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Health and Human Services Committee  
March 02, 2017

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[LB224 LB537]

The Committee on Health and Human Services met at 1:30 p.m. on Thursday, March 2, 2017, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB224 and LB537. Senators present: Merv Riepe, Chairperson; Steve Erdman, Vice Chairperson; Sue Crawford; Sara Howard; Mark Kolterman; Lou Ann Linehan; and Matt Williams. Senators absent: None.

SENATOR RIEPE: We're going to get started with the Health and Human Services Committee meeting. If you're not here for Health and Human Services, you might want to find a different room. I am Merv Riepe; I serve as chairman of the Health and Human Services Committee. I represent District 12, which is Omaha, Millard, and Ralston. Today the committee will take up bills in the order that they are posted. Our hearing is also...is a public part for your participation in the legislative process, and we're pleased to have you here. Before I go into some additional remarks, I am going to ask all of our panel, our members of the Health and Human Services Committee--our chairman, our state senators, and also our staff here--to introduce themselves. Senator, please.

SENATOR KOLTERMAN: I am Senator Mark Kolterman from Seward, District 24: Seward, York, and Polk Counties. And I am here to have fun (laughter).

SENATOR HOWARD: I am Senator Sara Howard. I represent District 9 in midtown Omaha.

SENATOR ERDMAN: I am Steve Erdman, District 47. I am here with Senator Kolterman.

KRISTEN STIFFLER: Kristen Stiffler, legal counsel.

SENATOR CRAWFORD: Good afternoon. Senator Sue Crawford, District 45, which is eastern Sarpy County, Bellevue, and Offutt. I am here to serve Nebraska.

SENATOR WILLIAMS: Matt Williams, District 36: Dawson, Custer, and the north part of Buffalo Counties; and I am just here.

SENATOR LINEHAN: I am Lou Ann Linehan. I am District 39: western Douglas County, which is Elkhorn, Valley, and Waterloo.

TYLER MAHOOD: Tyler Mahood, committee clerk.

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SENATOR RIEPE: And also, for our pages today, we're pleased to have Brianne Hellstrom, who's from Simi Valley, California, along with Jordan Snader, who's from Oakland, Nebraska. And we're pleased; we work them real hard, we're glad they're here. Before I go further, too, I would remind Senator Kolterman that there are thousands of comedians out of work, so. Okay. The...at times the committee members will come and go. Senator Crawford is getting ready to present to this committee but, if you see them come and go, it's not a disinterest in your piece of legislation; they have other committees that they will be introducing bills at or they may be going there to testify. We'll also see them working with computers and we encourage that; it's simply a way to get information. So they're not distracted, they are paying attention. It's just a matter of using that form. I am going to ask you today to please silent or turn off your cells. If you're going to testify, we'd ask you to move up to the front as it gets closer to your time, because that will help us move the process along and afford everyone that wants to testify an opportunity to do that, to the best of our ability. In the process of testimony, we will: the introducer will come forward first; then we will have proponents; we will have, then, followed by opponents today, and then anyone testifying in the neutral capacity; at that point in time I go to Tyler and, if we have some letters that are submitted, we read those and read those into the record; then the senator who's introducing will come back and make closing remarks. Today, we're going to be back on the five-minute clock. And the introducer, the senator who's introducing and closing, is not limited by that five-minute time, but any testifiers will be. You'll see the green light, an amber light, and then a red light, and we will try to ask you to wrap up your remarks, please, when you get a red light. And if that goes on, then I may have to interrupt and say...and I'll say please--the Catholic nuns told me always say please--so I'll say: please, try to wrap your notes up, if you will. As you're coming up to testify, we'd ask you to hand in your orange sign-in sheet to the committee clerk. And if you happen to have any handouts, we'd ask you to make sure that you have 10 of those, and those will be distributed by the pages. When you are coming up to testify, we would ask you to please state your name and then spell it, and that's for purposes of the record; this is all being recorded. And we've talked about the clock. If you will not be testifying at the microphone, but want to go on record as having a position on a bill being heard today, there are white sign-in sheets at each entrance where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearing. As I said it, any written material you have, please make sure the pages...so we get that as committee members. And before we go on today's, I know we had some concerns about yesterday's meeting. And I simply...it was a rather interesting day because we had the ceremonies in the afternoon, and so we held hearings from HHS in the morning. And with that, the hearing that we had...one of them ran right on time. We had some press releases out, trying to tell people exactly what our time line was going to be. We ran out of time for some people to testify at the end. I think I...if you remember, I said in my closing remarks, I appreciated everyone that came to testify and I apologized for those that did not. And I also, at that hearing, said we wanted to encourage everyone or anyone that had additional comments to please send those on in to us. And the reason I am sharing that right now is because we will be

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on record for this. And we will be sending out letters to each of the boards, not to each of the individuals that was here, but any of the boards that represent either cosmetologists, barbers, massage therapists, those folks, to make sure that if there's...and we will work through that and find out if there's anything particularly unique that contributes to the lack of any testifying that was held. With that, I would like to move forward, in the interest of today. And today we're going to start off with Senator Crawford's LB224. Thank you, and welcome.

SENATOR CRAWFORD: Thank you. Good afternoon, Chairman Riepe and members of the Health and Human Services Committee. For the record, my name is Sue Crawford, S-u-e C-r-a-w-f-o-r-d, and I represent the 45th Legislative District of Bellevue, Offutt, and eastern Sarpy County. And I am honored to be here today to introduce LB224 for your consideration. And colleagues, I am particularly pleased, as a long-time member of the Health and Human Services Committee in the era of term limits, to be here with this bill before you, my fellow committee members, because this bill is part of a multiyear effort that many of us who are here have been engaged in. And people who are new here, there were senators in your seats earlier who were engaged in this process of really turning around the services and efficiency and effectiveness in our Department of Health and Human Services. And this bill relates to our TANF and SNAP benefits, and ACCESSNebraska is one of our...is our access entryway point for people who are accessing our childcare, TANF, and SNAP benefits. And we've had an ongoing effort to make sure that we're able to improve those processes. And we've come a very long way from a time when people were waiting on the phone 30 minutes to now, in many cases, 3 minutes...incredible progress, with a lot of legislative work and a lot of hard work also by directors and our staff in HHS. And this bill, LB224, is really, the bill that's before you today, is another step in this process, another step the Legislature and we, as a committee, can take to continue to improve performance and timeliness in processing benefits for some of our most vulnerable families. I introduced a similar bill in 2015, LB147, which made it out of committee on a 7-0 vote, but was not heard on General File, due to a lack of priority. LB224, which is a very similar bill, streamlines the administration of several of our public assistance programs under the purview of ACCESSNebraska, reducing unnecessary paperwork and staff time spent on unnecessary verifications. In these programs there are income and work requirements in these programs, and these requirements are sufficient to direct assistance to those most in need. Asset limits are unnecessary and even counterproductive to our ultimate aim to encourage self-sufficiency for families who temporarily receive these benefits. In Illinois, eliminating asset limits for TANF resulted in a cost savings of almost \$1 million. In Virginia, these changes saved \$325,000 annually in administrative staff time. Asset limits, as a public policy, predate welfare reform of the 1990s. Since the 1990s, recipients must now meet income and work requirements in order to qualify for ADC benefits or TANF benefits. Today Nebraska families must participate in 30 hours a week of work activities to receive an average of \$327.35 a month in ADC payments, which works out to an hourly wage of approximately \$2.72. Several other states have increased asset limits or eliminated asset tests for TANF recipients, including Colorado, Ohio, Louisiana,

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and Virginia. In each state, caseloads increased minimally or not at all. In Virginia, for example, caseloads were 35 percent lower at the height of the recession than in 1997. Previous studies have shown that higher asset limits are strongly correlated with higher savings among current and potential TANF recipients. One such study found that, for every \$1 increase in asset limits, savings by female-headed households increased by 25 cents. Another study found that, for every \$1,000 increase in a state's asset limit level, single mothers were 13 percentage points more likely to own a car, which is important since automobile ownership is often critical for securing and maintaining employment. LB224 also changes the asset test for SNAP. 36 other states have eliminated the asset test for SNAP, including neighborhood Colorado and Iowa. Governor Ricketts signed a new...signed new childcare subsidy regulations in January that change the asset limits for that program to \$1 million. LB224 streamlines the three key programs in the Division of Children and Family's Economic Assistance program by bringing the ADC, TANF, and SNAP in line with this new regulation. And you'll notice, if you see the language of the bill, we actually reference the childcare asset limit regulation that Governor Ricketts signed, and that same level is now being used for TANF and SNAP. So they're all the same, so all of those applications can be streamlined and processed more quickly and efficiently. And the asset limit is now quite high at \$1 million. Very few people would meet that at all and so, really, you ask the question and there's very little effort that has to be taken, and you move right to the real core, which are the income and work requirements. LB224 will help encourage all Nebraskans to save money, invest in assets, and reduce the threats...the threats savings can pose to new, low-income families who are experiencing a short-time financial crisis. It will also streamline the application process. It is important to simplify ACCESSNebraska as much as possible in order to improve access by individuals who are most in need of assistance. I think this is also critical because we hope these are short-term situations for families. And so you don't want your...you want your safety net to be a trampoline, not something that keeps people and pulls people in. So you want them to be able to maintain some of their assets so, as soon as they get through this tough period, they have that base. We encourage families to save money for their retirement, invest in assets, their children's education, and for unexpected income shocks, such as family illness, divorce, or job loss. Yet when those...these families experience such shock and need temporary assistance to make the ends meet, they're required to either keep their financial assets below the limit or spend down their savings to qualify. Nebraska families that are experiencing financial crisis should be able to receive short-term assistance without having to sacrifice their long-term economic independence. Now you can turn for a moment to the fiscal note. The cost estimates for the fiscal note assume that all applicants who get denied currently will qualify if we shift our asset test, as indicated in the bill. However, it's my understanding as we screen applicants now, the asset test happens first. So, of those 207 individuals who qualify...who didn't qualify before that would qualify now, given the change in the asset test, many of those may not meet the income requirement. And for TANF, some of them might not meet the work requirement. So the 207 is the outside number of what that number would be. Now obviously, that's what we have to prepare for and so that's what we use in our fiscal note, but I just wanted to point that out. Also

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of note is that 207 individuals are less than 1 half of 1 percent of our caseload. So we're spending time and money and leaving people on the phone to screen out a very small percent. Recall, as noted earlier, Illinois saved \$1 million, Virginia saved over \$300 million (sic) in administrative costs from removing asset limits. Now unfortunately, we're not able to include those kinds of projected savings in our fiscal notes. Pushing down the time on the phone and the backlog of documents in our ACCESSNebraska system, it is worth a great deal to all the vulnerable citizens we strive to serve well in the state in our programs. So I appreciate the committee's attention to this issue, and I am happy to try to answer any questions that you may have. I believe you have with you a letter from the department. It's my understanding that they will not be here, but you do have a letter from them. And I thought I would just start by addressing a little bit of that, and then I could open the floor to other questions. So, the letter from the department really raises the question about sustainability. And let me explain a little bit about what that means in terms of our TANF fund. So our TANF funds that come from the federal government, it's a block grant. So you get a certain amount each year. And that's based on a set that was started when the block grant started. And so, no matter what happens in your state, this is a set amount that you get. And if you spend it, too bad. You...and it's also the case that, in addition to the block grant that you get from federal government, you also have a expected match. So our formula is about 75 percent of the federal money, 25 percent of our money. So you get the block grant, you spend as much as you need for the people who need it, 75/25. If you don't need it all, it sits there and accumulates so hopefully, when you have a bad year, you have extra. So what has happened over time in our state is we've had a good economy, and not that many people stepped forward and have had to use these resources. And so our TANF savings has been sitting there accumulating. And it can only be used for these kinds of programs. So it's not like we can...so that cannot be used to solve our budget problem this year. It has to be used for these kinds of programs. And so that sitting there, now we are currently...every year we get the new block grant, as well. And so we have sort of a projection of what this looks like with the bills that we've passed in recent years including, most recently, increasing our TANF benefit a bit, planned so that makes it sustainable to 2025. So...and that's the current plan to make sure that this block grant money stays sustainable to 2025. Now obviously that's also assuming that we don't find other creative ways to pull more people out of poverty or new ways to manage and save in a program. We're already, I think, improving our efficiencies in the program, but that's the deal. With this change, it only...that only lasts till '20-'24. So we like lose 1 year of this sustainability plan. That's what that discussion about a '20-'25 agreement is. And in the letter, it says it only lasts till 2024, I think. So I hope that helps to explain that situation, because we have this long-term savings that's been built up that we're trying to spend down as we get the new money in. And with all of our current projections of how many people are in TANF, etcetera, we're projected to definitely be fine and clear to 2025. [LB224]

SENATOR RIEPE: Okay. [LB224]

