going to just start with a few questions. Seven hundred fifty thousand the first year, seven hundred fifty the next and the third year is seven hundred fifty. And you'll keep track of these people that come in. So is this \$750,000 going to be used toward a student that you're going to pull out of the kitchen at the truck stop or somebody who you want to teach how to become a welder? Is that what-- I mean, tell me about that money. And, I mean how are you going to disburse that throughout your community colleges?

GREG ADAMS: [01:36:28] You know, I don't know that I can sit here and give you specifics

exactly how it would be spent. I think that the fact that the program would exist creates an incentive for our colleges to figure out what they may do to accommodate this nontraditional population. And it may be to bring the extra instructor in. It may be for wraparound counseling services. It may be for room and board in the dormitory for the two weeks. It's hard to say the different things it could be used for. And there is a match, we'll have to come up with a match as well.

ALBRECHT: [01:36:59] Right. Of course, it has to be matched. So, Again, I have to ask about the union. I do sit on a work force development task force and I know that they are looking throughout our state where the certain weaknesses are. And I do believe, I know Northeast Community College is working to you know based on the information that they have in northeast Nebraska, do they need more CNAs, do they need more welders, do they need a plumber. But how do you work with the unions at all? Do you ever have the unions come in and-- and I only ask that because I really believe they're a big part of this because if they're telling-- if these employers that are out in our state are telling us that, you know what, we can't get people to apply because they can't pass a drug test or we can't get people to apply that can do the basic math just to be able to do a test for an electrician. You know I mean what is-- I mean you see that happening, that you're going to help some of these students that have dropped out and they're 16 and they need help getting back on their feet? Do you see that happening?

GREG ADAMS: [01:38:05] That's really where the focus of this bill is, not just the dropout but not the traditional student that we see graduating this May that will apply to Metro or Western Community Colleges and come in. We're talking about on the peripheral all of these other folks that have, have-- they're in the work force. Our numbers tell us they're typically in the work force. There may be some unemployed, but not with our numbers. It's more we're walking, we're working two or three jobs to make ends meet or we're underemployed and we've got to try something different. Those are the groups that we're reaching out to. The unions, it's different, difficult for me to speak with any authority on unions because I don't know which unions-- trade unions are very active in training. There was a day when they were the ones that did the training. But I don't know how many unions anymore really fall back on that to say, we'll train more people, we'll determine when a journeyman is a journeyman or when a master is a master. And particularly, when you start moving out into rural Nebraska, how many unions and how active are they, I can't say.

ALBRECHT: [01:39:07] But that's what I'm asking. If a community college-- so if they can't go to Omaha and go to a contractor's school or an electrical school to be an electrician in the union, what do you have out in the rural areas to help those people become a journeyman or-- I mean, I can see throughout the state of Nebraska that's where the shortages are certainly. And, you know, the blue collar-type work that pays very well, you know, and it would be great to teach them how to do that. But what I could see just in the short time of sitting on this committee is the colleges working alongside with those folks to be able to get them to get that certificate as quickly as possible and to get in the work force.

GREG ADAMS: [01:39:55] We're it, Senator, outside of what few labor unions there may be that have active education. It's the community colleges from Scottsbluff all the way to Omaha that are trying to bring these people on board as quickly as we can.

ALBRECHT: [01:40:09] Because my other concern, and it's not something you can probably talk about, but is the money that you're asking for-- I want to know and I hope that maybe the Labor Department can help me understand, how much of that money is already going out every year and to whom does it go to, these grants, and are we going to have enough left to help everyone else if we're pushing that funding toward you?

GREG ADAMS: [01:40:33] Those would be questions for John sitting back here, I would imagine.

ALBRECHT: [01:40:36] I think so, but I appreciate your time. Any other questions? Seeing none, thank you for your testimony.

GREG ADAMS: [01:40:41] Thank you.

ALBRECHT: [01:40:43] Any other proponents?

MIKE BAUMGARTNER: [01:40:44] Good afternoon, Chairwoman Albrecht, committee members. My name is Mike Baumgartner, M-i-k-e B-a-u-m-g-a--r-t-n-e-r. I'm the Executive Director of the Coordinating Commission for Postsecondary Education and I'm here today to support LB991 to establish the Nebraska Integrated Education and Training Grant Program. I think that between Senator Bolz and Senator Adams-- former Senator Adams that covered both the need and the details of the program. One thing that I would like to bring up is the number of programs in Washington State, because I think that that will help you think about some of the programs that could be available here. Nebraska and Washington are clearly quite different, but there is overlap in the work force need between the two states. Washington's community and technical colleges currently have over 100 I-BEST programs enrolling almost 5,000 students in 2016-'17. And some of these are: CNC machinist; commercial truck driving; allied health; electromechanical technology; CNA; pharmacy tech; welding technology; light maintenance technician; early childhood assistant; and office assistant. These are all career pathways that can result in immediate employment and can lead to additional certificates or degrees. So based on the experience of Washington and what I hear consistently here in Nebraska about the work force needs, I think that this is a program that can gain traction here and help us meet some of the work force needs with the 100,000 adults who have not finished high school and for those that have to come back, as-- as was mentioned earlier, for additional brushups as they go into these different occupations and we support this program and would be happy to implement it if the Legislature were to put it into existence.

MIKE BAUMGARTNER: [01:42:50] Great. Anything else? Thank you. Any questions? Thank you for being here. Any other proponents wishing to speak to LB991?

KEN SMITH: [01:43:03] Good afternoon, Chairperson Albrecht and members of the committee. My name is Ken Smith and I am the staff attorney in the Economic Justice Program in Nebraska Appleseed which is a nonprofit law and policy organization that works for justice and opportunity for all Nebraskans. And I appreciate the opportunity to testify today in support of LB991. The jobs of the future will require Nebraska's work force to have training and education beyond the high school level. According to the Georgetown Center on Education and the work force, 71 percent of the jobs in the state of Nebraska will require some level of postsecondary education by the year 2020. Yet nearly 10 percent of all Nebraskans between the ages of 18 and 64 lack a high school degree or the equivalent. So this is over 100,000 individuals, many of whom, around 63 percent, are in their prime working years between the ages of 25 and 54. And Nebraska is already experiencing the economic consequences of this growing skills gap in our work force. I just want to highlight a few figures, one of which I think Senator Bolz already alluded to that illustrate this, and these come from the Center for Public Affairs Research at UNO. Nebraska has the second highest percentage of families in poverty that have at least one person working full time and year-round compared to other states. And at the same time Nebraska is third lowest in the country in our percentage of families in poverty where the household or spouse does not work. Additionally, the percentage of Nebraska's work force that holds multiple jobs is significantly higher than the average rate across the country. So in other words, there are many Nebraskans that are working hard and sometimes working hard in multiple jobs but are still not earning above the poverty level wages and that I think is due in part to a lack of access to postsecondary education. So it's clear that the work force of

today is not equipped for the jobs of tomorrow in Nebraska and that many Nebraskans lack access to adult education and are stuck in jobs that pay less than a living wage. And yet federal funding accounts for the vast majority of the budget for adult education in Nebraska today with state funding at less than 10 percent. While this is still a modest investment, the demand for adult education far outpaced, far outpaces the resources that we have in place. And, in fact, over 50 percent of adult education programs in the state do have a waiting list for placement that can range from two to four months and even go beyond that. And we want to note this is not due to a lack of effort by adult education programmings, to be sure, or adult education programs, to be sure, but rather a shortage of resources, of resources and instructors. So LB991 presents an opportunity to address these challenges by increasing access to postsecondary education. LB991 would provide resources for integrated education and training initiatives to be implemented in the context of work force preparation and training for specific high demand occupations. This would also help prepare our work force for the jobs of tomorrow while creating additional pathways to a living wage for the many Nebraskans that are working one or more jobs and yet are still living paycheck to paycheck. I want to preface this next statement with, we are in the preliminary phases of researching this. But there is a chance that we could use some-- and I want to just underscore-- we may be able to use SNAP Employment and Training drawdown funds from the federal government to support some of these programs and alleviate the financial burden on both the state and private community colleges that choose to offer these programs. I will note that that is part of the SNAP program and so those programs must under federal law be targeted towards recipients of the Supplemental Nutrition Assistance Program. But I believe in Washington they have a thriving SNAP ENT program in which they do utilize those federal drawdown dollars to minimize the impact of implementing the programs on both the state budget and the budgets of the community partners with whom the state works to implement these programs. So with that being said, because investing in our work force and creating greater economic opportunity for all Nebraskans is the right thing to do and because right now is a critically important time to do it, we would urge this committee to advance LB991 to General File and thank Senator Bolz for her continued work on this issue. And with that, I'd be happy to answer any questions you may have.

ALBRECHT: [01:47:29] Thank you. Senator Crawford.

CRAWFORD: [01:47:29] Thank you, Chairwoman Albrecht. And thank you for being here and presenting this information, Mr. Smith. Are you familiar with the current training program connected with SNAP in our state?

KEN SMITH: [01:47:43] Yeah. I think what you're referring to is the pilot program that is now I think entering its second phase or has already entered its second phase. And that is using I believe WIOA funding is run through the Department of Labor in collaboration with DHHS as well to target work force programs to SNAP recipients.

CRAWFORD: [01:48:05] So you're talking about an additional or different source of funding as well?

KEN SMITH: [01:48:10] That's correct. And that's-- I'm glad that you asked because that is-- you know, obviously, since they're so similar it could be easy to confuse the two or think that one is the other. And, in fact, I think it's even called Employment and Training under DOL as well. What I'm referring to is SNAP employment and training which is under the Department of Health and Human Services exclusively and not the Department of Labor. And I think at least the first phase of the Department of Labor's pilot was targeting underemployed folks instead of underemployed and unemployed. So there would be a few differences between the programs, but I think that the main message is they are separate.