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SENATOR CRAWFORD: With the new people that might come on, if all of those people who fail the asset test come on, it's 2024 instead, again assuming that we aren't able to make other efficiency improvements and creative improvements. And I would note we've seen some great progress in some of our...in our unemployment programs in the state, \$3 million of savings and putting a lot of people to work, so I think we have creative ways we can keep working. But none the less, I just wanted to respond to that issue about sustainability that's in the department's letter, for the record and for your edification. Thank you. [LB224]

SENATOR RIEPE: Okay. Thank you very much. It...some complexities to it... [LB224]

SENATOR CRAWFORD: It is. [LB224]

SENATOR RIEPE: And so we...my guess is, if we don't have questions right now, we'll have some that from our testifiers. Are there questions? Senator Erdman. [LB224]

SENATOR ERDMAN: Thank you, Senator Riepe. [LB224]

SENATOR CRAWFORD: Um-hum. [LB224]

SENATOR ERDMAN: Thank you, Senator Crawford. What happened to your bill in 2015? If it got out of committee 7-0, and last year what happened to it? [LB224]

SENATOR CRAWFORD: Well, as you will see now, if a bill does not have a priority, it sometimes sits. It was also the case in 2015...I think that was the year we were having some of these conversations about multiple bills that impacted TANF. And so in addition to the fact it didn't have a priority, my recollection is it was also the case that we were having these conversations about how to make sure that we were keeping our TANF funds sustainable. And a bill that Senator Campbell had to raise the amount we were giving to families was a higher priority, we felt, than this at the time. And so, okay, we need to make choices. And we made a choice to push that instead. [LB224]

SENATOR ERDMAN: So you didn't reintroduce it last year in '16? [LB224]

SENATOR CRAWFORD: No. [LB224]

SENATOR ERDMAN: Okay. [LB224]

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SENATOR CRAWFORD: I don't think so. [LB224]

SENATOR ERDMAN: So other states have removed... [LB224]

SENATOR CRAWFORD: Or...or maybe I... [LB224]

SENATOR HOWARD: It was still alive. [LB224]

SENATOR CRAWFORD: ...introduced it in '15. [LB224]

SENATOR HOWARD: It was still alive. [LB224]

SENATOR CRAWFORD: It was still alive in '16... [LB224]

SENATOR HOWARD: So you couldn't reintroduce it. [LB224]

SENATOR CRAWFORD: ...so I didn't reintroduce it. But it still... [LB224]

SENATOR ERDMAN: But you chose not to move it... [LB224]

SENATOR CRAWFORD: So I chose not to push it, correct. [LB224]

SENATOR ERDMAN: Okay. So what other states have asset limits? Do you know which states do? [LB224]

SENATOR CRAWFORD: Hmm. [LB224]

SENATOR ERDMAN: You mentioned some that removed it. [LB224]

SENATOR CRAWFORD: So several that have removed them, and I'll... [LB224]

SENATOR ERDMAN: And if they do, are they at the \$1 million, like ours? [LB224]

SENATOR CRAWFORD: So I think the people behind me will probably have that information. [LB224]

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SENATOR ERDMAN: Okay. [LB224]

SENATOR CRAWFORD: But I will also look for it in closing. [LB224]

SENATOR ERDMAN: All right. [LB224]

SENATOR CRAWFORD: If it hasn't been answered, I'll see if I can answer that by closing, the other states and where the line is. The \$1 million line, I have learned, the reason that's in our childcare regulations is that that was a federal requirement. And that's also in the department letter. [LB224]

SENATOR ERDMAN: Okay. [LB224]

SENATOR CRAWFORD: So the reason that we changed that to \$1 million in our childcare subsidies was to be compliant with federal regulations, because this has become a best practice to try to not spend a lot of time checking for assets. [LB224]

SENATOR ERDMAN: So then, of those 207 that may qualify, do those people not have \$1 million in assets? [LB224]

SENATOR KOLTERMAN: No. [LB224]

SENATOR CRAWFORD: No, because currently, for TANF, it's like \$2,000. [LB224]

SENATOR ERDMAN: Okay. [LB224]

SENATOR CRAWFORD: So that's pretty low. So it would be someone who has \$2,000 or more assets now. [LB224]

SENATOR ERDMAN: Okay, all right. One other thing... [LB224]

SENATOR CRAWFORD: Good clarification. Yes, we don't have 270 millionaires. [LB224]

SENATOR ERDMAN: I was trying to listen to what you said. [LB224]

SENATOR CRAWFORD: Yes. [LB224]



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SENATOR ERDMAN: I am trying to listen, but I am...you made... [LB224]

SENATOR CRAWFORD: Yes, yes. It's the current asset limit is at \$2,000. [LB224]

SENATOR ERDMAN: Okay. [LB224]

SENATOR CRAWFORD: So that's pretty low. [LB224]

SENATOR ERDMAN: Okay. [LB224]

SENATOR CRAWFORD: So if someone could... [LB224]

SENATOR ERDMAN: Well, you made a comment about the other states have saved quite a bit of money, and I believe you said Virginia saved \$300 million. Did...was that... [LB224]

SENATOR CRAWFORD: \$300,000. [LB224]

SENATOR ERDMAN: Oh. You said \$300 million. [LB224]

SENATOR CRAWFORD: Yes, yes. Yeah. [LB224]

SENATOR ERDMAN: I thought, holy moly, that's pretty good. [LB224]

SENATOR CRAWFORD: I am sorry. I am sorry if I misspoke. [LB224]

SENATOR ERDMAN: Okay. Thank you. [LB224]

SENATOR CRAWFORD: Right. [LB224]

SENATOR RIEPE: You wanted a little bit of the \$300 million, did you? [LB224]

SENATOR ERDMAN: I thought, man, what does their program cost if they saved \$300 million? [LB224]

SENATOR CRAWFORD: Right. [LB224]

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SENATOR RIEPE: That's right. Are there other questions? Senator Kolterman. [LB224]

SENATOR KOLTERMAN: Thank you, Senator Riepe. And thank you, Senator, for bringing this. On...on the fiscal note, I am...I am trying to remember, because we had a...we had significant...this might be helpful to the new senators that are on the committee. We had significant floor debate on this, and I think we...we passed a bill on the floor and the Governor vetoed it. Was that LB89? And then Senator Campbell came back and then... [LB224]

SENATOR CRAWFORD: Yes. [LB224]

SENATOR KOLTERMAN: ...we worked with the Governor's... [LB224]

SENATOR CRAWFORD: Yes. This was...this whole issue of...that was in the same cycle as this bill. And again, we felt Senator Campbell's bill was a higher priority to push. So... [LB224]

SENATOR KOLTERMAN: And then the Governor agreed to work with us... [LB224]

SENATOR CRAWFORD: Correct. [LB224]

SENATOR KOLTERMAN: ...and figure out how... [LB224]

SENATOR CRAWFORD: Correct. [LB224]

SENATOR KOLTERMAN: ...we could spend down some more TANF funds because, you know... [LB224]

SENATOR CRAWFORD: Yes. [LB224]

SENATOR KOLTERMAN: Correct me if I am wrong, but weren't we criticized for not using our TANF funds properly? Or... [LB224]

SENATOR CRAWFORD: Yes. That was...that was...and that's...I appreciate your bringing... [LB224]

SENATOR KOLTERMAN: ...carrying it over through our audits? [LB224]

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SENATOR CRAWFORD: ...bringing that issue. So we...we, as a state, we're receiving TANF block grant funds with the expectation that that money is being used to help vulnerable citizens in our state. And we had kept...we had kept our TANF amount that we were providing to families so very low, it was difficult for them to make ends meet. Meanwhile, our...our TANF block...you know, we were just stacking up this money that we weren't using. And it was much more than necessary to get through tough economic times. So it really did raise the question of whether we were meeting our obligation, as a state, in using those block grants effectively. I think that's a very good...a good point for us to recall. And one of the arguments we made on the floor was if we're wanting to argue for block grants for Medicaid or, you know, block grants in other areas, as a state we need to make sure we're stepping up and using that money in the way it's intended. And so we felt we really needed to step up and spend some of that down. So the spend-down agreement, then, was what does spend down look like out to 2025? [LB224]

SENATOR KOLTERMAN: And so that...and that's the point I was trying to get at. I believe that, when we negotiated that, when Senator Campbell negotiated that with the Governor and he said: Yeah, bring your bill back again. He actually said: I am going to veto this, but bring it back. So she...she put it on LB89... [LB224]

SENATOR CRAWFORD: Right, yes. [LB224]

SENATOR KOLTERMAN: ...and brought it back to the floor. [LB224]

SENATOR CRAWFORD: Um-hum. [LB224]

SENATOR KOLTERMAN: And then we advanced the bill... [LB224]

SENATOR CRAWFORD: Yes. [LB224]

SENATOR KOLTERMAN: ...with the understanding that we would have a commitment out to 2025. So...so the only question that I have is, and I think you've answered it, but if...if we would do this, would...how would that...is... is that mean this TANF fund is based on where they're currently at would run out at 2024 instead of 2025? Is that what I heard you say earlier? [LB224]

SENATOR CRAWFORD: That is my understanding. So that is my understanding. [LB224]

SENATOR KOLTERMAN: So we couldn't potentially spend down the money faster than what we had committed to last... [LB224]

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SENATOR CRAWFORD: Right. It would be one year faster. [LB224]

SENATOR KOLTERMAN: Was that last year or two years ago? [LB224]

SENATOR CRAWFORD: One year... [LB224]

SENATOR KOLTERMAN: It was last year, yeah. [LB224]

SENATOR CRAWFORD: ...faster. And so now one...one approach that one could take to that is put a little more General Funds in along the way, so that it lasts one extra year. [LB224]

SENATOR KOLTERMAN: Well... [LB224]

SENATOR CRAWFORD: I think that the...again, we always make very safe projections in terms of who would qualify. And again, the 207 fail that low asset test. But if they...if they now made it through that...that round, they still would have to meet income tests. [LB224]

SENATOR KOLTERMAN: Um-hum. [LB224]

SENATOR CRAWFORD: So I think it will...so I think it will not cost as much as projected. But again, we have to play it safe. And at...with these projections, it cuts a year off of that, yes. [LB224]

SENATOR KOLTERMAN: So I was just reading through his letter here. And I know you probably can't speak for Director Weinberg. But the concern that I have is are we going to expect TANF funds to stay level or increase? I know in the past they stayed fairly level. I don't know if there's anybody coming from behind you that can answer that. But the last thing I want to see is hurt another program because we're taking it here. Like you said, we...you know, we prioritized it last year. So that... [LB224]

SENATOR CRAWFORD: Right, right. [LB224]

SENATOR KOLTERMAN: That's...that would be my biggest concern. I am just... [LB224]

SENATOR CRAWFORD: And...and it's, yeah. Right, right. And I think what...what...again, this projects out to 2024. Just to clarify, every year we get about \$560 million more, so it's not like

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we have this one pool to spend and when it's gone, we have no money. Every year we get a new batch of about \$500 million. [LB224]

SENATOR KOLTERMAN: But those...but those funds are committed, typically. [LB224]

SENATOR CRAWFORD: Right. Well... [LB224]

SENATOR KOLTERMAN: Year in and year out. [LB224]

SENATOR CRAWFORD: Assuming... [LB224]

SENATOR KOLTERMAN: I mean we're using those in our budget projections. [LB224]

SENATOR CRAWFORD: We are, yes. And so, assuming our projections, using that and spending down this other amount we have, we clearly run...from my understanding, talking to Liz this morning, we clearly run and we're fine to 2025. All those current projections, assuming we would make no changes in efficiency, assuming that the future populations are similar to what they are now, it runs to 2025. If you were...again, the savings that you would expect in terms of administration and perhaps people being able to stay off or get off more quickly, those kinds of savings are not ones that we get to capture on our fiscal notes. So what I would expect to happen is we...if we pass the bill, we start on that projection and we keep recalculating to make sure that we're doing what we need to do to...to be sustainable. [LB224]

SENATOR KOLTERMAN: Yeah. Well, you understand my concerns. [LB224]

SENATOR CRAWFORD: Yeah. [LB224]

SENATOR KOLTERMAN: And I think...I am pretty sure you do. And again, I am...having been an independent business owner, I know the value of having a little cushion. And with looking at our different fiscal responsibilities... [LB224]

SENATOR CRAWFORD: Right. [LB224]

SENATOR KOLTERMAN: ...that we already have on our plate, I am a little nervous about that. [LB224]

SENATOR CRAWFORD: Sure, absolutely. [LB224]

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SENATOR KOLTERMAN: But I am anxious to hear people's testimonies. [LB224]

SENATOR CRAWFORD: Absolutely, absolutely. Yes, yeah. And I think it's important. And again, to keep thinking...yes, it...we move from a 2025 cushion to a 2024 cushion, just to clarify. [LB224]

SENATOR KOLTERMAN: Yeah, thank you. [LB224]

SENATOR CRAWFORD: Um-hum. [LB224]

SENATOR RIEPE: Senator Howard. [LB224]

SENATOR HOWARD: Thank you, Senator Riepe. So just for the record, we've got about \$56 million in our TANF rainy-day fund right now? [LB224]

SENATOR KOLTERMAN: Um-hum. [LB224]

SENATOR CRAWFORD: I think so, yes. Um-hum, um-hum. [LB224]

SENATOR HOWARD: Yes, and so annually, and my understanding from...I think maybe it was Vivianne...it might have been a while ago, that we get so much in TANF in that block grant every year, and the feds allow us to take 20 percent out that we won't use for TANF and put it into one of two of our other block grants. And we've always elected to put it into our childcare subsidy... [LB224]

SENATOR CRAWFORD: Childcare, um-hum. I think so. [LB224]

SENATOR HOWARD: ...this block grant, because we...we've always gotten more than we've been able to utilize. And so from that 20 percent, whatever is left over, has gone back into the rainy-day fund. Do you think as we look ahead, because we have always put money into the rainy-day fund annually, from our \$561 million that we get for our block grant, do you think that we'll stop putting money into the rainy-day fund, because I believe the 2024-2025 is based on the expectation that we will stop putting money into the rainy-day fund at the end of the cycle? [LB224]

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SENATOR CRAWFORD: That's a very good question, and I do not want to answer it incorrectly on the record. And I did not bring the calculations for...and I do not have information with me on what that formula looks like that is in that calculation. [LB224]

SENATOR HOWARD: Okay. [LB224]

SENATOR CRAWFORD: So I do not know that answer on terms of that assumption. But I'd be happy to talk to our fiscal analyst and find out what the correct assumption is and let you know, so...and let the rest of the committee know, as well. [LB224]

SENATOR HOWARD: Thank you. [LB224]

SENATOR CRAWFORD: Thank you. [LB224]

SENATOR KOLTERMAN: Hey. [LB224]

SENATOR RIEPE: Senator Kolterman. [LB224]

SENATOR KOLTERMAN: I just have one more question. [LB224]

SENATOR RIEPE: Sure. [LB224]

SENATOR KOLTERMAN: And I am a little bit confused. Is it...do we get \$560 million or do we get \$56 million? [LB224]

SENATOR HOWARD: Oh. [LB224]

SENATOR KOLTERMAN: One of you guys can answer it. [LB224]

SENATOR CRAWFORD: Okay. So my understanding is it's about...the rainy-day... [LB224]

SENATOR HOWARD: Fund. [LB224]

SENATOR CRAWFORD: ...fund is about \$56 million. [LB224]

SENATOR KOLTERMAN: That's 10 percent of what we get, apparently. [LB224]

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SENATOR HOWARD: About. It's... [LB224]

SENATOR KOLTERMAN: I am just... [LB224]

SENATOR HOWARD: No, just \$56 million has been building up over the past couple of decades. [LB224]

SENATOR KOLTERMAN: Okay, okay. [LB224]

SENATOR CRAWFORD: Right. [LB224]

SENATOR HOWARD: So we build every year, and we just save it back. [LB224]

SENATOR KOLTERMAN: You see my... [LB224]

SENATOR CRAWFORD: Yeah. [LB224]

SENATOR KOLTERMAN: You see my...I just don't want to jeopardize a program that we already have up and running. I don't mind getting away from the asset test, but I am just nervous knowing...knowing where we're at. [LB224]

SENATOR CRAWFORD: Um-hum. [LB224]

SENATOR KOLTERMAN: So... [LB224]

SENATOR RIEPE: Let me go to Senator Linehan, and then I'll come back, so... [LB224]

SENATOR LINEHAN: Thank you, Mr. Chairman. I just wanted to make sure that I understand what the law is currently. So on page 7, starting on line 13, it says, "Such TANF-funded program or policy shall eliminate all asset limits for eligibility for federal food assistance benefits." It says the "applicant's family's net worth" and then you strike out that language and insert 392. [LB224]

SENATOR CRAWFORD: Um-hum. [LB224]

SENATOR LINEHAN: And then I noticed at the end, it strikes out \$25,000 dollars. So currently a family can have \$25,000 and still qualify? [LB224]



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SENATOR CRAWFORD: That is...that's the Supplemental Nutrition Assistance Program. So the...the asset limit for SNAP is \$25,000. [LB224]

SENATOR LINEHAN: Okay, \$25,000. [LB224]

SENATOR CRAWFORD: Yes, for SNAP. [LB224]

SENATOR LINEHAN: Okay. I am just...so then on the other language you're striking the \$4,000 and \$6,000 on...so they said on page 9, line 11 and 12. [LB224]

SENATOR CRAWFORD: \$4,000 and \$6,000. Yes, I am sorry; I think I said \$2,000. It's \$4,000 and \$6,000. I apologize. [LB224]

SENATOR LINEHAN: \$4,000 for single, \$6,000 for an individual. And then on page 10...it's starting on line 25, financial resources, what is struck out is "financial resources, including (sic-- excluding) the primary home, furnishings, and primary automobile, shall not exceed \$4,000 in value." So we...so am I reading this right? You can have a home which is furnished and a primary automobile. And I guess where my confusion is, is whether you can have \$25,000 or \$6,000. [LB224]

SENATOR CRAWFORD: So the \$4,000/\$6,000 is tied to TANF, which is the temporary assistance-need families, the cash assistance. The \$25,000 is tied to SNAP, the food assistance. So there are different asset tests for those different programs, and the...the Governor has changed the asset...there then was also an asset limit for childcare. So the Governor has changed, through regulations, the asset limit for childcare to what the federal law requires, which is now...it says \$1 million, but basically it's...basically saying they're...we don't expect assets to be something that keeps anyone out of this program. And...and this bill says we're going to use...we're going to do that...have that same policy for TANF and SNAP so that we are not spending time asking people about how much they have in checking accounts or savings accounts, or trying to track assets that are not very substantial. [LB224]

SENATOR LINEHAN: Well, I guess what I am trying to figure out, having young children of my own with children, that how many people in Nebraska have a home and a car and it's furnished and have \$25,000 or \$6,000 in the bank. I don't think there's a lot of young families that would meet those expectations. So reading this, I would think (inaudible) a lot more than 207 families, 207 families would qualify. [LB224]

SENATOR KOLTERMAN: They do. [LB224]

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SENATOR LINEHAN: I mean \$25,000 in the bank is a lot of money for a young family. [LB224]

SENATOR CRAWFORD: Right. And I think that the 207 families that we're talking about were ones that were failing that \$4,000 or \$6,000 test. [LB224]

SENATOR LINEHAN: Okay. [LB224]

SENATOR CRAWFORD: Because the TANF, the temporary (inaudible) is the strictest. The TANF is the strictest, and it's that \$4,000 or \$6,000. So the 207 families probably had some assets that did not meet that \$4,000 or \$6,000 test. That's my understanding. That's...that's who those 207 families are and that were not...that's where...that's where...that's the limit they're not meeting. [LB224]

SENATOR LINEHAN: Okay. [LB224]

SENATOR CRAWFORD: Does that make sense? [LB224]

SENATOR LINEHAN: Well, I guess. I am just...I am a little taken aback by the whole thing, frankly, because it's a long ways between \$25,000 and \$1 million. [LB224]

SENATOR CRAWFORD: Right. [LB224]

SENATOR LINEHAN: And a long ways between \$4,000 and \$1 million. [LB224]

SENATOR CRAWFORD: So here's... [LB224]

SENATOR LINEHAN: And...and the fact...we're not talking about people that are necessarily...and I am...I don't want anybody to go hungry. But we already exclude a primary home and furnishings and a primary automobile. [LB224]

SENATOR CRAWFORD: Right, because this is...I mean Temporary Assistance to Needy Families is supposed to be temporary. Something has happened--maybe you had a divorce, you lost your job--so the expectation is not that you should have to sell your house and sell your car and so then you're homeless and you have no way to get to work. So it's supposed to be temporary assistance that you might need to get back on your feet. And so again, the expectation

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is not that you have to sell your house. You would be able to have someplace to live and you'd be able to have an automobile, because that's so critical to get to work. [LB224]

SENATOR LINEHAN: Right. [LB224]

SENATOR CRAWFORD: So just maybe a little bit of legislative history to help this make sense. There was a...for quite some time, there has been research and evidence saying that it's best policy to just get rid of the asset limit part of policy. The asset limits were from an earlier time period before we had these work requirements and other things. So asset limits were sort of put in these programs before President Clinton came in and said we're going to change welfare as we know it. So asset limits were a key piece that was used to screen people out. Now the more, you know, critical part of deciding if someone is eligible for these programs is looking at their income and then the work requirements or other requirements that we put...job search requirements that we put into these programs. That's what we've shifted to. But the asset limits are still sitting there. So the reason that...my understanding of the legislative history, the reason that the SNAP piece is \$25,000...is as high as it is, is the bill was initially designed to just remove it. And then in floor debate discussion, people felt uncomfortable about removing it or making it \$1 million or something. And so this was the compromise, was to put this high number that we didn't think that people thought that's high enough; it should not cause a problem. There shouldn't be people, that many people, screened out. But if that makes people more comfortable, we'll put it there. And so that's why, how it got put in statute, that it's such a high number. But \$25,000...that's my understanding where that came from. That was before my time, but that's my understanding is the initial intent was to put it at \$1 million or get rid of it. And that, in floor debate, pushed and there was a compromise and that's where it landed, the idea of...again, a lot of the push has been to either get rid of...to get rid of limit. And this bill, because we went ahead and put childcare at \$1 million, which basically is just sort of a check there to make sure that... [LB224]

SENATOR LINEHAN: But just for the record, I don't understand that either. But that's... [LB224]

SENATOR CRAWFORD: Yeah. [LB224]

SENATOR LINEHAN: I'll talk to the Governor about that. [LB224]

SENATOR CRAWFORD: Sure. [LB224]

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SENATOR LINEHAN: So I am reading it right. That's the point, that right now the limit is \$4,000 or \$6,000, plus a house, plus a furnished house, plus a car. Or in the other program it's that and \$25,000. So that's the current law. [LB224]

SENATOR CRAWFORD: That is my understanding. [LB224]

SENATOR LINEHAN: Okay. [LB224]

SENATOR CRAWFORD: And again, other people who are behind me can also confirm or correct, as well. [LB224]

SENATOR LINEHAN: All right; thanks. [LB224]

SENATOR CRAWFORD: Thank you. Um-hum. [LB224]

SENATOR RIEPE: Okay. Are there other questions? Senator Erdman. [LB224]

SENATOR ERDMAN: Thank you, Senator Riepe. So following up on Senator Linehan's comments, so one could have \$1 million worth of assets and still apply for this? [LB224]

SENATOR KOLTERMAN: No. [LB224]

SENATOR CRAWFORD: No. [LB224]

SENATOR ERDMAN: Why not? [LB224]

SENATOR CRAWFORD: Because it has to be under \$1 million. [LB224]

SENATOR ERDMAN: Under \$1 million. You could have \$999,000 and apply, right? [LB224]

SENATOR CRAWFORD: In assets. [LB224]

SENATOR ERDMAN: Right. [LB224]

SENATOR CRAWFORD: And...well, you would have to meet the income requirements. [LB224]

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SENATOR ERDMAN: Right; I know... [LB224]

SENATOR CRAWFORD: So you'd have to have...be very, very low income. (Inaudible). [LB224]

SENATOR ERDMAN: I know hundreds of farmers that would qualify today. [LB224]

SENATOR CRAWFORD: Do you think they will? Do you think that they'll go through all this paperwork? [LB224]

SENATOR ERDMAN: No. They're too proud to do that. [LB224]

SENATOR CRAWFORD: Right. [LB224]

SENATOR ERDMAN: But they could. [LB224]

SENATOR CRAWFORD: Right. [LB224]

SENATOR ERDMAN: So it's peculiar to me that one could have that many assets and apply for this. It...it doesn't make...it doesn't make sense. [LB224]

SENATOR CRAWFORD: And I think that is exactly what the floor discussion was that led them to put this...put the SNAP one at the \$25,000 is somebody raised the issue of a farmer. And now, okay, well, then we won't put... [LB224]

SENATOR ERDMAN: I would more feel comfortable, more, at \$50,000 or some number that's...you know, the other question is, what happens if the federal government stops paying? We put these people on these things, and then they stop paying for some reason. Who knows what it might be? As Senator Chambers would say, that so-called President changes something, and they stop getting any federal money. And then the state is obligated or we'll have a cliff effect, right? [LB224]

SENATOR CRAWFORD: So if the federal government...at any point, these are our...I mean at any point the federal government decides to stop participating in these programs, we can stop participating in these programs. I mean these are...this is our choices about what we're doing, as a state. [LB224]