CRAWFORD: [01:48:54] And there is opportunities for additional resources, should we choose to - perhaps, should we choose to target or craft this program correctly.

KEN SMITH: [01:49:04] That's correct. So as, as with other federal funding streams there are strings attached, specific things that you can and can't spend money on. There are different types of federal grants. And so it is kind of a complicated program, but we have been doing research on it for some time and are, I think, in a position-- we've been working closely with DHHS and are in a position to start advancing SNAP ENT and so I couldn't help but notice that that may be one viable option for trying to deal with some of the costs presented under this bill.

CRAWFORD: [01:49:38] Since you've been doing research, do you have an idea of how much might be available?

KEN SMITH: [01:49:44] Well, I know that the 100 percent grant or the federal funds that aren't just drawdown and kind of matching funds come from a limited pot of money. And there's a formula for how much money each state gets. As far as the drawdown funds, I think it's basically just a matching fund. I'm not sure there is-- I mean, obviously, you know money is limited, but I'm not sure there is a set ceiling in terms of state investment that the federal government has set. I think if you look at the state of Washington they-- they are able to use quite a lot of federal matching funds to implement these types of programs.

CRAWFORD: [01:50:20] Excellent. Thank you so much. I appreciate that.

ALBRECHT: [01:50:22] Thank you. Any other questions? Seeing none, thank you for your testimony.

KEN SMITH: [01:50:28] Thank you.

ALBRECHT: [01:50:28] Any other proponents wishing to speak? Any other proponents? Seeing none, we'll go to the opponents. Do we have many opponents wishing to speak to LB991?

JOHN ALBIN: [01:50:55] Chairwoman Albrecht and members of the Business and Labor Committee, for the record my name is John Albin, J-o-h-n A-l-b-i-n, and I'm the Commissioner of Labor. I'm appearing here today in opposition to LB991. LB991 proposed to transfer \$750,000 per year from the Nebraska Training and Support Fund to the newly created Integrated Education and Training Program. I could pick at issues like the high level of administrative costs allowed to be retained by the newly created commission, but the more important issue is the adverse impact this legislation would have on training dollars now available to Nebraska employers. The bottom line is that if LB991 is passed, in a matter of a few years the Worker Training Board will have to stop awarding training grants to employers, because there will no longer be funds available to them-- to pay them. I have not seen Senator Bolz's amendment so that may stave off bankruptcy a little bit longer, but the same principle applies. The worker training program receives about \$1.3 million per year in interest from the State Unemployment Insurance Trust Fund. The current LB327 appropriation for training grants is \$1.6 million per fiscal year. The cost of administering the program this year will be about \$150,000 including the cost of collecting the taxes deposited to the Superfund. In addition, \$500,000 is transferred to the Nebraska Training and Support Cash Fund from the Nebraska Training and Support Cash Fund to the Sector Partnership Cash Fund created by Senator Mello's LB1110 in 2016 where it's used for labor market surveys and skills gaps assessments. There's currently \$3.5 million in the Nebraska Training and Support Trust Cash Fund and I did just verify that number a few minutes ago. I'm not sure where the four point number comes but it could just be a timing issue because the transfers always occur in one large sum. So it's probably just a transfer issue, but it's really \$3.5 million as of today. However, that balance will be

quickly exhausted if LB991 becomes law. If LB991 is passed as introduced, the projected final balance at the close of fiscal year 2020 will be approximately \$166,000. The \$1.3 million in additional interest expected to be transferred to the Nebraska Training and Support Trust Fund in fiscal year 2021 will be completely consumed by the \$750,000 LB991 transfer, the \$500,000 sector partnership transfer, and the cost of administration. There will be no funds available for employer training grants now provided under the program and those grants are the primary purpose of the program. So with that, I'd respectfully urge the committee to indefinitely postpone LB991. And I'd be happy to address any questions that you might have.

ALBRECHT: [01:53:50] Thank you, Commissioner Albin.

CHAMBERS: [01:53:50] Kind of an off-subject question of Mr. Albin, when did you give the directive that employees from the Labor Department ought not talk to Senator Chambers?

JOHN ALBIN: [01:53:59] I never gave that directive.

CHAMBERS: [01:54:00] Now today is February 26, 2018. I'm going to get a copy of the transcript and show to some people and see if they were misleading me. But I just wanted you on the record.

JOHN ALBIN: [01:54:14] No, our policy is that anyone may talk to any senator who contacts them directly. If it's not an area of their expertise, we ask them to try and defer it or see if we can run through general counsel. But they can talk to anybody. We just ask them to let us know who they've talked to and what was discussed.

CHAMBERS: [01:54:31] But you can see why I'd want something like that to give you a chance to respond to something like that instead of me just accepting it because it was told.

JOHN ALBIN: [01:54:39] Oh, sure.

CHAMBERS: [01:54:39] Okay.

ALBRECHT: [01:54:39] Thank you. Other questions? Senator Crawford.

CRAWFORD: [01:54:43] Thank you, Chairwoman Albrecht. And thank you, Commissioner, for being here. If I understand it, the main-- your main concern with the bill is the funding. If there were alternative funding mechanisms available, that would, that, that would address your concern?

JOHN ALBIN: [01:54:57] Well, my concerns with the bill are primarily fiscal and that is that it's not sustainable.

CRAWFORD: [01:55:05] It seems to me a part of the WIOA focus is on young-- have to go with what they're called but basically the young population we're talking about here the young workers who are, have kind of fallen out of the system.

JOHN ALBIN: [01:55:23] That's one component, yes.

CRAWFORD: [01:55:24] So what are those, how are those dollars being used in our system now? Or is that a possibility in terms of directing some of those dollars to a program like this?

JOHN ALBIN: [01:55:37] One of the things that you have to always remember about WIOA, it has an adult, a dislocated worker, and a youth program, but all of them are target-- all the funds are targeted at individuals with a barrier to employment and that barrier can be education in the case of

the youth, but it's-- that's not the only barrier that's out there. And then also that WIOA funds are distributed out to three local areas: the city of Omaha runs one; the city of Lincoln runs one; and the department runs it for the remaining 88 counties. So within each county each area they're allowed to prioritize as to how those funds can be distributed and their focuses. Then there are also-- feds love formulas. They create formulas and a certain amount goes to youth and your youth can only go for that amount of money or can only be spent up to that amount of money and you can't use it for other purposes like you're out of youth money and you had somebody walk in and there were a great youth candidate but you just don't have any money. You'd have to say sorry, even though you had existing funds in the other programs.

CRAWFORD: [01:56:46] So if I'm understanding you correctly, that money is, this, it's a bit decentralized in the terms that there are three different entities that decide how to best use the money in their part of the state. Is that correct?

JOHN ALBIN: [01:56:56] Yes.

CRAWFORD: [01:56:57] And is that money directed to individuals or can some of that money be used for programming like the kind of programming discussed in that bill-- this bill?

JOHN ALBIN: [01:57:06] It's aimed at individuals and just-- there's a 10 percent admin cap on all of these funds, as opposed to the 15 percent that's in the bill. There's a 10 percent admin cap on all of those funds and then it's all aimed at individuals, but quite honestly, probably the community colleges are the greatest ultimate recipient of the funds because they are a great training source. I may not like this bill, but they're a great training source and they do a great job. And we think we get the best bang for our buck through training programs so that we encourage people to move into the various programs that are offered through the community colleges.

CRAWFORD: [01:57:49] Thank you. I appreciate that. Thank you.

ALBRECHT: [01:57:50] Further questions? A couple here. So how many of these grants would you say you give out in a year's time and who do you give these grants to and do they have to match? Just like do you give them to--

JOHN ALBIN: [01:58:09] I'd be hard pressed to give you the number. I would-- it's a few hundred grants per year would be my best guess off the top of my head under the program. And it's probably several hundred now that I think; just trying to do the math in my head.

ALBRECHT: [01:58:22] Is there a limit to what as for?

JOHN ALBIN: [01:58:27] No. And That's one of the things about-- that we like about the worker training program is that it's really flexible and it's really employer oriented. In this program the students are trained to what they think employers are looking for, whereas with the worker training program that we run through this with this cash fund it's employers coming to us and saying, all right, we've got these people but they need these skills and we want to train them up. The amounts can vary. It's been as little as a few hundred dollars for someone; there is always an employer match. The, the largest-- it's not the largest of all time but the largest during my tenure was \$300,000 to Cargill where we provided a comprehensive English as a second language financial and computer literacy to workers there at the plant during a six-month shutdown for retooling. We partnered that with some dislocated worker money for those who weren't going to be retained or were just plain laid off.

ALBRECHT: [01:59:29] Would you say when they ask for that kind of money, do you partner

with a community college to get them that education? Do you have somebody come into their facility and train them? What do they do? How do they get those people trained?

JOHN ALBIN: [01:59:43] That one, I don't know how we could have done that project and I'm not sure I would have signed off on it if we hadn't had Central Community College involved in that. That one was-- it was amazing array of entities that came into that. We had the Platte Valley Literacy Center and we had the Platte County Community College. Some of the employees, for the employer match they kept them on payroll for all during the training so that was their employer match and we do we do require employer match on the training programs. The program is very flexible. But again it's oriented toward what the employers think they need for their work force as opposed to what people think employers need. And we're finding out through our surveys that there's not a one-to-one match there. Skill sets that people perceive they have are not the same as what employers perceive they have. Hopefully, the truth is somewhere there in the center between the two.