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SENATOR ERDMAN: That's...that's exactly my point. Then those people are dropped out. We either pick them up or they are...they hit the cliff effect and drop off, right? [LB224]

SENATOR CRAWFORD: Well, the cliff... [LB224]

SENATOR ERDMAN: You know, do you see what I am saying? [LB224]

SENATOR CRAWFORD: Just technically, the cliff effect that we've discussed in this committee, the cliff effect is that someone gets some help and then, if they get a small raise, that raise makes them so they no longer qualify. The cliff effect is really about income, not about assets. [LB224]

SENATOR ERDMAN: Well, disregard my comment about the cliff effect then. [LB224]

SENATOR CRAWFORD: Yeah, yeah. Um-hum. [LB224]

SENATOR ERDMAN: What I am saying...if someone enrolls in this program, the federal funding goes away, then it will be our obligation to fund that or not, right? And so those people will stop getting services if we stop funding it. [LB224]

SENATOR CRAWFORD: If we stop funding them, they will stop getting services, yes. [LB224]

SENATOR ERDMAN: Okay. [LB224]

SENATOR CRAWFORD: Not sure if...right, yes. And again, many cases...many of these programs are programs that are partnerships between the federal government and the state government. And so yes, if the federal government decides to stop doing that, we would decide either we're going to do it at some level we can afford, or we're going to decide we're not going to do it. So those would all be decisions we would make if we hit that eventuality. [LB224]

SENATOR ERDMAN: Well, that \$1 million limit is peculiar. [LB224]

SENATOR CRAWFORD: Yes, I think it is, too. I think it makes...well, yeah. I understand why it seems peculiar. [LB224]

SENATOR RIEPE: Senator Kolterman. [LB224]

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SENATOR KOLTERMAN: Well, I just want to...just for the record, I want to make sure that everybody understands we did not make that \$1 million limit; that came from the federal government. [LB224]

SENATOR CRAWFORD: Yes. [LB224]

SENATOR KOLTERMAN: So what you see in statute currently is what we put in place as a Legislature. What we're trying to do here is we're going to eliminate that and set this equal to what the federal government has required us to do. And the 200 and some people are ones that I think are above that \$2,000 and \$4,000, so it opens it up to them. That's where all this comes from, I...if I am... [LB224]

SENATOR CRAWFORD: And just to... [LB224]

SENATOR KOLTERMAN ...if I am interpreting... [LB224]

SENATOR CRAWFORD: ...clarify...and that's very helpful, Senator Kolterman, just to clarify the federal government has made that requirement for childcare. [LB224]

SENATOR KOLTERMAN: They have. [LB224]

SENATOR CRAWFORD: Right. And also, the Governor was able...the administration was able to make the childcare change themselves because that asset limit was set in regulation. [LB224]

SENATOR KOLTERMAN: Correct. [LB224]

SENATOR CRAWFORD: These two, the TANF and the SNAP program, the asset limits are in statute. So the only...so we have to act to change these to put all three at the same level so that the person on the phone and all the forms could all be streamlined to have the same asset requirement across the board so that you are making it easier to, on all those processes, and more efficient and effective... [LB224]

SENATOR KOLTERMAN: Correct. [LB224]

SENATOR CRAWFORD: ...in terms of being able to screen people quickly and get people to those other questions that really matter now, the way we run these programs, which is the income test and the work requirement test, those pieces. [LB224]

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SENATOR RIEPE: Okay. Senator Erdman. [LB224]

SENATOR ERDMAN: Thank you, Senator Riepe. So, Senator Crawford, tell me what happens if we don't do this. What's the repercussions? You say we have to do this? [LB224]

SENATOR CRAWFORD: No. What I said...the federal government required the state to change its limit for childcare, and the Governor has already done that. So what happens if we don't do this is we continue to have different asset limit tests in the three different programs. And so the people who are answering the phone, the people who are filling out the forms... [LB224]

SENATOR ERDMAN: Okay. [LB224]

SENATOR CRAWFORD: ...there's more time and effort to have to ask three different sets of standards for people who are coming through in these programs. [LB224]

SENATOR ERDMAN: Okay. [LB224]

SENATOR CRAWFORD: And the other piece that I think you'll learn more about from people following me is the impact it has on those families who we're trying to help out of poverty if we tell them: If you have a temporary setback, we need you to spend down your assets in order to get help. And instead we want them to save, we want to encourage them to have assets. Encouraging people to have assets is really the direction we should be going--encouraging savings, encouraging asset building. [LB224]

SENATOR ERDMAN: Because after listening to Senator Kolterman, I thought we were...had to require to do that. Thank you. [LB224]

SENATOR CRAWFORD: Um-hum. [LB224]

SENATOR RIEPE: Okay. Senator Howard. [LB224]

SENATOR HOWARD: Thank you, Senator Riepe. And you can help me sort of...you can correct me if I am wrong but, specific to TANF and ADC, one of the policy purposes behind them were to allow kids to stay in the home so that we wouldn't have to remove them for purposes of poverty, because it's more expensive for us to remove a child, put it into care and custody, pay for a foster care placement, and pay for those services. And it's cheaper for us to give you a temporary period of time where you get a little bit of money, you can keep your house, you can



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do your work requirements, you can keep your car, and then get back on your feet, get off TANF, get off ADC. That was, I believe, the policy, the reasoning behind it. [LB224]

SENATOR CRAWFORD: That's a very good point. And that's also an important reminder of why allowing someone to have their...keep their home and their car is critical. If you remember from our reports and briefings that we've had from the Foster Care Review Board and our Inspector General, neglect is one of the key reasons that people are removed from a home. And neglect often occurs if there's no food, there's no resources to take care of those issues for the children. And so that is a key reason why the safety net is critical, and making sure of that because, if you don't have that safety net, then the children are often experiencing neglect and get removed from the home. And that costs much more, and that was part of the real reason, again, we prioritized Senator Campbell's bill, because we thought that was a critical piece of trying to reduce the number of children in our state who would be in that neglect category. [LB224]

SENATOR HOWARD: Thank you. [LB224]

SENATOR RIEPE: From a financial standpoint, is this an absence of liquidity? [LB224]

SENATOR CRAWFORD: I... [LB224]

SENATOR RIEPE: They would have money tied up in a house and a car and...but they have an immediate need. [LB224]

SENATOR CRAWFORD: Correct. [LB224]

SENATOR RIEPE: Okay. [LB224]

SENATOR CRAWFORD: So they would have a house, they would have a car. But they would not have an income, correct. [LB224]

SENATOR RIEPE: And they wouldn't have... [LB224]

SENATOR CRAWFORD: So you can't go to the grocery store and buy groceries with your house and car. [LB224]

SENATOR RIEPE: They don't have a family member to draw on. [LB224]

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SENATOR CRAWFORD: Right. [LB224]

SENATOR RIEPE: Thank you. Senator. [LB224]

SENATOR CRAWFORD: Or diapers. [LB224]

SENATOR RIEPE: That's important. Senator. [LB224]

SENATOR LINEHAN: I was just going to say I am not arguing that you have a house or a car. I am not arguing with what's in the law now. I am just making clear that we understand what is currently in the law. [LB224]

SENATOR CRAWFORD: Um-hum, um-hum. [LB224]

SENATOR LINEHAN: So a house, furnished, and a car at \$4,000 or \$2,000 or \$25,000, depending on where you're at. [LB224]

SENATOR KOLTERMAN: Um-hum. [LB224]

SENATOR CRAWFORD: Um-hum. [LB224]

SENATOR LINEHAN: Okay. Thank you. [LB224]

SENATOR RIEPE: Um-hum. Senator Williams. [LB224]

SENATOR WILLIAMS: I'll try to make this in the form of a question. Let's not make the assumption that that house or that car are free and clear, because they oftentimes aren't. They're leveraged highly. [LB224]

SENATOR RIEPE: Good point. [LB224]

SENATOR CRAWFORD: Good point from the banker. [LB224]

SENATOR HOWARD: From the banker. [LB224]

SENATOR RIEPE: Where did that come from? Okay. [LB224]

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SENATOR WILLIAMS: There was a question in there somewhere. [LB224]

SENATOR RIEPE: If there wasn't, there was an awfully good statement. [LB224]

SENATOR CRAWFORD: It was a good point for the record. That's a very important piece. [LB224]

SENATOR RIEPE: Are there other questions or concerns or questions? Anything? Okay. Thank you very much. We appreciate it. [LB224]

SENATOR CRAWFORD: Thank you. And I do have one other bill. So if I am not here for closing, it's because I had to take off for my bill in Judiciary. But I hope I am here for all of the testimony and closing. [LB224]

SENATOR RIEPE: Okay. We understand it, and thank you very much. Proponents, please. [LB224]

KAITLIN REECE: (Exhibit 1) Good afternoon, members of the Health and Human Services Committee. My name is Kaitlin Reece, K-a-i-t-l-i-n R-e-e-c-e, and I am the policy coordinator for economics, stability, and health at Voices for Children in Nebraska. All families need access to savings in order to weather life's emergencies and ensure their long-term financial security. Current asset limits encourage families to spend down resources and create unnecessary paperwork and administrative burden on caseworkers who spend significant time and resources verifying the few assets most families applying for assistance have. In 2014 a review of US Department of Health and Human Services data found that only 10 percent of families receiving TANF benefits had cash resources, with an average amount of \$209. Similarly, households receiving SNAP only had \$446 of cash resources available. The administrative burden that the department sees only grows as families churn on and off the program. So this isn't a one-time burden that administrators have to calculate assets, gather all the paperwork once. If families are churning on and off the program, they're doing this multiple times. Voices for Children supports LB224 because it encourages savings and long-term economic independence while streamlining the administration of several programs, which is especially important with the move to a common application form under ACCESSNebraska in recent years. There is a significant body of evidence suggesting that, in order to truly improve a family's financial well-being, we need to consider assets in addition to income. A comprehensive review on the research of assets by the Department of Health and Human Services found that assets have a positive impact on both child well-being and a family's physical and mental health. While we have many policies in place to help wealthier families build assets, like deductions for mortgage interest or retirement savings, we have very few policies that do the same for lower-income families and, in fact, create

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additional policy barriers to savings through things like asset limits. Our current program rules for safety net programs like ADC and SNAP send the wrong message to families struggling to make ends meet. Under current state law, asset limits incentivize families to liquidate savings necessary for long-term financial security in order to receive assistance in cases of temporary hardship. These limits thus deter families from building long-term savings for things like retirement or college. As you heard Senator Crawford say, in January Governor Ricketts signed new childcare regulations that eliminated asset limits in that program. They essentially eliminated them with the large cap that's there. However, current asset limits in Nebraska are a patchwork of policies, making it confusing for clients and caseworkers who administer the program. As you've heard, it's \$4,000 in ADC, \$25,000 in SNAP, and no asset limit in childcare. This leaves open greater potential for caseworker error, since a lot of the families are going to be applying and qualifying for multiple programs. LB224 would align all three major safety net programs in Nebraska to reduce confusion and administer...administrative inefficiency. Proposals like LB224 encourage families to become part of financial mainstream and have the potential to decrease families' participation in alternate lending institutions such as payday loans. An Urban Institute study found that, following the elimination of asset limits, low-income families with a bank account increased 5 percent while the number of families with at least \$500 in their account increased by 8 percent. We also know that an active bank account is a key component for families to build credit, save for the future, and have access to fair, reasonable credit options. Recent research from the New America Foundation found improved administrative efficiency in public programs in states where asset limits have been eliminated. I think Senator Crawford highlighted some of them. Another one that I'll share is that Colorado found that eliminated the asset limit there...caseworkers saved, on average, 90 minutes per case. That was time that they previously spent verifying assets. And the same research found that benefits, the benefits of efficiency, are limited if the policies across multiple programs are not aligned. So any efficiencies we might see in childcare by raising the limit are limited because we do not have alignment across programs. LB224 has the potential to significantly reduce the paperwork required to apply for our public benefit programs and make our public programs more efficient while keeping current income limits in the program. I think, you know, there was some discussion earlier about someone with significant assets applying for this program. They still have to meet income requirements for both of the programs. In TANF right now, the income requirement is 57 percent of the federal poverty level. So for a family of three, they need to be making \$957 or less a month in order to qualify. And for SNAP that's \$2,185. We have a higher threshold for SNAP than we do for TANF in terms of income. So it's a very...you have to be very low-income in order to qualify. And this bill, LB224, does nothing to change the income requirements; those stay in place. [LB224]

SENATOR RIEPE: Okay, we do have a red light. [LB224]

KAITLIN REECE: Sorry. [LB224]

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SENATOR RIEPE: And so if you can kind of pull it together, or that's it? [LB224]

KAITLIN REECE: I think that's most. I have a couple answers to some of the other questions in terms of the number of states that have adopted this, things like that. But I can stand ready with questions. [LB224]

SENATOR RIEPE: Senator Williams, give us a banking question. [LB224]

SENATOR WILLIAMS: No. I'd like to hear those states, if you would like to share those with us, please. [LB224]

KAITLIN REECE: Sure, that would be great. So 34 states have eliminated the asset limit for SNAP. Those include: Iowa, South Dakota, Colorado, Oklahoma, almost all of the South, with the exception of, I think, Texas and Louisiana. But the rest are kind of Gulf states have eliminated it. I have a map that I am happy to send to legal counsel after this that she can share with the committee. And eight states have eliminated the asset limit for TANF, including: Colorado, Louisiana--and I think that happened while Courtney Phillips was down in Louisiana--Alabama, Ohio, Illinois, Virginia, and Maryland are all the states that have eliminated it in TANF. [LB224]

SENATOR RIEPE: Okay. Senator Linehan. [LB224]

SENATOR LINEHAN: Thank you, Mr. Chairman. Thanks, Kaitlin, for being here today. [LB224]

KAITLIN REECE: Um-hum. [LB224]

SENATOR LINEHAN: So can you, on the numbers you just said... [LB224]

KAITLIN REECE: Um-hum. [LB224]

SENATOR LINEHAN: TANF is 150 percent of poverty? [LB224]

KAITLIN REECE: TANF is 57 percent of poverty. [LB224]

SENATOR LINEHAN: Okay, so... [LB224]

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KAITLIN REECE: It's very low. [LB224]

SENATOR LINEHAN: It's very low. Okay. Is that a...is that the national? Is that...what's that based on? [LB224]

KAITLIN REECE: So it's...I think the 57 percent is a state number. To calculate that, you have to do 57 percent. I mean the lowest number that the feds calculate is 100 percent, so then you take that number and just do 57 percent of that. But there's not... [LB224]

SENATOR LINEHAN: So 57 percent... [LB224]

KAITLIN REECE: ...of the federal poverty level is what our amount is. [LB224]

SENATOR LINEHAN: ...is what Nebraska decides? [LB224]

KAITLIN REECE: Yes. [LB224]

SENATOR LINEHAN: So somebody at 57 percent of the poverty level before they can qualify for TANF. [LB224]

KAITLIN REECE: Correct. And so that is why I believe that the numbers in the fiscal note are probably a high end of families that would come into the program, because the way the current process works, they screen for assets first. And if you have more than \$4,000 of assets they don't proceed to the second test. It's a two-prong test, but they just stop at the first part. And so they still need to meet income requirements. So after that they have to make 57 percent of federal poverty or less to qualify. So I think that the number in the fiscal note...I understand that's probably the number we need to use, but that is probably the highest amount that we'll see. And I...Senator Kolterman, you had a question earlier about caseloads and what we've seen? Since 2000, caseloads and TANF have gone down. That's a trend that's...they have not...they have gone down since 2000. And in the 44 states--that's nationally, 44 states and D.C.--that have seen caseload reductions, the decline was 50 percent on average, so significantly down over time. [LB224]

SENATOR LINEHAN: I have more questions. [LB224]

KAITLIN REECE: Sure; I am sorry. [LB224]

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SENATOR LINEHAN: That's okay. So is the...TANF is Aid to Dependent Children. Am I right? [LB224]

KAITLIN REECE: Yes. [LB224]

SENATOR LINEHAN: Okay. [LB224]

KAITLIN REECE: That's...that's our... [LB224]

SENATOR LINEHAN: So do they have work requirements with TANF? [LB224]

KAITLIN REECE: Yes. [LB224]

SENATOR LINEHAN: Okay. So that's the TANF; it's 57 percent. Now let's go to the SNAP. SNAP is what? How much percent of poverty? [LB224]

KAITLIN REECE: SNAP is 130 percent for gross income, and then you can deduct...there are certain expenses that you can deduct to get to net income of 100 percent. [LB224]

SENATOR LINEHAN: So if I remember right, it's housing and... [LB224]

KAITLIN REECE: Housing, childcare, certain health expenses. But they're, for the most part, are set amounts that you can deduct. [LB224]

SENATOR LINEHAN: Okay. So for a family of three...was it a family of three, you said, or four? [LB224]

KAITLIN REECE: Correct, three. So if you're looking at a single mother with two kids, it's \$2,184 a month; that's the gross. [LB224]

SENATOR LINEHAN: 185? I thought you said \$200. [LB224]

KAITLIN REECE: Oh, sorry. \$200...or \$2,184 a month. That's gross income. [LB224]

SENATOR LINEHAN: \$2,184 a month... [LB224]

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KAITLIN REECE: Right. [LB224]

SENATOR LINEHAN: ...gross income. [LB224]

KAITLIN REECE: Right. [LB224]

SENATOR LINEHAN: But that's... [LB224]

KAITLIN REECE: But they need to get down to 100 percent for their net income. So that's the floor. [LB224]

SENATOR LINEHAN: Okay. It seems like we've had this conversation before. [LB224]

KAITLIN REECE: We have; yeah. [LB224]

SENATOR LINEHAN: And weren't you going to get me how that works? [LB224]

KAITLIN REECE: I think we sent the simulator. [LB224]

SENATOR LINEHAN: Oh, and you sent it to me and I...it's in my e-mail somewhere? Yeah. [LB224]

KAITLIN REECE: I am sure. [LB224]

SENATOR LINEHAN: All right; thank you very much. [LB224]

KAITLIN REECE: But if you have other questions, if you look at that and have other questions, I am happy to follow up with you after this. [LB224]

SENATOR LINEHAN: Okay, I appreciate that. [LB224]

SENATOR RIEPE: Senator Kolterman, you had your hand up. [LB224]

SENATOR KOLTERMAN: Yeah. I am just...Kaitlin, thank you for being here. So when somebody...somebody comes in or calls in, how just--I don't know if you have the answer to



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this--physically how do they get qualified for these benefits? Does that person then have to mail in a receipt or a paycheck or a pay stub or something of that nature? [LB224]

KAITLIN REECE: So I believe so. And I think that's part of the paperwork that we would save, not on the income side, because that stays the same... [LB224]

SENATOR KOLTERMAN: Right. [LB224]

KAITLIN REECE: But for assets you have to send in documentation of every limited asset that you have. And you know, as I...I was actually shocked how few people, and 10 percent of TANF caseloads state...countrywide even have cash assets. So it's a very...we're spending a lot of time tracking down a lot of paperwork that's probably going to say: I have very little money in my bank account. I don't have any CDs, I don't...certificate of deposit, you know. So there is paperwork that you have to submit to verify the numbers that you're providing the department. [LB224]

SENATOR KOLTERMAN: And then...and my other question. You alluded to the fact that things are dropping. [LB224]

KAITLIN REECE: Um-hum. [LB224]

SENATOR KOLTERMAN: People aren't accessing like they have in the past. [LB224]

KAITLIN REECE: Um-hum. [LB224]

SENATOR KOLTERMAN And again, I don't know if anybody is coming from HHS, but would there be anybody that could tell us the effect that we've had since a year ago when we...when we put some of this stuff into place? And whether or not...we know so much is coming in every year. [LB224]

KAITLIN REECE: Um-hum. [LB224]

SENATOR KOLTERMAN: But have we lost ground? I guess that's kind of what I would want. [LB224]

KAITLIN REECE: Sure. [LB224]

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SENATOR KOLTERMAN: Because it makes perfectly good sense to me to eliminate this. [LB224]

KAITLIN REECE: Yes. [LB224]

SENATOR KOLTERMAN: But what...again, I am concerned long term, because... [LB224]

KAITLIN REECE: Right. [LB224]

SENATOR KOLTERMAN: ...obviously everybody in this room knows where we are fiscally. [LB224]

KAITLIN REECE: So I...right. I don't have an answer to that from our state. But I can say the states that have eliminated the asset test for TANF, what their experience has been. So there have not been...there have not been any...so there's a Pew article that's really great, that does a really great summary and analysis of some of these issues. And they found that there was no statistically significant increase in the number of TANF recipients due to the elimination of asset limits. It had no impact on whether more people came into the program. It was irrelevant to the fluctuations in caseload. We do know that it discourages people from savings, but it's had very little to do with caseload, that the individual's decision to seek assistance is more likely due to things like unemployment or things...a recession, things that are happening in the economy that affect their household more so than the changes that are being made at the state level in terms of the asset test. I don't know if that answered your question or not. [LB224]

SENATOR KOLTERMAN: I think it does. [LB224]

KAITLIN REECE: Okay. [LB224]

SENATOR KOLTERMAN: Where I've seen this functionally work is you got a husband and a wife that are all of a sudden going to go through a divorce. And there's kids, and the mother is sitting here with the kids, and the husband has locked up the checking accounts or moved the checking accounts so there's no assets. [LB224]

KAITLIN REECE: Um-hum, um-hum. [LB224]

SENATOR KOLTERMAN: And how are you going to feed the kids? [LB224]

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KAITLIN REECE: Um-hum, um-hum. [LB224]

SENATOR KOLTERMAN: If you have an asset test, that just causes one more problem, because you still have assets... [LB224]

KAITLIN REECE: Right. [LB224]

SENATOR KOLTERMAN: ...but they're in joint custody and... [LB224]

KAITLIN REECE: And I think, too, what we've seen is families...they may not know what the asset limit is, but they know it exists and that affects their behavior. And that's...that's rational human behavior. You're trying to protect if you're...if you need food assistance to help put food on the table for your kids or make ends meet, you're not going to do something that's going to jeopardize being able to feed your kids. So you're going to...it changes how you...what money...how you spend the little money that you do have. So we know that they might not know what the limit is, but...which is part of the problem with SNAP having a higher limit at \$25,000. Just having a limit can change people's behavior, as opposed to if there is no limit, they're more likely to do things that we want to see them do for long-term economic stability, like putting money into a savings account for their retirement or for their child's college tuition. [LB224]

SENATOR KOLTERMAN: Okay. Thank you. [LB224]

SENATOR RIEPE: Senator Erdman. [LB224]

SENATOR ERDMAN: Thank you, Senator Riepe. Thank you for coming. So in your example here, you said Oklahoma and Illinois, Colorado eliminated administrative costs and saved \$1 million? [LB224]

KAITLIN REECE: Yes. [LB224]

SENATOR ERDMAN: Help me to understand how raising the limit can help an organization save \$1 million. That's 25 full-time people. Is that what they did? [LB224]

KAITLIN REECE: That's what the research found. And I can send you links to the studies that reference that. So it's the paperwork that the caseworkers are having to process, and process multiple times if a family is churning on and off which, if you have an hourly job where you maybe make a little bit more money than another, there is churn that can happen because maybe

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you were able to work more hours one month than another. And so they're not just doing this calculation once. In some cases they're doing it multiple times. And so...for one family...and so that's...it's the paperwork and time that staff are...so right now with ACCESSNebraska, there's somebody that has to intake. And I think it's more than just...it's how the paperwork is processed. So my understanding of how ACCESSNebraska works is when it comes in, it has to be scanned into the computer, it has to be opened. There's a lot of pieces to processing the application and to paperwork that comes in because of the volume that they get. And so it's multiple people that are in...that are touching each of those pieces of paper. And so it's staff time across those individuals. [LB224]

SENATOR ERDMAN: So it is, in your opinion, did they eliminate some people? [LB224]

KAITLIN REECE: I...I don't know. I wouldn't know those things. [LB224]

SENATOR ERDMAN: How can you have any savings if you don't? I mean those people are still going to be there doing something else. Can you get information to me on how they saved \$1 million in those states? That's... [LB224]

KAITLIN REECE: Sure. [LB224]

SENATOR ERDMAN: That's absolutely foreign to me that you could save \$1 million just by changing that. I mean that's 40 full-time people. That's a lot of people. And perhaps you can explain to me, in those other states how, once you get a job with the state, you actually were eliminated somewhere, because I don't know that that's ever happened. [LB224]

KAITLIN REECE: Well, I can take a look...sure. [LB224]

SENATOR ERDMAN: But I would like to...I would like to see how they saved \$1 million. [LB224]

KAITLIN REECE: Yeah. [LB224]

SENATOR ERDMAN: I mean it's real easy for someone to print this, that they saved \$1 million, and they have nothing to back it up. I'd like to see because if, in fact, we do this here, I would assume we're going to make some savings in Nebraska. Okay? [LB224]

KAITLIN REECE: I am running on that assumption, too. [LB224]

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SENATOR ERDMAN: Well, if our state makes savings, it has to equate into less people being employed or spending less money. So we've got to figure this out how they save money, \$1 million, just to...just removing the minimum. That...that's...I don't know. I can't understand that. [LB224]

KAITLIN REECE: So I will definitely take a look. And I think maybe Senator Howard or Senator Crawford, that were part of the ACCESSNebraska Special Investigative Committee, I think there were times where we had to do overtime. So some of those costs--I can't say for sure--but sometimes if there's a backlog, you may be paying time and a half... [LB224]