ALBRECHT: [02:00:38] So how long has this work training fund been around?

JOHN ALBIN: [02:00:40] Since 1994. I believe it was created during the Nelson administration. It took a couple of years to work out some, a balance in the fund. It's patterned after the Iowa program-- Idaho program, which the way it works is a certain percentage of the unemployment taxes that employers pay go into the State Unemployment Insurance Trust Fund where they're held as a reserve in case the federal trust fund goes low and that the interest off of that fund goes to the Nebraska Training and Support Cash Fund. Lately interest rates have not been very high, so the income has been somewhat limited by that.

ALBRECHT: [02:01:27] And do you try to keep that fund at a certain level so not to be able to fund somebody maybe in years to come that have applied or is there a certain threshold you try to keep it at?

JOHN ALBIN: [02:01:40] We're trying to keep it funded at a level and we haven't chosen a precise number for it, but we're trying to keep it at a level so if you get a large program like the Cargill project ended up being that comes along that's a real winner for everyone involved, you've got some extra funds that you can pour into it if you need to. Right now, the balance has been generally declining over the last several years. I think the peak may was up over \$4 million and now it's been coming down over the last few years. Basically, a combination of the grants and the transfers for the labor market surveys and skills gap surveys.

ALBRECHT: [02:02:28] Very good. Any other questions? Seeing none, thank you for being here.

JOHN ALBIN: [02:02:30] Thank you.

ALBRECHT: [02:02:30] Any other opponents to LB991, please come forward. Any other opponents. Seeing no opponents, do we have anyone in a neutral capacity that would like to speak? Seeing none, I'll read my letters into the record. I have no proponent letters. I have 1, 2, 3, 4, for the record opponents: Allan Hale, Executive Director and Training Director for the National Electrical Contractors Association Nebraska Chapter; Brad Bird, Business Manager for the Steamfitters and Plumber's Local 464; Marsha Babcock, Executive Vice President of Mechanical Contractors Association of Omaha, Inc., and Frank Velinsky, self. That concludes LB991 and we'll move on to Senator Vargas' LB1134. Come on in.

VARGAS: [02:03:28] Good afternoon. Oh, that was nice, nobody's done that yet. My name is Senator Vargas, T-o-n-y V-a-r-g-a-s, I represent the communities of downtown and south Omaha in

the Nebraska Legislature. Chairwoman Albrecht and members of the committee, I'm here today to talk about my bill, LB1134, which I'm proud to cosponsor with a member of this committee, Senator Sue Crawford. LB1134 establishes the Nebraska Worker Adjustment and Retraining Notification Act or Nebraska WARN Act. The federal WARN Act has been in law since 1988. It requires employers of 100 employees and over to notify their employees and the Department of Labor of planned mass layoffs and business closings. LB1134 built on federal law by requiring employers with 25 employees or more to provide notification to employees and the Nebraska Department of Labor when there will be 25 or more workers that experience an employment loss. I also do recognize that this is a similar bill that was brought last year and I'll touch base on that in a little bit. It is a relatively common practice for states to adopt their own expanded version of the WARN Act. LB1134 is modeled after legislation introduced in several states, including Iowa, Minnesota, and Wisconsin. Now when mass layoffs occur without notice, workers, their families, and their communities suffer. Reports have shown that following a layoff workers experienced an earnings loss anywhere from 7.2 percent to 18.2 percent over the next six years of their life because workers often struggle to find work or lack the skills or education for another job. That is exactly the motivation for LB1134. When 25 workers lose their jobs, when 25 families experience a loss of income that can be devastating for them and our communities. These layoffs especially impact small business workers who are excluded from the federal WARN Act and therefore often do not receive advanced warning of upcoming layoffs. Now most employment losses in Nebraska occur within businesses of less than 50 employees. Advance warning of a layoff provides workers the time necessary to search for work or participate in job retraining programs. It would allow the Department of Labor's rapid response program to support more workers who need their services. LB1134 is similar to a bill that this committee has heard last year which was introduced by Senator Hansen, LB261, which I want to thank him for. My bill is different in a few ways and builds upon things. One, it mirrors exactly the federal WARN Act, including definitions, time lines, financial penalties for intentional violation of this law. And that's on purpose we did that because it already exists and we wanted to make sure to be as in tune as possible. The only difference between the LB1134 and the federal WARN Act is that more workers would have the opportunity to receive the reemployment services that are currently offered by the Nebraska Department of Labor. That is the most-- that is the only change. With that, I'll be happy to answer any questions. Thank you.

ALBRECHT: [02:06:39] Thank you. Did you say WARN Act?

VARGAS: [02:06:40] WARN, yes.

ALBRECHT: [02:06:40] W-A-R-N Act?

VARGAS: [02:06:44] Yes. Sorry I don't know if my accent is coming out in some way, shape, or forms, but the WARN Act.

ALBRECHT: [02:06:47] You're good. Just wanted to be sure for the record. Do we have any questions for Senator Vargas? Senator Halloran. Go ahead.

HALLORAN: [02:06:55] Thank you, Chair Albrecht. Thank you, Senator Vargas. So from a ground level situation and it's a tenuous problem for both the employer and employee, right? There's no question that an employer is under duress. And I know and I acknowledge that in the bill it talks about there are would be exceptions if they're looking for capital. In the term of business I don't quite understand that other than expanding business. For an example, say a business is struggling to survive. Say they have a hundred employees and they determine that the only way to survive is if they lay off 26 employees. I would acknowledge it would be best that the employees would have some kind of forewarning that this is going to happen. The other side of that equation though is just kind of awkward in some ways and I know not too many people have empathy for

business, but they do employ the other 75, in this case. So a businesses is struggling, can't find capital, business has slacked and their profits are diminished and they're taking on losses and they have to cut their losses in some fashion. It's the worst thing in the world for anybody to do, if anyone has ever fired anybody. I'm assuming everyone here is an employer in some fashion or not, but the worst thing in the world to have to do is to have to give somebody a pink slip. There's no question. It's not easy and it's hard for the person that receives it, clearly. But say that the business decides that they have to lay off 26 people and then because of this requirement a notice is given to everyone at that business, all the employees, that this layoff is going to take place. And then the natural thing to follow is that the rest of the employees start looking for a job. It's not uncommon. It happens. It would happen. If I was one of the other 75 I would say, this business is on shaky ground. I'm going to start looking for another job. Some of them will find other jobs. You look skeptical. In the real business world, I've been there, I've seen it happen. Okay? The others start to find a job and then that negatively impacts the business because suddenly they have fewer employees to do the required jobs and make that business whole. This is all an hypothetical, but it can be very real. And then that exacerbates the financial well-being of that business, which ultimately could result in the jeopardy of those other 75 jobs. So I don't know if that's all been satisfied or whether-- it's not a bill, a brief bill and I assume it mimics, virtually mimics federal law, right?

VARGAS: [02:10:00] It does, yeah.

HALLORAN: [02:10:05] I was hoping you'd made this all up.

VARGAS: [02:10:07] You were hoping I would what?

HALLORAN: [02:10:08] I was hoping you'd created this whole-- but that being the case, that was a lot of statement there. So how do we address those concerns?

VARGAS: [02:10:22] I apologize I looked skeptical. I'm skeptical a lot. So--

HALLORAN: [02:10:25] That's good.

VARGAS: [02:10:26] No, it's good. That's why we're both in these seats. I would say that it depends on our definition of what we're trying to accomplish. I would say that, yes, there's a concern for small businesses always when making these decisions. Even currently, under the federal WARN Act, there's a concern over its still small business if you have a hundred or more employees it's still small, not as small as 25. There's a concern on the impact it has on small businesses. I also take into account the impact that this is going to have on small businesses in the arena that could be hiring somebody but we have two months that is that is not happening where people aren't being notified where they could be placed and there are employers in the community that would love to hire somebody. So I think that it's not-- I'm weighing the pros and cons of either side that ultimately we want to make sure that people that are unemployed are unemployed for the least amount of time. And that is one of I would say the priorities that the Department of Labor and the rapid response program is executing on. But I also think is the intention of the federal WARN program itself. There are-- there is language in here that mirrors the federal WARN program that stipulates some unforeseen circumstances. And I think that, that those definition, we can't put every exception or hypothetical in there. We don't operate under that, but we try to do our best to make it as broad and specific so that it applies. And I think that's what it does. By not changing the language that's been around since 1988 when it was put into statute federally. That's why we didn't want to change that language, because we believe it's working. Now let's make sure that we're expanding it to small businesses so that we don't fall into this gap. And to put this in some real numbers when we're looking at some of the layoffs and closures just over the last three years. We're looking at about

twenty four point three companies that each year on average at about 1,600 workers that apply to this new change of between 25 to 100 employees that would be laid off. In real numbers, those are the number of employees that would be impacted if we, you change this. So I don't think it's perfect. I know it's not pacifying your concern around how you feel for the employer, but I want to make sure in this room we're making a decision on how we're weighing both the small businesses that are being laid off, laying off people and small businesses around that are looking for amazing talent. We want to close that gap on putting people into work lists.

HALLORAN: [02:13:02] If I may ask another follow-up question. I'm sure you caught it in my rather lengthy statement/question, but my concern is also for the employees, the other 75 that could end up being in jeopardy if the company is put under that kind of pressure and employees leave or it gets to be very common-- it becomes prematurely aware to the customers of that business, for example, that they're laying off that many. There's all kind of-- and I know you can be both too specific and too broad. But why is it that 100 is not satisfactory in federal law?

VARGAS: [02:13:48] I think it's not, well, let's say satisfactory. I think this is more depending on how many people are falling in this gap. How many companies do we have small, medium-size companies that are 25 to 100 or more layoffs are we seeing? And so we can quantify that. So we're looking at 1,600 workers a year that we could ensure are getting a job sooner. I understand your hypothetical around, well, the impact that's going to happen on the other employees that might seek other employment because they might not, they might feel like the company is maybe not on good standing. But just to come back to the original language in the law, this is if they are knowing that they're going to be laying off this amount, like they have to know that that's happening, there's a certainty behind it. I don't think we currently control for what happens for a hundred and more employees being laid off and what happens to the other employees. That's why we're really trying to hone in on where are we finding the gap of businesses that are laying off people and are spending months trying to search out work. And we have the resources and Department of Labor, how can we make sure to close that gap? That's really what we're trying to do.

HALLORAN: [02:15:05] Do you have data on those 1,600 and how what success they had on [inaudible].

VARGAS: [02:15:16] I do not have data on the 1,600. Mostly because-- well, there are voluntary reports and Mr. Albin can talk to this around people that are giving information on closures what we have. But what I can tell you is based on all those closures and based on the number of workers we do have programs at the Department of Labor, some of which are funded from federal money, that can continue to close the gap. And our rapid response team does do a really good job of making sure that businesses are provided with training and support to then close the gap on how long people are unemployed.

HALLORAN: [02:15:58] Okay, thank you.

VARGAS: [02:15:58] Thank you.

ALBRECHT: [02:15:58] Other questions? Senator Lowe.

LOWE: [02:15:58] Thank you, Chairwoman. Thank you, Senator Vargas. My lines are along the same lines as Senator Halloran's. My employees are like family to me. As a matter of fact my wife will tell you my businesses are my mistress, so we feel very close to each other. And at times financially you may think that the business may not be doing well and you may need to close, maybe in a year but you can keep going for maybe another year, especially out in western Nebraska where we go through these cycles where you go up and down according to what agriculture does.

And this bill would take into effect many small businesses. And if you tell-- which would be 25 to 30 employees. And if you tell them that you're going to be laying them off at the point where you know it's probably going to happen, but that you think you can last another year, they're going to start finding other positions. Now out in western Nebraska there aren't many positions, so that means they'll be leaving your towns and your communities to go find something somewhere else maybe in another state where you could employ them for another year and maybe ride out that cycle. So I'm concerned, does this take into account the cycles that we go through in agriculture and business in general?

VARGAS: [02:17:37] Thank you very much, Senator Lowe, and for sharing that. I think for those of us that are business owners. I'm not a business owner, but hearing from you and Senator Halloran just how this impacts your work is important. To try to address your concerns, there is language in here that explicitly states that the employer is not required to accurately predict general economic conditions that also affect demand for products and services, that in a sense, when-- when there are unforeseeable circumstances that come up and at have to do with market conditions that that's an exception.

LOWE: [02:18:17] But isn't that business in general?

VARGAS: [02:18:20] To some extent, yes. But we, and we are doing everything we can. Just like you say you care about your-- I don't want to paraphrase-- you care about your workers like they're your family. We're talking about 60 days when you know, 60 days when you absolutely know that you're going to be laying off X amount of individuals. That is the notification notifying the individuals and Department of Labor. That's it. So and given some of these exceptions I think that's a fair tradeoff for ensuring that-- to your point, there's not many positions out there in certain parts of counties. Well, let's make sure that there are individuals are getting into those open vacancies that do exist as soon as possible, because every single time we have an individual that doesn't, that's not working, that's not providing for their family, that that is not only an impact on their family, it's also an impact on our economy. It's impact on their ability on and what programs they choose to take part of and then also what they're able to then, how they contribute to our revenue as a state. So I think we-- we can accomplish the same thing by, I don't want to say simplifying this, by having a 60-day period when businesses absolutely know that they're going to lay off to let those individuals know so that we can make sure to put them in the right places so they can have a job as soon as possible.

LOWE: [02:19:46] Do we know exactly 60 days in advance?

VARGAS: [02:19:50] You would have to know.

LOWE: [02:19:51] Because it's business. All of a sudden the next day something might happen that causes the business to swell. And now you don't have employees.

VARGAS: [02:20:00] Yeah. And so it would be-- so the way it's written is essentially we would essentially have to prove that the business knew that they were laying off, that they weren't going to lay off at that time. Not sort of something happened or some unforeseen circumstance.

SENATOR LOWE: [02:20:19] Who is we? We would have to prove.

VARGAS: [02:20:19] Well, in statute. I'm saying right now the language is there. If this was ever brought let's say to civil court it would need to be proven that a business knowingly was going to lay off individuals and then didn't notify individuals 60 days beforehand when they knew that it was going to happen. So the sort of the burden is on individuals to prove that, so that's the way it's

written. That's the way the current federal program works.

LOWE: [02:20:47] You think that's why it's written for larger businesses and not the smaller business, because smaller businesses may not know?

VARGAS: [02:20:54] Yes. And it's not incumbent on them to prove. It would be incumbent on somebody else to prove that they knew.

LOWE: [02:20:59] But then you go through court costs to the business and to the business owner.

VARGAS: [02:21:03] Well, if there were ever court costs, yes. But again the cost of having somebody unemployed for two months when we could have put them in another job where other employers are looking for skilled labor and getting them skilled enough to then enter the work force is also a cost. So I don't-- I wouldn't want to say that it's-- we're trying to weigh both sides. But I think it's important that we get people into jobs and employ them as soon as we possibly can.

LOWE: [02:21:29] Thank you.

VARGAS: [02:21:29] Thank you very much, Senator.

ALBRECHT: [02:21:29] Any other questions? I just have a couple. The penalties that are laid out here, are they-- do they reflect the federal or is this something--

VARGAS: [02:21:40] Yes. They have the same penalties-- they are the same consequences that are currently in statute for the federal WARN program.

ALBRECHT: [02:21:51] And you had mentioned that, of course, Senator Hansen had something similar last year. What makes yours different than what his was last year?

VARGAS: [02:21:59] There's four specific instances. One, Senator Hansen's bill covered part-time individuals. LB1134 only covers full-time individuals, so it's not changing the definition. There was a lay-off period of four months when there was sort of a notification, we're keeping it at six. There was a notice to then contact local elected officials, board of commissioners, elected mayor. We have removed that provision, we believe that it's just easier to just keep it between the Department of Labor and the business. And we kept the 60-day notice requirement the same. There's a 120 day notice requirement I believe in your bill, so we kept it the same. So the only thing we changed is the number of employee threshold, just 25.

ALBRECHT: [02:22:51] Okay. And what is the Department of Labor today? I mean, how much notification do you have to give the Department of Labor when you are going to downsize?

VARGAS: [02:23:00] If you have a hundred or more employees and you are laying off a certain percentage, 60 days. So we were keeping the notification number of days the same.

ALBRECHT: [02:23:11] Okay.

VARGAS: [02:23:11] Thank you.

SENAOR ALBRECHT: [02:23:11] So any other questions? Will you stay around till we close?

VARGAS: [02:23:11] Oh, I'll stick around.

ALBRECHT: [02:23:11] Thank you. Okay, we'll start with any proponents wishing to speak to LB1134. Any proponents wishing to speak.

SUSAN MARTIN: [02:23:39] Good afternoon, Senator Albrecht and 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 representing working people throughout the state in Nebraska. Today I am testifying in support of LB1134, Adopt the Nebraska Worker Adjustment and Retraining Notification Act. Although there is a federal Worker Adjustment and Retraining Notification Act, by passing a state act it will ensure outreach to more affected workers. Unlike the federal act, the proposed legislation will apply to employers with 25 or more employees which are exempt under the federal law. It will also apply to all employers. The federal act currently does not apply to federal, state, and local government employees. Layoff notice requirements are intended to protect employees, their families, and communities by giving employees a transition period in which they can adjust to losing their jobs, obtain other work, or pursue training for other work. They also give state and local governments time to prepare effective services for displaced workers and to develop strategies for responding to sudden losses of jobs and tax revenue. And lastly, it gives workers and local governments an opportunity to actually avoid job losses in situations where they can be avoided. Advance notice and early intervention are ultimately about maintaining the living standards of Nebraska workers. Despite large numbers of laid off workers dumping large numbers of laid off workers into flooded job markets such as Nebraska's, who has a low unemployment rate, without any warning is a recipe for declining living standards and desperate workers competing to secure better paying jobs. Advance notice, on the other hand, can allow governments to put in place effective assistance programs that make it more likely that workers will find relatively good paying jobs more quickly without suffering unemployment. In some instances, advance notice may allow enough time for workers and their communities to actually develop strategies to avoid the loss of good paying jobs in the first place. I thank Senator Vargas for his work in revising the original bill introduced last year. We believe this is important legislation that will look after not only employees, but our communities and ask for your consideration in passing LB1134 out of committee.

ALBRECHT: [02:26:13] Thank you. Do we have any questions for Ms. Martin? Thank you for your testimony.

SUSAN MARTIN: [02:26:19] Thank you.

ALBRECHT: [02:26:20] Any other proponents wishing to speak? Any other proponents. Seeing none, are there any opponents wishing to speak? Opponents.