SENATOR ERDMAN: Yeah. [LB224]

KAITLIN REECE: ...to process that paperwork, so that may be where some of the savings are from. [LB224]

SENATOR ERDMAN: Well, if that...yeah. If that's the case, that would be great. Then the other thing...Senator Williams brought this to my attention when he said those assets may not be free and clear. So when we ask them about assets, do we ask them about net assets or is it just assets in total? [LB224]

KAITLIN REECE: I would have to check on that. I don't know the answer to that. [LB224]

SENATOR ERDMAN: Because there's a huge difference between those two. And that's what Senator Williams was talking about. [LB224]

KAITLIN REECE: Um-hum. [LB224]

SENATOR ERDMAN: Because in the...in the statute it doesn't say net assets, it says assets. And unless you ask them how much they owe against it, they can have a \$50,000 house and they owe \$55,000; they don't have any assets. [LB224]

KAITLIN REECE: I think the...the language, at least, of the regulation, I think, said net worth. And so I think that's... [LB224]

SENATOR KOLTERMAN: Oh, that's the answer right there. [LB224]

KAITLIN REECE: Yeah. [LB224]

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SENATOR ERDMAN: That's a different...that's a different deal. [LB224]

KAITLIN REECE: Yeah. I think it's net worth is the language that's there. But I don't... [LB224]

SENATOR RIEPE: I think one of the concerns that we have is oftentimes there's a difference between paper savings and real savings. And I think that's what we're...we're talking about here. I also understand or know that if it takes 90 minutes to verify assets, that's somewhere back in a past generation. You know, anymore you can get on with a group and they can tell you...they can probably tell you more what you're net worth is and what you own and don't own in 15 minutes. And you can imagine...so. The other question I have is, in your letter is said only 10 percent of families have cash resources of \$446. [LB224]

KAITLIN REECE: Um-hum. [LB224]

SENATOR RIEPE: I believe that from some of the stuff, at least, that we see in newspapers. It's concerning. But then we go on to say, or you do...it talks about we need some...yeah...we'll use the term "incentive" for low-income families to, and I quote, "and in fact create additional policy barriers to savings through things like asset limits," or, you know, means of savings. When you have \$446 in the bank, savings is a long way from thinking about anything. [LB224]

KAITLIN REECE: No, I think that's true. And I think, you know, the administrative cost savings that we would see under LB224, that is part of bill. But I think the larger policy and the reason that we support the bill is because of its ability to help low-income families save for the future. I think every bit towards that amount counts. I mean I do think there is a broader issue in this country about how many people even have \$2,000--and not just low-income people--on hand to be able to respond for emergency. I think that is something that's a broader issue than just this bill. But I do think that the current limits are a real obstacle. And we have seen, from evidence in states that have eliminated the asset limit, that people's spending behavior does change, and they do start to put more...they open bank accounts. They put more in their bank accounts once they know that this isn't going to put them in jeopardy. It's really kind of like a cliff effect. I am sorry. It keeps them from...it's a short-term rule that we've put into place that keeps them from being able to become independent, financially, long-term. [LB224]

SENATOR RIEPE: I applaud the concept. I think one of the challenges is...in pediatrics we always said you learn what you live. And in many families you're either spenders or you're savers, and that's the way you were raised. That's the values you learned. And some are, some aren't. Are there any other questions? It's been very helpful; thank you very much. [LB224]

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KAITLIN REECE: Yeah. [LB224]

SENATOR RIEPE: Other proponents, please. Welcome. [LB224]

JENNIFER CARTER: (Exhibit 2) Good afternoon, Chairman Riepe, members of the Health and Human Services Committee. My name is Jennifer Carter, J-e-n-n-i-f-e-r C-a-r-t-e-r. I serve as the registered lobbyist for the Food Bank for the Heartland and the Food Bank of Lincoln. And I am here today on their behalf. The food banks are very happy to support LB224, and we thank Senator Crawford for introducing this bill. We support it, in large part, because the food banks' mission is to eliminate hunger in Nebraska. And SNAP is critical; it's really vital to that role. While the food banks and the local food pantries that they work with do a really good job with emergency food, as the name implies, it is really for emergencies. And a lot of those places--this is something I learned working for the food banks--have use restrictions. The need is so great that they have to spread it broadly. So you may not only be able to get a food or a meal from a particular distributor once a week or even once a month. And so SNAP is what really keeps people with a stable food source throughout the month for their families. And at its best, I think what SNAP does is it provides some temporary assistance until families can get back on their feet. And so what we like about LB224 is that it creates more incentive for people to maintain the small, usually small, assets that they have and gives them a foundation on which to build upon their economic independence and also saves...they have a little bit there then if they run into things like a car repair or medical bills or things that get them cycling back into poverty or back into a place in their income where they would need to come back onto the program. So we think that...and for example, things like cars...if you have to sell your car in order to qualify for food stamps, you might not be able to get to work. And so it becomes a real work support. SNAP can really help in that way. So...and this is not...this is a conversation I had with the person who does the main SNAP outreach work for the food banks, so this is not scientific or hard numbers. But she works all over the state. They do thousands and thousands of applications a year, because they're very, very happy to...they partner with the state as the department's SNAP outreach coordinators, which they're very grateful to do. And she said she could really only remember one time when they had somebody who did not qualify for SNAP because of assets. So I think that both says that I don't think there's going to be a...a real floodgate if you raise this asset limit higher because we're talking about a lot of families, to the points that have been made, that are really...not have a lot of income; they don't have a lot of cash. And they may just have a house that they have a little bit of equity in or a car that they're trying to keep alive to get to work. So their assets are not large. And this particular family had two; the mom and the dad both had cars that they needed to get to work. And I think that was starting to count against them, along with a small amount of savings. So we would encourage the committee to consider this because, I think, and to advance it, because I think it's...helps in the long term, from our perspective, to eliminate hunger if we can get more people getting this temporary assistance

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without losing everything and digging a bigger hole into poverty as they try to move forward. I'm happy to answer any questions. [LB224]

SENATOR RIEPE: Are there questions from the committee? I don't see any. [LB224]

JENNIFER CARTER: Thank you. [LB224]

SENATOR RIEPE: So thank you so very much. [LB224]

JENNIFER CARTER: Thank you. [LB224]

SENATOR RIEPE: Additional proponents? Welcome. If you'll state your name and spell it, we'll be glad to get started. [LB224]

KEN SMITH: (Exhibit 3) Thank you. Yes, and good afternoon, Chairman Riepe and members of the committee. My name is Ken Smith; that's K-e-n S-m-i-t-h. I am a staff attorney with the Economic Justice program at Nebraska Appleseed. I appreciate this opportunity to testify in support of LB224. I think much of what I was going to testify to has been thoroughly articulated in...with...you know, by previous testifiers, so I will be brief in my comments. I think we just want to make sure to echo the concerns that previous testifiers and that Senator Crawford eluded to in terms of asset limits having unintended consequences, including requiring families to liquidate what could be meager savings in order to obtain critical assistance and discouraging people from building a savings cushion or even opening a bank account and, as well, that asset limits can cause families to repeatedly cycle on and off the different assistance programs, which further impedes their economic advancement and causes government agencies to incur increased administrative costs. We would just also certainly like to echo the research that shows that, in the states that have done this in the last 15 years, it has not resulted in a statistically significant increase in caseload or applications. And in fact, as, you know, as you've heard today, many states have seen a very substantial cost savings as a result of this. In response, I know Senator Erdman, who stepped out but expressed an interest in seeing sort of the nuts and bolts about how those savings are achieved, I think among the causes of those savings that have been testified to already, one that I haven't heard so far is that it has shown that when you raise or relax asset limits, people can spend a shorter amount of time on assistance programs because they're allowed to kind of build up a savings and kind of start making steps towards long-term financial security, which can reduce that churn and reduce the number of people that are on the program. And in Virginia, which Senator Crawford mentioned as an example of a state that saw substantial savings, their department of planning and budget did an economic impact analysis of their...of their asset elimination, asset test elimination, and I would be happy to provide that, as well, if Senator Erdman would like to take a look. I think that goes into specifically...specifically how



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the state can realize those savings. So I think with that, rather than spending time calculating and enforcing these asset tests, the state should focus its efforts in this area on helping families overcome barriers to employment and self-sufficiency. And so, for that reason, we would urge this committee to advance LB224. [LB224]

SENATOR RIEPE: Okay. Any questions? Senator Kolterman. [LB224]

SENATOR KOLTERMAN: Thank you, Senator Riepe. Mr. Smith, I appreciate, and I can't speak for Senator Erdman, but I think we would be interested in seeing that. One of the concerns...he and I have talked quite a bit about these types of things in the past, where we're looking for efficiencies. The concerns that we're having is we can do all we can to put the things in place to enhance efficiencies but, at the end of the day, we're not cutting anything at HHS. We just seem to move it around. So if there's a way you can show us that this can be done and, at the same time we can have some efficiencies, I'd be interested in seeing that, as well. [LB224]

KEN SMITH: Sure. And I will make it a point to circulate that economic impact analysis. I think it does show the real savings that Virginia was able to accrue because of the changes that they made. And so I would hope that that would...that can help inform the discussions that you're having. [LB224]

SENATOR KOLTERMAN: Thank you. [LB224]

SENATOR RIEPE: Any other additional questions? Okay. Seeing none, thank you very much for being here. [LB224]

KEN SMITH: Thank you. [LB224]

SENATOR RIEPE: Additional proponents, please. Seeing none, are there any opponents, any in opposition? Seeing none, are there...is there anyone testifying in a neutral capacity? Okay. Seeing none, Tyler, do we have letters that we've received? [LB224]

TYLER MAHOOD: (Exhibits 4-8) Yes. I have the following letters in support: a letter signed by John Else and Sherry Miller of the League of Women Voters of Nebraska; a letter signed by Mary Sullivan of the National Association of Social Workers, the Nebraska Chapter; Shawna Forsberg of the United Way of the Midlands; Sarah Ann Kotchian of Holland Children's Movement. And I do have one letter of opposition, signed by Director Doug Weinberg of the Division of Children and Family Services of the Department of Health and Human Services. [LB224]

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SENATOR RIEPE: Okay, thank you very much. I am assuming that Senator Crawford is waiving closing. So that's very good; that concludes the...today's hearing on LB224. That said, we will move on to LB537. Senator Hughes, welcome. I think this is your first time in front of the Health and Human Services Committee. [LB537]

SENATOR HUGHES: It is. [LB537]

SENATOR RIEPE: It'll be a wonderful experience. [LB537]

SENATOR HUGHES: We can only hope. [LB537]

SENATOR RIEPE: If you just give us your name and spell it, we're ready to go. [LB537]

SENATOR HUGHES: Thank you, Senator Riepe, members of the Health and Human Services Committee. For the record, my name is Dan Hughes, that is D-a-n H-u-g-h-e-s, and I represent the 44th Legislative District. I am here to introduce LB537. LB537 would allow the Department of Health and Human Services to screen any applicant for a recipient or...excuse me. LB537 would allow the Department of Health and Human Services to screen any applicant for, and a recipient of, cash assistance benefits if they have reasonable suspicion that the person is using illegal drugs. If the drug test yields a positive result, the recipient will become ineligible to receive cash assistance for up to 12 months or until they have completed a substance abuse treatment program and a job skills program. Upon completion of these programs the recipient will then again be eligible to receive cash assistance benefits. Under LB537, the...if an individual has a minor child who is still eligible for benefits, they may appoint a protective payee to receive payments for the child's benefits. The reason behind LB537 is not to punish individuals, but to provide treatment for those who have substance abuse problems. I have heard from a number of my constituents who wanted a bill introduced to drug test TANF recipients who may be using illegal drugs. I believe that we should still offer assistance to those who fall on hard times. We should also help people get off assistance and, for some, and the dependency of drugs...dependency on drugs may keep them from moving forward in their lives. According to Dr. Pollack of the Substance Abuse Policy Research Program, 20 percent of welfare recipients admit to recent use of illicit drugs. In the states that have implemented drug testing, the number of people who test positive is low. But another number of people need...that we need to consider is how many people know they will be tested and, therefore, don't apply for benefits. In Florida, they said 1,600 people that applied for benefits declined to undergo drug testing. Under LB537, a person who tests positive can ask for a retest if the results of a screening test are positive. The person must complete a substance abuse treatment program and a job skills program. If they have a minor child who is still eligible for benefits, they may appoint a protective payee and receive...to receive the payments for the child's benefit. I realize there will be a few special