JOHN ALBIN: [02:26:43] Good afternoon, again. For the record, Chairman Albrecht, members of the Business and Labor Committee, my name is John Albin, J-o-h-n A-l-b-i-n, and I am Commissioner of Labor and I'm appearing here today in opposition to LB1134. As the previous speakers have noted, while LB1134 as in many ways similar to the federal WARN Act, it would apply to many employers not currently covered by the federal WARN Act-- many Nebraska employers are not currently covered by the federal WARN Act. The federal WARN Act is enforced by U.S. DOL and applies to all employers with 100 or more employees. In Nebraska that means roughly 1,344 employers are subject to the federal WARN Act. Because LB1134 has a much lower threshold of coverage, 25 employees, approximately 5,729 additional Nebraska employers not currently subject to the federal WARN Act would be subject to the Nebraska WARN Act. LB1134 expands the duties of the department in regard to mass lay-offs and creates enforceable duties that cannot be paid for with the department's existing federal funds. In a year when the General Fund money is exceedingly scarce, it's questionable whether LB1134 provides a good return on investment for those dollars. The Nebraska Department of Labor currently uses WIOA rapid response funds, as mentioned by Senator Vargas, to provide services to displaced workers of

businesses that close or have a mass lay-off, so those workers are already being served to the best of our abilities. And although there's not a requirement for reporting to the department, one of the job duties of all the managers of our local offices is to report back to the department any local closings. So we do pick up a lot of people that are-- I think we're already picking up everybody in terms of offering the services to the workers. LB1134 would, however, substantially expand the duties of the department with regard to back pay or more correctly LB1134 notice of pay. Under the Wage Payment and Collection Act, the department can fine employers who fail to pay wages required, and I would assume this would include the new LB1134 notice of pay. LB1134 would substantially expand the authority of the department by authorizing it to file actions to collect LB1134 notice of pay in the event business, of a business closing or mass layoff. LB1134 excludes part-time employees from the 25 employee layoff count that triggers LB1134 coverage. While the department has employer wage records for their Nebraska workers, employers are not required to report hours of work by those employees. Consequently, the department may end up reviewing nearly all business closures and mass layoffs involving 25 employees or more nor to the terms if the number of full-time employees meets the 25 employee LB1134 threshold. The enforcement duties provided for in LB1134 cannot be accommodated with federal funds. The additional staff member needed to enforce responsibilities would have to be paid for from General Funds. That concludes my testimony and I would be happy to address any questions you might have.

ALBRECHT: [02:29:54] Thank you, Mr. Albin. Senator Crawford.

CRAWFORD: [02:29:57] Thank you, Chairman Albrecht. And thank you, Director, for being here again. You mentioned that you have staff who identify closings or recognize closings so services can be provided. Could you just expand on that a bit? How are we tracking where there might be closures of smaller employers and how do we make sure there are services offered to them?

JOHN ALBIN: [02:30:22] We have 14 offices across the state and each of those offices are assigned certain regions. And part of the Wagner-Peyser program is employer outreach, so they're supposed to be on the ground and keeping in touch with employers on a daily basis. And when they learn of a closing they are asked, directed to report to the head of Employment and Training office the closures. If you look at our layoff list that's on the Web site you'll see some that are as small as five and six employers that we have provided rapid response services to. So we do make a considerable effort at outreach at this time.

CRAWFORD: [02:31:01] And can you explain what a rapid response service-- what that means?

JOHN ALBIN: [02:31:04] Rapid response services, hopefully, the employer allows us in at the time of the layoff and then we set up how to apply for unemployment benefits, how to search for a job, acquaint them with our job search system, that we have or make available through the state of Nebraska, offer them resume writing session or seminars, we do mock interviews with individuals. It kind of depends upon the individual and what they're looking for when they come, when they talk to us. When we do a full-blown, what I would call a full-blown response, we would send out someone from the Unemployment Division as well as someone from the Employment and Training Division, and probably someone from the WIOA unit as well to go out and meet with them and kind of assess them, meet with as many of the individuals on an individual basis as possible, try and figure out whether they're someone who's a candidate for WIOA training, whether there's someone who just needs a little bit of coaxing, coaxing is not the right word, direction for finding employment. And then, hopefully, if we know of openings that match up with that skill set we can help move them over to that as quickly as possible.

CRAWFORD: [02:32:25] Thank you, I appreciate that.

ALBRECHT: [02:32:33] Thank you. Any other questions? Seeing none, thank you for your testimony. Okay, any other opponents wishing to speak? Any other opponents? Hi.

CHRIS HOYME: [02:32:46] Senator Albrecht, ladies and gentlemen of the committee, my name is Chris Hoyme, C-h-r-i-s H-o-y-m-e. I'm an attorney with the Jackson Lewis law firm here today on behalf of the Nebraska Chamber of Commerce. Appreciate the opportunity to give testimony in opposition to LB1134. I don't want to be redundant. It is later in the afternoon. I thought Commissioner Albin covered most of the primary points in the discussion earlier regarding small business issues and consequences that could be exacerbated by this bill I think were especially on point. Just to reiterate, in my practice represent a lot of smaller businesses. We have situations where small businesses I think are more likely, based on my experience, to be subject to dynamics that larger employers are not, such as dependent on either one or a small number of vendors, either one or a small number of customers where suddenly that customer or vendor can no longer have a relationship with the company for a variety of reasons and suddenly the business can be significantly impacted in a very short period of time. As was indicated, this bill mimics federal WARN Act for 100 or more employees, employers with 100 or more employees and I can tell you in applying the exceptions to this bill where the employer would have the burden of getting an exception to giving these employees the 60-days' notice or face back pay, attorney's fees, potentially, plus a \$250 a day fine. To meet that burden the employer cannot just say, our best customer left or we just lost a relationship with this vendor unless it was something completely unforeseen, not a contract coming to a conclusion or a lack of supply, you don't get an exception. And I think based on that circumstance it's much more likely to impact small employers relying on a single vendor or a single customer really makes this proposed legislation unreasonable and untenable. And the only other thing I would offer in addition to Commissioner Albin was in preparing for today I came across a United States Chamber of Commerce study involving the impact of state employment policies on job growth. They reviewed all 50 states and determined that states that had a significant number of extra policies-- and in what we call these WARN Acts, state-by-state are many WARN Acts, in addition to the federal WARN Act. And it was determined that states that did not have many WARN Acts were much more likely to improve the opportunities for job growth. And in the Nebraska review it mentioned the fact, in rating Nebraska, that they did not have many WARN Act as what's being proposed by LB1134 and that created a more positive job growth opportunity in the opinion of the United States Chamber of Commerce. So with all due respect, we on behalf of the chamber, would ask that you-- we are in opposition to this bill. And I'd be happy to take any-- any questions.

ALBRECHT: [02:36:43] Thank you for your testimony. Any questions, Senators? Senator Crawford.

CRAWFORD: [02:36:45] Thank you, Chairwoman Albrecht. And thank you for being here to testify. It does look like there are exceptions and one exception is if you're actively seeking capital or business at the time of the 60-day notice would have been required. So I don't know if you're familiar with or your clients also work with a federal WARN Act and if that also has a similar exception, but it looks like if you are demonstrating that you're seeking contracts or seeking business that that is one of the exceptions that's allowed. So I understand what you're saying about small businesses being perhaps a little more vulnerable environment, but would the fact that you can demonstrate that you were seeking business or financing address that and how does that look for those employers who are having to comply at the federal level? So those three questions.

CHRIS HOYME: [02:37:43] Yeah. It's a really good question and I think under the federal law a hundred or more employees, you're much more likely to perhaps see the train coming down the track that we're going to have economic issues. I'm going to be out trying to seek other investors, other loans, financing. Probably not having that opportunity in the same degree for smaller

employers where suddenly they get a call from their only customer, one of four good customers, that says, hey, our contract is going to come up in 30 days. We're not going to renew it for a variety of reasons. And suddenly you are under economic distress, unanticipated, and you can't comply with that 60 days. You haven't been out looking for financing because you thought they would renew their contract. And that's why we think as you eloquently put it that small employers in many situations are more vulnerable on a variety of levels than the larger employers.

CRAWFORD: [02:38:51] Thank you.

CHRIS HOYME: [02:38:51] Yep.

ALBRECHT: [02:38:51] Thank you. Any other questions? Seeing none, thank you for your testimony.

CHRIS HOYME: [02:38:51] Thank you.

ALBRECHT: [02:38:51] Any other opponents wishing to speak? Any other opponents? Anyone in a neutral capacity? Okay, we'll take the letters to read into the record then. We have: Rocky Weber, President of the Nebraska Cooperative Council, he's an opponent; Robert Hallstrom from the National Federation of Independent Businesses is an opponent and those are all the letters. Would you like to close, Senator Vargas?

VARGAS: [02:39:28] I would.

ALBRECHT: [02:39:30] Thank you.

VARGAS: [02:39:30] I want to thank the members of the committee for having this discussion. Let me begin by starting off in this committee we make-- I'm putting forward a policy change that can impact businesses. We also make policy changes that impact employees and we weigh those. It's not so black and white. I believe that that is the case. That's what I've heard here as well in this discussion. And we also look at good policies and it's not just from the perspective of a large or small business, we're looking at all the perspectives together. The first indicator that this is a good policy is that it is being done-- since 1988 the federal WARN Act has been in place. It's been in place for a very long time. Second indicator that it's a good policy is states have taken it upon themselves, not just states in general, Midwestern states have taken upon themselves to enact this type of policy at the state level. Iowa was one example, our partner right next to us. In addition, when we're looking at a good investment on our return we're also looking at, at least from our level, what are good policies that are going to make sure people are unemployed for a short amount of time. I think it's one of the reasons why we have a rapid response team. We're doing it because we believe that policy at our level does something that has a positive impact for closing that gap for people being unemployed. The opportunity we have is when we look at a policy like this and we figure out a way to codify it and expand on it that reaches more individuals. So one of the things that we heard is that this, the rapid response is good. I actually agree with that. That's why I'm so, I am excited that expanding this would mean that more-- the Department of Labor would have more of an ability to then do more of that work. The problem we have is it's voluntary. This means we're waiting for an employee to contact the Department of Labor to say, we need help, or an employer that's proactive is saying, hey, we have a lot of employees that are going to be let go. Please come and do a workshop and tell us what are some of the ways that we can close the gap on getting these people reemployed, which leaves this gap of individuals that haven't proactively reached out to the Department of Labor and employees that after 60 days now are 60 days behind their peers to get reemployed. 60 days is a long time. I know we're making decisions on businesses, but 60 days is a really long time for a family. I think we've all been in a place where we know somebody that's

struggled and we're talking about a 60-day notice. We're talking about 4,000 potential individuals, and that's being conservative, over the last three years that would be covered and would have had 60 days more income to get their family by. And I know even when talking with businesses that we all care about our businesses, our employees are like family. So I'm not saying this is an either/or, I'm saying that this is a good policy recommendation to move forward to make sure that employees have a voice in how they're being notified. And I think that's what this legislation is. It's a very, very strong economic argument for our economy and our community as a whole, not just for the business. It's a good argument for the social structure of our community to make sure more people have an income and are not unemployed. It's a good argument when we're looking at the conversations we're having in Appropriations and Revenue when we have people that are unemployed and what happens, what is the impact on our state government and revenue coming in. I find more reasons to expand this to 25 than the reasons not to. So with that, I want to thank you, because I believe that this is a good policy recommendation. And I believe we make really good recommendations on regulations that are going to help expand our communities, which includes both businesses, employers, and employees. Thank you.

ALBRECHT: [02:43:59] Thank you. Any other questions? That will close out LB1134. Thank you for coming, Senator Vargas. Next up we have Senator Harr and LB1109. Welcome.

HARR: [02:44:10] Thank you. And thank you, Madam Chair. Members of the Business and Labor Committee, my name is Burke Harr, H-a-r-r, and I am here on LB1109, which is your last bill of this biennium and my last bill hearing. So thank you for allowing me to testify here. LB1109 is built on what I've been working on for the last couple of years and that is what are we doing in the area of work force development and how do we get all of our agencies and all the interested parties to work together? Since I've been here we have always had very low unemployment. And when you talk to employers they'll tell you, we can't find good skilled workers. And when you talk to young graduates, whether that's community colleges, state colleges, or universities they'll say, I can't find a job in Nebraska. Unless I'm going into a job that's a profession or unless I'm going into a job where that requires capital that hopefully my parents have, I can't find a job. So we have somewhat of this disconnect in our society and within our work force and we have to find a way to align those workers, first of all who are in those low-wage jobs. How do we find them job training and help them see what jobs are out there so they can go from a low-wage job to a mid-wage job. And then what are we doing to align those graduates with jobs available to make sure that they earn the potential of their degree. If you look, we are a higher than normal educated society here in Nebraska. And there's a letter here from Accelerate Nebraska. And if you read it, what it says is that if Nebraskans graduated and obtained the level of job, a job adequate to their level of education, we would have an additional \$21 billion in additional earnings and \$997 million or basically a billion dollars in associated taxes. We keep looking, how are we going to solve the problem with property tax and how are we going to solve the problem of income tax? How are we going to make Nebraska great again? This bill tries to bring all the parties together to really look at how can we invest and work on our greatest asset in this state, which is of course the people. We're seeing great changes in the rural part of Nebraska in that our farms are getting larger and larger and larger. As a result, we have fewer farmers. And with fewer farmers we have first, fewer people who have what we call primary jobs. Those are those jobs that create other jobs. And then you have less of the secondary jobs, which are more population based, your butcher, your baker, your candlestick maker. And so as a result we're seeing declining populations in rural Nebraska. We have to find a way to keep people in Nebraska outside of the DSL, outside of Douglas, Sarpy, and Lancaster. And we have to find out what are those jobs that value added ag, that takes what we do on the land and figures out a way to make more profit for it, because not only does that individual make a profit-- you look at our ethanol plants. Those who grow corn near an ethanol plant make more money because you're no longer competing on the world scale. So we help our farmers, we create new jobs, and we also diversify our economy and we disperse the liability on property taxes to pay for education. So this

bill was brought to me by the Association of School Boards, Nebraska Association of School Boards. I want to thank them for it, because it's taking a forward approach of how can we look at job development? How can we make sure-- we're a small state. We should be more nimble and more adept than large state and in some ways we seem to be failing. And so this is getting the people who are already somewhat working together to create a more formal relationship to work better and to work together collaboratively. When I introduced this bill I thought it was a good bill. I found two, well, really three problems. One, more people wanted to be involved.

CRAWFORD: [02:48:56] More what?

HARR: [02:48:56] More people wanted to be involved. And so I have to amend it because our state schools, our colleges want to be involved, as well as our nonprofit apprenticeship programs. They say, we should be there too, to train some of these workers. I said, you know what? You're exactly right. The other mistake I made was we reimburse the people for their work and that's they should be reimbursed for travel on their time. Create a fiscal note. If the committee is so inclined to pass this bill out I will come with an amendment so that the state is held harmless so that hopefully we can make this a consent calendar bill. We can-- I can find private funding because it's a very small fiscal note, twenty three hundred dollars we can find the money. That's not the issue. The issue is getting the people together to work together. And we used to do this. We used to have something called P-20 and it was okay, nothing great but we eliminated that program. Another program came in but it's never really met. And I think it'd be good if we had the legislative oversight to say we should do this. So with that, I would entertain any questions with one caveat that-- it's aimed mostly at Senator Chambers in that I said earlier that this is my last hearing and I don't want to pander to you, specifically, but in my six years I have yet to receive one of your doodles that you usually do during a hearing. So with that, I will entertain any question for me now.

ALBRECHT: [02:50:35] Thank you, Senator Harr. Senator Crawford has a question.

CRAWFORD: [02:50:43] Thank you, Chairwoman Albrecht. And thank you, Senator Harr. It looks like you have saved a big, ambitious idea for last. I appreciate that.

HARR: [02:50:50] The best for last.

CRAWFORD: [02:50:51] Yes. So you said that this was brought to you by the Association of School Boards. I'm just curious why, if it's their choice or your choice to put the Department of Revenue in such a prominent position. When I look at what the task force should be doing and I think about some of the experiences we've had with some of our other economic development programs, it would seem the Department of Economic Development or the Department of Labor may be a better steering agency for tackling these tasks.

HARR: [02:51:27] Like any bill, it's amendable. I think what's most important is not who runs it but who's on there. Right? And so the membership consists of the Tax Commissioner-- fair; Economic Development; Labor; Education; two members of the Legislature; Governor; chamber of commerce; school boards; faculty from the University of Nebraska; community colleges; NSEA; bankers; one business person from each congressional district along with the amendment.

CRAWFORD: [02:51:59] And then the staff offices are in the Department of Revenue. And perhaps it's just the wording of my memo that says the Department of Revenue collaborating with the Department of Education, Labor. Perhaps it's the wording of my memo. And also I saw that and then I also saw that the staff offices are in the Department of Revenue.

HARR: [02:52:16] And let me just start off by saying, because he's not here, Commissioner Albin

has been doing a great job-- don't let it get back to him-- but he's done a great job working with Department Economic Development with Mr. Rippe and with Dr. Blomstedt at the Department of Education. Already they're working collaboratively and doing a very good job together. So I don't want this to be seen as, hey, they're not doing their job. They're doing a good job. I just think it can be done better and I think we can do a good job. And that's why that's the intent behind this, because look, if we don't get people employed we can either let them go and we'll pay for it through HHS or their kids through HHS and prisons and other things or can invest in education and looking- - having a forward look to make sure these people get in the work force and they become an asset to our state. And as they use the last of our services that allows a, they make more money, they bring in more revenue, and it decreases on the cost, so it's a win-win all around.

CRAWFORD: [02:53:21] Thank you.

HARR: [02:53:22] Thank you.

ALBRECHT: [02:53:23] Senator Halloran.

HALLORAN: [02:53:24] Thank you, Chair. Just one question. What could it hurt?

HARR: [02:53:31] What's what?

HALLORAN: [02:53:32] What could it hurt?

HARR: [02:53:32] What could it hurt? Right?

HALLORAN: [02:53:33] [INAUDIBLE] No, I mean that sincerely.

HARR: [02:53:33] I don't see any problem with it, It's getting people together that want to get together, right, who are trying to find-- we have businesses who are out there begging to try to figure out how to get kids out of school, how to get them ready through school. And so it goes back to the idea and the initiative for P-20 is let's get involved earlier with these kids and make sure that they're ready-- when they graduate they're ready for a job. And also, these kids know what jobs are out there so when they're thinking about what do I want to do, they have a better idea of what jobs are available for them, not just in Omaha or Lincoln or Sarpy County, but also throughout the state. You know, whether that's Columbus, Norfolk, or even a small town like Greeley.

ALBRECHT: [02:54:25] Other questions?

HARR: [02:54:32] And now I've received an official scribble from the senator. Thank you.

ALBRECHT: [02:54:35] Very good. Any other questions? Seeing none, thank you for being here, Senator Harr.

HARR: [02:54:45] Thank you.

ALBRECHT: [02:54:45] Do we have any proponents wishing to be speak to LB1109? Proponents.

JOHN SPATZ: [02:54:48] Good afternoon.

ALBRECHT: [02:54:48] Hi.