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interest groups that will be testifying in opposition today, but I think we have something in common: we want people to live meaningful lives. And I feel a dependency on drugs is a barrier; and this is one way to identify those who need our help. And we can assist them to get their lives back on the right track. I am working with Health and Human Services and other interested parties on an amendment to address their concerns. And I encourage those who are testifying in opposition to meet with me sometime after the hearing, and we can see if we can find some common ground. This bill is not ready for prime time, but it is a way that we can begin the conversation of ways to help those who are using and abusing substances that are illegal to get the treatment that they need. I would be happy to try and answer any questions that you may have. Thank you. [LB537]

SENATOR RIEPE: Okay. Thank you, Senator Hughes. Are there questions? Senator Howard. [LB537]

SENATOR HOWARD: Thank you, Senator Riepe; thank you, Senator Hughes, for bringing this bill to us. I walked you through my questions earlier today, but I just want to make sure that we get them all into the record for when this bill is ready for prime time. Can you fill out a little bit for us your idea of the definition of reasonable cause or reasonable likelihood? [LB537]

SENATOR HUGHES: The...it is a suspicion that needs to be from the caseworker, between the caseworker and the applicant, how...you cannot determine reasonable suspicion via e-mail or via phone, via phone call. It needs to be in a in-person contact. And I do understand that that is somewhat limited, but we do need to start somewhere. [LB537]

SENATOR HOWARD: So this would be more for caseworkers in the local offices, not necessarily the call center. [LB537]

SENATOR HUGHES: Yeah, I mean they would...it needs to be first in person. Now I do believe there are probably some in-home visits that may come into play in this instance. [LB537]

SENATOR HOWARD: Are you thinking of in-home visits for a caseworker, like a child welfare case manager? [LB537]

SENATOR HUGHES: There is only one--and I did reference that in my opening remarks--there's only one area of cash assistance that I believe... [LB537]

SENATOR HOWARD: Um-hum. [LB537]

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SENATOR HUGHES: ...and it's TANF, I believe, and I do not have those...what that acronym means. [LB537]

SENATOR HOWARD: Temporary Assistance for Needy Families... [LB537]

SENATOR HUGHES: There you go. [LB537]

SENATOR HOWARD: We just had a... [LB537]

SENATOR HUGHES: That's the one, that's the one. [LB537]

SENATOR HOWARD: ...hearing about it, (inaudible)... [LB537]

SENATOR HUGHES: Yes. That, to my understanding in my research on this bill--my staff and my research--that is the only form of welfare that we can require drug testing on. [LB537]

SENATOR HOWARD: Okay, so if we have a recipient of TANF and their children are in the home, and a caseworker comes and does a visit and has a reasonable cause to suspect that there's drug use going on, they can ask them to take a drug test? [LB537]

SENATOR HUGHES: Yes. [LB537]

SENATOR HOWARD: But then, if the children are removed from the home, is that person still eligible for TANF? [LB537]

SENATOR HUGHES: If they complete the drug rehabilitation and job training or after 12 months. [LB537]

SENATOR HOWARD: Okay. And then I had also asked you about the definition for protective payee. It's just a phrase that I am not familiar with. And I was wondering where it came from. [LB537]

SENATOR HUGHES: And I do need to flesh that out a little better. This law was based on the research of several other states who have gone down this path and begun drug testing of recipients in similar programs, and that was language that we pulled from that research, I believe. If...we do need to make that a little more specific. I am certainly willing to work on that. [LB537]

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SENATOR HOWARD: All right, thank you. [LB537]

SENATOR RIEPE: Okay. Senator, have you looked at this in a sense that it's just like for any application, like an applicant going to work, you know? Simply, you know, a drug test is a requirement so that there's no discrimination; it's just simply required of every applicant that you maybe get a urine specimen test for drugs. Is that part of this? I mean, if we keep it very simple, very inexpensive...or... [LB537]

SENATOR HUGHES: There are lots of requirements for drug testing that we have in society today. [LB537]

SENATOR RIEPE: Um-hum. [LB537]

SENATOR HUGHES: This is just a way to help those that may be struggling and turn to illegal drugs in their time of need and, not only to help them, but also provide maybe a little incentive to not go down that path. But yes, to your point, there are a lot of places in industry that, you know, regular drug testing is required. And I think it's relatively inexpensive at this point. [LB537]

SENATOR RIEPE: I am just curious if...because if it's everyone, you know, then you don't get challenged about judgment calls about who was suspicious, by a caseworker who would have to actually go in the home. But the other one...are you getting some questions and...because I've talked about this some before, too, and the thing I was always faced with, well, you can punish the parents but, in doing that, you're punishing the children. That's sort of the reason that we... [LB537]

SENATOR HUGHES: Right. And you know, and that subject came up, that you know, certainly if there are children involved, we don't want them in a household where there are illegal drugs being abused. That is a very valid concern. So that's why I did include in here where, if there is a child who is eligible for that, we certainly do not want to punish the child. They still need to have access to those funds, but they cannot be going through the individual who has tested positive for illegal drug abuse. [LB537]

SENATOR RIEPE: Um-hum. Have you explored some of the legal challenges to similar law on this? [LB537]

SENATOR HUGHES: In our research on this, we looked at several states, you know, what they have done and the court challenges that they have incurred. And we tried to model it, as best we

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could, avoiding the challenges that were successful and following the legislation that was still in place and working at this time. [LB537]

SENATOR RIEPE: Okay, thank you. Are there...Senator Williams. [LB537]

SENATOR WILLIAMS: Thank you, Chairman Riepe. And thank you, Senator Hughes, for being here. And I recognize that you have said in your opening that this is not ready for prime time, but I wanted to go through a couple of things that you have talked about here. The first one is a followup on Senator Howard's question about the definition of reasonable cause and who and how that would be determined and the standard. And in your testimony, you then shifted to the word suspicion. Tell me how these subjective standards could be used to reach a conclusion. [LB537]

SENATOR HUGHES: That is one of the points that I struggled with in bringing this. And I did talk to several employees of Health and Human Services about this bill. And in my discussions with them...it is subjective, you know, to individual interpretation of whether or not they feel someone is using illegal drugs, and there has to be someone to be able to make a decision at some point. I, you know, in some of my conversations with the employees of Health and Human Services, it became very obvious that they were very confident that this person or that person was on some sort of drugs. In other cases, it can...it's just going to have to be a reasonable suspicion. My concern is I don't want...I didn't want to put HHS employees in that position where they would have the opportunity to abuse this ability to...would cause someone to have to take a test. But the flip side of that, if indeed that test does become positive or does come back positive, you know, there certainly is...it certainly was warranted or justified, in my estimation. The fact that the state of Nebraska is giving them cash assistance, you know, there should be certain requirements that go along with that. And I feel this potential of a drug test is a reasonable requirement that should go along with that. [LB537]

SENATOR WILLIAMS: You just, in your testimony just now, used the word "abuse." You and I have both had the opportunity to attend events where they have talked about the fact that addiction is a disease, was diagnosed as a disease clear back in the 1960s. And we still struggle with putting a stigma on that, that it's a behavior, that a person is just weak of spirit or weak of mind. How do we be sure that we are looking at this in a way that we are using the terminology "drug use" versus "drug abuse?" [LB537]

SENATOR HUGHES: The question is, you know, of how you define it, of use or abuse, or legal or illegal, or just substance. You know, those are things we need to flesh out. If it's an illegal substance, then use is fine. But if it is a legal substance, like Oxycodone or something, and you don't have the prescription, are...you are abusing that, you know. You know to me, there is a

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difference there that there are too many variables that we can't dilute the verbiage down to cover everything. I think we need to be relatively specific. [LB537]

SENATOR WILLIAMS: Going on, on page 6 at line 25, it starts with the...looking at the results of the tests are positive, then a person is required to complete a substance abuse treatment program. My first question is who pays? My second one is, in your testimony you used the term "drug rehabilitation program." And I would like to know, first of all, who pays, and if there's a difference between a substance abuse treatment program that's in the law or a drug rehabilitation program which you used in your testimony. [LB537]

SENATOR HUGHES: The state would be paying for the first drug test. If they want...if they don't...if they have (inaudible)... [LB537]

SENATOR WILLIAMS: But I am talking about the treatment program... [LB537]

SENATOR HUGHES: Right. [LB537]

SENATOR WILLIAMS: ...not the... [LB537]

SENATOR HUGHES: Well, you asked me two questions, one about who pays. The state pays for the first one, but if they ask to retest and it comes back negative... [LB537]

SENATOR WILLIAMS: I asked you who pays for the substance abuse treatment program. [LB537]

SENATOR HUGHES: Oh, okay. I thought it was for the test, excuse me. [LB537]

SENATOR WILLIAMS: No, the program. [LB537]

SENATOR HUGHES: The state. [LB537]

SENATOR WILLIAMS: Okay. [LB537]

SENATOR HUGHES: There are programs available. And if I used the drug... [LB537]

SENATOR WILLIAMS: Rehabilitation. [LB537]

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SENATOR HUGHES: I would use those interchangeable, and that would be somewhere that we need to... [LB537]

SENATOR WILLIAMS: Okay. [LB537]

SENATOR HUGHES: I need to make sure that the language is... [LB537]

SENATOR WILLIAMS: Tell me then. My next question is you tie in also a job skills program. [LB537]

SENATOR HUGHES: Yes. [LB537]

SENATOR WILLIAMS: What does a job skills program have to do with someone that is, has, an addiction to drugs? [LB537]

SENATOR HUGHES: I think that probably is the next step of going through a rehabilitation or a treatment program, not only to help them understand the damaging effect that drugs can cause, but also give them some skills, moving forward, to help them gain the necessary skills that will give them employment, you know, provide them with activities to make sure they're, you know, being productive and helping them understand, you know, what it takes to get their feet back underneath of them. [LB537]

SENATOR WILLIAMS: And the state pays for that also. [LB537]

SENATOR HUGHES: Yes. [LB537]

SENATOR WILLIAMS: Okay. The next line, on 28, you take into consideration if an applicant fails or refuses. I would be concerned, and I know this is...don't need an answer now, but there could be circumstances due to deficiencies that the person would have, that they simply could not pass a skills test of some kind, a job skills test or a job skills program. And the...this would require them to not only take the test or take the program, but pass the program. We also understand, from involvement with drug court, that those people that are participating in drug court often fail 15-16 times during their stay in drug court. So I don't know how you judge whether a substance abuse program, whether the recipient completes it and then how you determine if they complete it, have they...do they fail where, you know, I...you see what I am asking there, to clarify in that. [LB537]



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SENATOR HUGHES: Right. Yes, I do understand what you're telling me. [LB537]

SENATOR WILLIAMS: Okay. Thank you. [LB537]

SENATOR RIEPE: Senator Linehan, please. [LB537]

SENATOR LINEHAN: Thank you, Mr. Chairman. Thank you, Senator, for being here today. Is one of your concerns with this bill...and I have...I don't have...I'm not going to pick a side here yet. But is one of your concerns, since this is cash assistance, and instead of the cash going to help the family or the kids, that the money that's given to the adult goes to buy drugs? [LB537]

SENATOR HUGHES: Yes. Any...the...in researching this bill, we determined that this was the only assistance program that we could enforce drug testing on; anything that has federal dollars tied to it, you cannot. So yes, my concern is that there is taxpayer dollars, assistance dollars, that are being misused and purchasing illegal drugs. [LB537]

SENATOR LINEHAN: It's actually kind of even worse than being misused; you're actually...if the person gets the cash assistance and they are...I think the term we were told yesterday used it as a behavioral health problem...they are sick. So we hand them cash. Aren't we complicit in keeping them sick? [LB537]

SENATOR HUGHES: I...yes. I guess that is part of, part of the driving force behind this bill is to help identify those who are in need and help them...you know, another way to help them get the treatment that they need to be productive members of society. [LB537]

SENATOR LINEHAN: Thank you. [LB537]

SENATOR RIEPE: Senator Howard. [LB537]

SENATOR HOWARD: Senator Erdman. [LB537]

SENATOR ERDMAN: Go ahead, go ahead, go ahead. [LB537]

SENATOR HOWARD: Okay. I wanted a clarification on the TANF, and maybe you can go back and work with the department on TANF. TANF is a federal block grant program, and so I wanted to make sure that we would be allowed to do this under TANF. [LB537]

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SENATOR HUGHES: In my research on this, TANF is a block program, so it is up to the state... [LB537]

SENATOR HOWARD: To decide how... [LB537]

SENATOR HUGHES: ...to administer... [LB537]

SENATOR HOWARD: ...to administer it. [LB537]

SENATOR HUGHES: ...and how it goes. And that it is why it is different than, say, food stamps or Aid to Dependent Children or things like that. [LB537]

SENATOR HOWARD: Um-hum. [LB537]

SENATOR HUGHES: But it's not, it's not an area that I am really familiar with... [LB537]

SENATOR HOWARD: Sure. [LB537]