JOHN SPATZ: [02:54:48] Chairwoman Albrecht and members of the committee, my name is John

Spatz, and it's J-o-h-n S-p-a-t-z and I'm the Executive Director of the Nebraska Association of School Boards and I'm very pleased to be here this afternoon for this bill. I really appreciate Senator Harr introducing this. And the school board association represents 724 elected school board and ESU board members from around the state. And in July of '15 our legislative committee said we really get a look at the property tax school funding issue. As most of us are aware, that's a critical issue in the state of Nebraska right now. And I'm glad they asked us to do that, because it really gave us an opportunity to look at some of the causes of the tax issues in the state of Nebraska. One of the things you'll notice if you look at revenue growth for the last few years in the state of Nebraska it's flat or gone down. And I don't think I'm sharing anything with you that you don't already know. In 2012, you can see pretty robust growth. We had \$8 corn at the time. In 2016, we had \$3 corn. So commodity prices have dropped and as a result you see all of our revenue sources declining at the state and Nebraska. What this tells me is that we're very dependent upon the ag industry in the state in Nebraska. So as a school board association we try to tell ourselves, how do we address this? How do we diversify the economy? What is the vision in the state of Nebraska for that diversification of an economy. On the other side, as you can see over the last 20 years you look at where is demand growing at the state of Nebraska on the resources at the state level. And as a percentage of the state budget what you're seeing over the last 20 years the things that are growing as a percentage are Corrections and child welfare and Medicaid. Things that are shrinking as a percentage of the state budget are what I would call the investments. And you hear frequently that we need to run government more like a business. And if your business model for 20 years is that your expenses are going up and your investments are going down, that's not a good business model. So it was very worthwhile for us to look at what are the causes for our tax situation in the state of Nebraska? So in 2016, when we had our regional meetings, we travel the state, we go to nine areas across the state, we asked our membership of school board members and superintendents and ESU board members, how do we address this? What are the issues that will, that will help us fix some of these problems that we're seeing at the state level? The two top areas that came back consistently all across the state are job opportunities for teens and young adults, number one, and whole child. That's kind of physical, behavioral health on the other. So in 2017, when we did our area membership meetings we asked our school board members from around the state, what are the barriers for employment in your area? And do you have anything-- a part of your strategic plan. I do have a couple of handouts for the results. Sorry, I should have given those to you. This-- I'll wait till you get-- so those are the questions we asked at the nine area membership meetings. What are some of the barriers that, that you have in your location to employment for young folks in your community? I found this pretty fascinating, some of the responses pretty fascinating. I put together a very unscientific summary for what we saw at some of the different locations, some of the responses of why it's difficult to get young folks employed. So this, what this bill does today is we're very excited and I like the idea "what could it hurt?" The school board association is very eager to align towards some vision, some proactive vision. And I think that's kind of exciting for this committee to have an opportunity to help change that structural problem we're having at the state with respect to taxes, property taxes, income taxes, corporate taxes, because we don't hear that enough because I keep hearing the only way to address property taxes in the long run is to address spending at the local level. And if you look at this, even if we were to control spending to some degree at the local level, how does that fix either one of these problems? And even if the Revenue Committee finds a magic wand and figures out a way to-- to address property taxes or whatever taxes this year, if this 20-year trend doesn't change, if 20 years from now it looks like this, we're still going to be having discussions about property taxes and income taxes and corporate taxes. That's not going to end. So we as a state we've got to address what are the structural changes that we need to make to get us out of some of these issues? So 20 years from now during one of my speeches I give, I flip this chart and say what if it looks like this? We flip it. If as the percentage of the state budget Corrections is going down because there's fewer people in Corrections, if Medicaid is going down because fewer people are in need of Medicaid, except which enables us to have more resources for education and some of the investments. So like I said, school board the school board

association is very eager to align and support a vision around job growth. I was in Columbus a couple of weeks ago and if this is accurate, I think this is a good example. They said that there was 800 jobs available in Columbus, Nebraska. So the question is, how do we look at the supply of workers that we have and better align that to the demand or demand is in high wage jobs out there in the state of Nebraska? Something like this is strategic planning. It gives us the ability to look at things like technology infrastructure across the state of Nebraska. How can that support job growth in rural and urban Nebraska? It can address the trades. How do we channel more people into some of those high demand, high wage trades out there? How do we get more people into that community college system into rural Nebraska where they have opportunities to have living wage jobs in the state in Nebraska? So part of this is saying as a long-term solution, the schools have always been willing to tighten their belts when necessary and we're certainly willing to do that when times are tough. But we've also got to look at the other side of that ledger and figure out how do we generate more taxpayers into the system? I kind of jokingly said that I was trying to work on a bill that would create oil or gas under the ground of Nebraska. Haven't quite worked out the language on that. But in the absence of us finding some kind of natural resource or something for us to tax, we've got to develop our own resources. And Senator Harr said this: the best resources in the state of Nebraska are Nebraskans. And how do we channel them into higher wage jobs? What is that centralized vision in the state that we can align to and we can support? So I really appreciate the opportunity to be here late afternoon. This is my last hearing hopefully for the year as well. So I'm happy to be here today. I'd be happy to answer any questions.

ALBRECHT: [03:01:48] Very good. Thank you for your testimony. Senator Chambers.

CHAMBERS: [03:01:50] This may sound like boasting and maybe it is. But when I walk through these halls and there are kids from schools, they flock to me. I don't even know them. I don't know why. I'm older than anybody alive in the Capitol Building. I talk to them, I joke with them and, by the way, I can do more deep knee bends than they can do and I'll bet I can do more than anybody in this room. And I'll just show you how to do them, because kids like this. You tell them, okay, we're going to do knee bends now. And I tell them I'm 80 years old. And I say, now, go with me. I say, okay, now stop. Now let's go a little farther, stop. Then we can go all the way down because they're getting tired. Then you say, up, stop. Up, stop. Now let's hold it and chat a while. Well, let's count, okay? We'll do ten. Okay, one, two, one, two, one. And see, I just keep doing this. And for some reason they think that's something for somebody so old and then we talk a while, then I say, okay, that's three. Then I go ahead and we count to ten. I'll tell you why I do that. I listen to the things that are said by adults. I'm farther from being a child than anybody in this building. But I remember the things that reach me. What you're talking might reach adults, but what's being proposed doesn't fire the young people's imagination. You have to catch their interest first, then almost anything you talk about, they'll go for it because they think that has something to do with you being the way you are. I never tell young people to be radical. I tell them, you have to listen to your teachers. You have to read. And even if you don't like your teacher, maybe the teacher did something to you, but here's where you outsmart the teacher. Learn from that person anyway. They don't want you to get anything, fix them. Get something and do well on your tests. I don't know how that works, but it brings them around. And I think there are people who do like you do who will get specific-- I don't mean one, two, three, four, five, but some kind of concrete proposal that adults can look at it, grasp, and see maybe trends, like you're showing. And I think that's good. I think it's necessary in formulating policy. But there's a disconnect between old people and our children. And that disconnect is not being met. When you see the shootings that happen in the schools, the kids don't feel that old people are going to do anything. They're saying the grown people don't respect us. They don't listen to us. Then the President says-- and I'm not going to go off on a rant against him-- build more mental institutions and give teachers guns. The kids don't want teachers to have guns. So if-- and they're primarily you all's children. You all are going to have to let your children know that you care about them. Children see guns as a problem. They don't care about the NRA. They don't

care about the gun manufacturers, the gun dealers. They see youngsters who have guns, too. So they worry about it. Then when the remedy is more guns, you're going to lose them. I'll tell you what I could do if I wanted to. I could go out and start a youth movement and we could move this country. They have energy. They haven't had all of the idealism whipped out of them. Some things that they hear in school will fire their imagination, but then they don't see anywhere in the real world that they can put it to work. Grown people squelch it, they don't want to hear them, they don't want to address the problems that they have. When they want to tell what a problem is, the adult wants to take over the conversation and lecture the child. So children to be seen and not heard. Okay, have it your way, but it will be the last time you'll have those children talk to you. And the reason I regret it, in some of you-- even in old Halloran there, I see traits that children would really like to latch onto if they could. But then there's something about one who possesses those traits that will tend to push the children away. They don't dislike you, they just don't see any reason to pay attention. Now that's all the preaching I'm going to do, but remember they're your children. And if you all aren't careful, when I get out of this Legislature I'm going to take them away from you and I'm going to show you all something and you're going to wish that you had listened. It doesn't take much. Look at little babies on television. Almost anything makes them happy. Little children are excited about things. But you all forget what it meant to be a child and I don't. And I'm doing it because he's talking about the school boards. They have access to these children for so many days, so many hours, and yet you're losing them. You look at what you think is a good program. You can get statistics, you can use the jargon, you can show the Legislature how we need this money for this program and for that program, but the results are not there. So what you ought to start doing is let children do some longhand writing, if they haven't all forgotten how to write, longhand writing about whatever they want to write about. And it's not for a grade. Just write anything to me that you want me to write about. The only one that will see it is me and then we'll talk about it. You'd be surprised what they'll tell you. And they also sometimes tell you things about what's happening at home and with other adults like ministers. You all hear me criticizing religious people, you haven't heard anything until you hear me talk about what happened to these children in the churches. Not just the Catholic Church, by the way, almost any church operation. And if you don't read the papers like I do, you see a lot of these so-called youth ministers, youth leaders. They get these children, they know how to get these children's confidence, because they've studied it, but it's for the wrong purpose. I think you're in a position to really do some good. I was getting kind of tired of being here and I perked up listening to you. [Inaudible] it's your manner and your demeanor.

JOHN SPATZ: [03:08:59] Well, I'm perked up now, too.

CHAMBERS: [03:08:59] I hope you all don't mind my taking that time. I'm through. I'm not going to drag out the day. When I see somebody who has something-- he can reach children that I won't be able to reach because I won't be around them. Don't lose it. And I can call you sonny, at my age. Okay.

JOHN SPATZ: [03:09:11] I don't know if Senator Chambers remembers this, but I first met him in 1981 in Ord in Ord Elementary when he talked to my elementary school. It was pretty exciting, if I remember correctly.

CHAMBERS: [03:09:26] And there's something he won't remember. When I got there, there were police cars. There were State Patrol cars, county sheriffs' cars, and police cars. And when I asked, what happened here? They said, you. I said, what? Because the town's people were worried and there were some little children behind these portable dividers. And I said, what did they do? Did they misbehave? They said, no, those are children whose parents didn't want them to listen to you. So what I did, I said, well your parents aren't here and I would not talk to them. I told them a story and when I got through telling them the story they thought I'm the nicest guy in the world, because I remember the stories that meant something to me, the kind of stories. And usually, if you can tell it

in a way that lets this child become a participant, then they catch on. Don't lose what you've got.

JOHN SPATZ: [03:10:17] I'm glad you said that. My youngest child is four, she just turned four. And as a parent if you're a parent or you're a grandparent you think, what skills are going to be necessary for her when she's 18 or 24? It's pretty intimidating. And last year I had an opportunity to go to CES in Las Vegas, Consumer Electronics Show, half a million people from all around the world looking at the latest technology. I left there a little intimidated, because the technology is changing at such a rate right now. In a law and education policy we're always a step or two behind the culture. We're always trying to catch up. But what's happened over the last 10 to 15 years is that technology has skyrocketed that culture, those changes. How do we catch up? And it's unusual to see a school board association in front of a Business and Labor Committee talking about jobs or in the Health Committee talking about behavioral health or Urban Affairs talking about early childhood. But I think looking forward, we've got to be engaged in some of these nontraditional issues for us if we're going to begin breaking some of these trends and addressing some of these longer term issues. And we're certainly-- we want to contribute to a solution. NASB cannot create a strategic plan for the state. This committee can have a big role in supporting that vision. We want to support it. And I forgot to mention this and I apologize. NASB would be happy to cover the expense if the fiscal note is a barrier to this at all. I sent a text to my officers, they said that would be fine. So we'd be happy to cover that if that is necessary. I meant to say that and I forget.

ALBRECHT: [03:11:56] Any other questions? Can you talk a little bit more about going to the nine areas of the state? And what is, I mean, tell me again what the--

JOHN SPATZ: [03:12:03] I'm glad you asked and I apologize. And I didn't explain that very well.

ALBRECHT: [03:12:06] I know you ran out of time.

JOHN SPATZ: [03:12:06] But in 2016 we addressed the bigger problem. We just said, hey, we're a high tax state, but what are-- the causes are things that aren't being discussed. How do we address these issues both at the local and state level? The two top areas that came back consistently in Omaha and Valentine and Gering, whole child and jobs. And the whole child is behavioral health, mental health, physical health. I'm talking about that in some other committees. But job opportunities. And I'll be honest I hate to admit this but I was a little surprised. I was not surprised by the behavioral health, the whole child concept, but I was surprised how consistent school board members from around the state said, we need to find job opportunities for teens and young adults. So in 2017, when we went back out we asked, what are the barriers for employment where you're at? And on the handout it shows Valentine was the first location, Gering was the second. We asked, what are the barriers? And then the next question is, do you have something in your strategic plan addressing this? So part of that was to say, what are you doing at the local level to help contribute to this? If you're not-- if you don't have something to address this maybe there's something you can do. But really what I'd love to do is if the state had a strategic plan, a vision we would work with school boards and ESUs to develop a local vision that can align to that state vision around employment. And I agree with Senator Chambers. We've got to think a few steps ahead and that's getting very difficult in the area of technology about what are the jobs that are going to be necessary for when my daughter graduates you know 13 years from now? That's intimidating. But let's bring the group together. I would anticipate in a strategic plan for a state, they're going to be talking about how do we address technology infrastructure? How do we make sure that the technology is available in Norfolk and Valentine and Gering and Lincoln? How do we develop the silicon prairie concept? One of our subsidiary companies is a technology company. It started out with an idea. We have eight people working living wage jobs right now. That's small business growth. How do we foster that? How do we support that? Right now, for me, I would love a corporate tax cut, I would love a income tax cut and a property tax cut. But you know what? Over the next few years what I'm

worried about is how do I get high skilled people employed in the technology area and how do I keep them? That's my top concern right now. How do we channel people into these areas where there's high demand? I know in the trades right now, plumbing, electricians, drywalling, there's a high demand in these areas right now. And you know I look-- I graduated law school in 2000. Some of these in these trades are making more than when I came out of law school. And that's a good thing. How do we get kids into those high wage jobs in rural and urban Nebraska? So what you're seeing here are responses from school board members across the state of the different locations. And what I put here, I did this, it's not scientific at all but just a little summary of what I read into the locations and what they were saying at the different locations. I find this fascinating, but I'm kind of weird that way.

ALBRECHT: [03:15:23] Very good. Any other questions? Senator Crawford.

CRAWFORD: [03:15:23] Thank you, Chairwoman Albrecht. And thank you for being here and thank you for your work on compiling this information and certainly for having this conversation. Do you have any way of engaging the students in this conversation or is that something you're able to do or something you've tried?

JOHN SPATZ: [03:15:36] Well, I think so. Yeah, well, specifically, not in this bill, but I think the students have to be part of this. One of our best programs we have right now is our community engagement where the school board engages the community, the students, the teachers, the businesses, the ag community about a vision for the local community. It's interesting, a lot of things that come out when you look at barriers to economic growth in rural Nebraska. Big issues are housing, childcare come back consistently all across the state of Nebraska. And these students have contributed greatly in that process and they've, it's been fascinating. But I think the students really-- and I agree with Senator Chambers. I think if you look at a third grader today, how do you interest that third grader in what the high demand of jobs are going to be when he or she graduates? We've got to work together to figure that out.

CRAWFORD: [03:16:22] So just to clarify, when you're talking about the vision these communities are discussing, is that the vision program or reVISION Career Education program with the Department of Education, is that what you're talking about or some other process?

JOHN SPATZ: [03:16:33] No. We have our own community engagement program strategic planning that we do and that's just.

CRAWFORD: [03:16:39] You have your own school board oriented strategic planning. Having those conversations with school board members and all of them.

JOHN SPATZ: [03:16:45] Yep. And community engagement.

CRAWFORD: [03:16:46] And so and that, that is not necessarily connected with what the Department of Education is doing in the community.

JOHN SPATZ: [03:16:52] Yep. And that reVISION program is a great program. And one of the problems that we have right now is the supply/demand issue. There's a lot of demand for this type of work and we lack the internal infrastructure to meet all of that and I think that's the same case with the department. How do we serve more of these communities and school districts who are looking at doing kind of the reVISION process? That's a great program from the department.

CRAWFORD: [03:17:13] Thank you.

ALBRECHT: [03:17:13] Any other questions?

CHAMBERS: [03:17:18] Just one bit of advice.

ALBRECHT: [03:17:19] Yes, sir.

CHAMBERS: [03:17:19] Listen to the wall and don't make the children think we're only just another brick in the wall. In other words, it can't always be we're training you to work, we're training for work force. You need to take this job. You need to do that, because children are quick to perceive that they just want me to do this work. And I think you're young enough to understand. Maybe you can bridge both worlds. You know what they're going to be and you can help present it to them in such a way they won't feel they're just another brick in the wall.

JOHN SPATZ: [03:17:56] We'll try. Thank you.

CHAMBERS: [03:18:02] You'll do it.

JOHN SPATZ: [03:18:02] Thank you.

ALBRECHT: [03:18:02] Thank you, sir. Do we have any other proponents wishing to speak to LB1109? Any other proponents? Any opponents wishing to speak? Are there any opponents? Anyone in a neutral capacity? Seeing none, I do have one, actually two letters for proponents: Susan Martin, President/Secretary-Treasurer of the Nebraska AFL-CIO; and another proponent, Linda Richards, President of the Ralston School Board-- Ralston Board of Education and Past President of the Nebraska Association of School Boards. Senator Harr, you're welcome to close.

HARR: [03:18:41] Thank you. And I'll be brief. It's more of a, I want to thank everyone in my eight years who have really helped cumulate to what I see this bill being and where I think we need to go and the advancement I've seen in my own thought as far as, you can drive a horse to water but you can't force him to drink. And so what this is doing is, yeah, we're forcing a horse to water, but we're enticing him to drink and we're showing him what opportunities are available in this state. And we're showing not just-- it doesn't come from a supply side of we've got to get employers more. It's not coming from a worker, we've got to give the worker more, but it's coming from a collaborative side of realizing we have to find a way, if we're going to continue to grow the state and really be the best we can, of how do we get workers, government, employers, employees, bosses, whomever, schools, all working and rowing in the same direction and having that common goal of making the state better. And it's not about making the individual business better, but making the state better. And a lot of people have gone in helping me with this. I just want to thank everybody. And with that, I will say a fond, fond farewell. Thank you. Questions?

ALBRECHT: [03:19:59] I just have to enter a neutral position is John Albin, Commissioner of the Department of Labor.

HARR: [03:20:05] Yes. Thank you so much.

ALBRECHT: [03:20:06] Anything else? Thank you for being here. That concludes our day. And we're finished with the Business Committee.