SENATOR HUGHES: But this, like I say, this was a bill that, you know, many of my constituents brought that they wanted to see something like this done. So I apologize for my lack of knowledge in the welfare arena. It's not, not something I'm real familiar with, but I am learning a lot. [LB537]

SENATOR HOWARD: So...and I actually wanted to go back to whether or not...who pays for the job skills program and the substance use treatment program, because the bill doesn't reflect that your expectation is that the state would pay for those services. And your bill reflects that we would pay for the testing, but it doesn't reflect that we would be responsible for the substance use program or the job skills program. And sort of, as a followup to that, is your expectation that these folks would be able to run that billing for that program through the Medicaid program, or do you think that it's something that the regions would have to pay for? [LB537]

SENATOR HUGHES: I...that is way above my head. I don't know how that works, but it would...it is my intention that the state would pay for those programs. And I know there are programs out there now, you know, treatment programs and job assistance programs, and I would assume these individuals could qualify for the existing programs. [LB537]

SENATOR HOWARD: Okay, thank you. [LB537]

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SENATOR RIEPE: Senator Hughes, is this some model legislation from a state that has been successful at this? [LB537]

SENATOR HUGHES: As I said before, we looked a lot of different states. I think probably the Kansas legislation was the one that would probably most closely mirror, but I do know we pulled...we looked at several states and kind of pulled the pieces together that look like they working in those states. [LB537]

SENATOR RIEPE: Do you know if Kansas has had this for a year or two years or... [LB537]

SENATOR HUGHES: I think 2014 maybe was when it was passed, but I don't...not a long time. [LB537]

SENATOR RIEPE: Hmm. Senator Erdman. [LB537]

SENATOR ERDMAN: Thank you, Senator Riepe. Thank you, Senator Howard...or Hughes. As I was traveling the district last year campaigning, I heard the very same thing that you did. There were people that asked me about this very situation. And I don't mean to put you on the spot here, but let me ask it. Did you ask the department now if they discover someone, or a suspicion that someone is on drugs, what do they do now? Do you know what they do? [LB537]

SENATOR HUGHES: I have not had that conversation with the Department of Health and Human Services. [LB537]

SENATOR ERDMAN: Because I had a conversation with a gentleman who was trying to get his grandkids to live with him, trying to adopt them, and his...their mother...the children wanted the kids because she got certain things that she could buy drugs with, from the state. So...and they knew...he knew she was on drugs, but there was nothing he could do about it. So it's (inaudible) situation, but in my prior life as a board member of the coop, anybody we hired had to take a drug test. And we would have 12, 14 applications. And we would have two or three returned and the rest of them, when they found out they had to take a drug test, did not return the application. So I would assume that...that's probably (inaudible). But in some of Senator Williams' questions, maybe those other states like Kansas, what they do with the training and the treatment might be something that you could mirror your bill after. But I do appreciate you bringing this; I think it's important. Thank you. [LB537]

SENATOR HUGHES: Thank you. [LB537]

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SENATOR RIEPE: Okay. Any other questions? It's your one opportunity. Well, we'll get you on closing (laughter). [LB537]

SENATOR HUGHES: Yes, I will come back to close, but I have another committee that I'm hearing. So I will leave staff to take notes, but I will return for closing. [LB537]

SENATOR RIEPE: Thank you, sir. [LB537]

SENATOR HUGHES: Thank you. [LB537]

SENATOR RIEPE: Thank you, Senator. Proponents, please. Are there any proponents? You may not get out of the door before you have to close. Any opponents? Any in opposition? Thank you very much. If you would kindly state your name and spell it...and then you're free to go. [LB537]

AMY MILLER: (Exhibit 1) Good afternoon, Senators. My name is Amy Miller, that's A-m-y M-i-l-l-e-r. I'm the attorney for the ACLU of Nebraska. We are grateful for the opportunity to chat a little bit. We understand the senator is already in the movement where, with this, may not be time to do a lot of talking about the details of this bill, because it sounds like it's going to change. But I did want to speak to you about some of big pictures that need to be part of your framework. And I'll start with some of the questions that both Senator Erdman and Senator Riepe brought up. Isn't it true that, in the workplace, a lot of Nebraskans are regularly subjected to drug testing? And the answer is: absolutely...in the private workplace. The difference is when the state is involved, the constitution is involved. So a private employer is not covered by the constitution and, as part of the fair bargaining, you want to work at Walmart, Walmart can say: then you need to provide a drug test. The state can't because the Fourth Amendment governs searches, and providing--whether it's a hair sample, a blood sample, or a urine sample--it's considered a search. In fact, just a couple of months ago, the U.S. Supreme Court, in a drunk driving test, where they wanted to test the man that they thought was driving illegally, dangerously, the U.S. Supreme Court said you still can't have a blood test unless you have a warrant or that person's permission. We set the test very high. Now drug tests can come in different forms and this bill, and ones like it across the country, don't usually specify what type of bodily sample we're talking about. Forgive me as I become a little explicit. A hair sample may not be as intrusive; it tells you a lot about my medical history, but it may not be that big of a physical intrusion to get some hair from me. Drawing my blood is something that the U.S. Supreme Court has said is an extreme intrusion because you're literally puncturing the skin and damaging the person. Maybe it's a small damage, but that is considered a very invasive significant Fourth Amendment invasion. The urine sample is even more problematic. If you have not read about how urine samples are collected for the purposes of probation in the Department of Corrections for the employees who are public employees that need to provide them, you don't simply ask the person like at the

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doctor's visit--please go provide a urine sample and then come back and hand us the cup. You have to make sure the person is not diluting or substituting something. So the person is watched while they're providing the urine sample. There is nothing more invasive or more concerning, both from a privacy perspective and the Fourth Amendment, than literally making poor people expose themselves to the view while they're in a situation where they're undressed. This is why it's different than the private setting. Now Senator Riepe, you've raised the good question of, in order to move away some of these mushy things like: What is reasonable suspicion? What is the...going to be the trigger? If my eyes are red, is that because I'm a marijuana user or is that because I have allergies? Those are hard burdens to put on DHHS workers. And so I think the good question comes up: Could you just test everybody? Or could you test randomly? But that's what courts have very clearly struck down. You'll see in our testimony, on the first page, the only two states that tried to do random drug testing or drug testing of all applicants were squarely struck down as unconstitutional, and the U.S. Supreme Court declined to take, cert., and allowed those decisions to stand. So Nebraska could consider what some other states did and have reasonable testing, but that gets into these thorny thickets of what counts as reasonable suspicion. How are you going to provide teaching and training for DHHS workers to try to decide what is and isn't drug testing? What's likely behavior to test, to trigger those things? The last big picture that I want to leave you with is a sort of standard 101 on constitutional law. We always use the example of the scale, the government's interest and the individual's interest; and you weigh these. We've already talked about the fact that the individual's right to privacy is very heavily weighted. The government's interest here to prohibit illegal drug use, to make sure that people who should not be receiving public benefits aren't, that could be weighty. But we just saw that there was no evidence. The cases talk repeatedly but, if you want to burden a fundamental constitutional right on this side of the scale, you better have a heck of a lot of evidence of a need for the government to get involved on the other side of the scale. We have no examples, no statistics, no proof that this is even happening in Nebraska. And without a record built before this committee, if the Legislature were to pass a drug testing law without any evidence that it was a serious problem in Nebraska, it would be very vulnerable to a subsequent civil rights litigation and very susceptible to being struck down as an impermissible violation of individual rights. I'm happy to answer to answer any questions you have. [LB537]

SENATOR RIEPE: Thank you. Are there some questions? Senator Erdman. [LB537]

SENATOR ERDMAN: Thank you, Senator Riepe. What if we tested everyone? So you said suspicion. [LB537]

AMY MILLER: That is... [LB537]

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SENATOR ERDMAN: So that would take away the suspicious because we just check everybody. [LB537]

AMY MILLER: That's what they tried to do in both Michigan and Florida. They were either looking at random or testing everybody. And the court said no. The problem there is, and especially if you look at what the low turnout rate is, now you're burdening everyone's privacy rights to collect the possibly single-digit folks that are committing the crime. And the constitution simply says you can't go invading everyone's privacy on the hopes you might catch a bad guy. [LB537]

SENATOR ERDMAN: Define low turnout rate. What do you mean by that? [LB537]

AMY MILLER: If you look at page...second to last page of my testimony, you'll see some of the statistics for the percentages of folks that have tested positive in other states. And I think that, if you flip over, the Congressional committee has been testing government drug...government employees; they came out at a .05. I think you're likely to hear testimony behind me, as well. Some of the other states that are currently drug testing on a reasonable suspicion basis have single-digit turnouts; 3 percent of people end up testing positive. We could certainly supplement if one of the fellow testifiers behind me does not have that figure. [LB537]

SENATOR ERDMAN: Okay. [LB537]

SENATOR RIEPE: Question? [LB537]

AMY MILLER: Um-hum. [LB537]

SENATOR RIEPE: If a person is not able to blanket test, is...and to stop pay, if a person is under basis of suspicious, then one could, it seems to me, explore whether there is abuse because of the user responsible for the children, that you might go down the rabbit hole of abuse as opposed to trying to stop off the...stop the money. [LB537]

AMY MILLER: Hmm. [LB537]

SENATOR RIEPE: The other... [LB537]

AMY MILLER: I see what you mean. I think that goes back, perhaps, to a point that maybe goes back to one of Senator Howard's questions. If there was a caseworker in the house and saw

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something, especially if they felt that the person was behaving in an irrational manner that was caused from drugs, I think the caseworker would probably be contacting CPS if that's not what the role they already had. So I imagine that, yes, there's a strong possibility that DHHS, if they didn't go down the drug-testing route, would...they would have the statutory obligation to report if they saw something that was potentially putting the children at risk. [LB537]

SENATOR RIEPE: And in doing that, that either stops or redirects the cash flow. [LB537]

AMY MILLER: Yes. [LB537]

SENATOR RIEPE: The other question that I have is, and you said that it's different for private employees and for the state. [LB537]

AMY MILLER: Yes. [LB537]

SENATOR RIEPE: Then how does the state do that with their state employees? [LB537]

AMY MILLER: You know, if you look on page 2... [LB537]

SENATOR RIEPE: I haven't gotten there yet. [LB537]

AMY MILLER: Oh. Well, and of course as a lawyer, I drowned you in paper. if you look at page 2, the second and third main paragraphs that I've provided for you there give some examples of, in the employment context, what has been allowed. I don't remember which small city it was; we were contacted by school teachers from somewhere in greater Nebraska just a couple years ago. Their school district was considering passing drug testing for all school teachers. There hadn't been any incidence of teachers acting in a... [LB537]

SENATOR RIEPE: And the kids, too, or just the teachers? [LB537]

AMY MILLER: Just the teachers. [LB537]

SENATOR RIEPE: Okay. [LB537]

AMY MILLER: And the teachers were quite up in arms about it. And this is essentially the reason why you can't drug test school teachers. What you'll see there is the U.S. Supreme Court has said because drug testing is so invasive, whether you're talking about a urine sample, a blood

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sample, there are the few employment categories within the government--they're safety-sensitive positions--so if you work at a nuclear power plant, if you work in Department of Corrections, if you're a police officer, those are jobs where you are expected to be randomly drug tested. But if you are a public employee of any other type, it doesn't happen unless one of you were to notice that a State Capitol employee was acting very suspicious, you had seen drug paraphernalia in their desk. If you wanted to report that, that would probably be reasonable suspicion to test a state employee. But I think one of my favorite examples...at the bottom of page 2, the U.S. Supreme Court case Chandler v. Miller, in Georgia they wanted all candidates for state office, including state legislature, to submit to random drug testing. [LB537]

SENATOR RIEPE: Oh. [LB537]

AMY MILLER: Now apparently they'd had some problems in Georgia with state senators who were behaving in an inappropriate manner. [LB537]

SENATOR RIEPE: Well, we couldn't have that (laughter). [LB537]

AMY MILLER: The candidates, not wanting to submit to that, challenged that, and the U.S. Supreme Court said: Look, you as well, all the way from you down to the school teacher, down to the janitor in a public building, you have privacy rights that mean you cannot be drug tested randomly or all of you; it needs to either be you're working in one of those very safety-sensitive issues or you have to be acting in a way that narrows down suspicion just to you. [LB537]

SENATOR RIEPE: Very interesting. Other questions? Senator Williams. [LB537]

SENATOR WILLIAMS: Thank you, Chairman Riepe. And thank you, Ms. Miller, for being here. You heard the question that I had for Senator Hughes about tying a job skills program to a drug-use issue. From a legal perspective, does that bother you? [LB537]

AMY MILLER: It does. I'll say it may be not squarely a constitutional question. It does raise the question again, if you think about the balancing scales. If we had proven that there was lots and lots of drug abuse by people receiving public benefits and so that meant that the state had a lot of weightiness, I think a court would say: Well then, your tool needs to match the problem. How does job training match a drug problem? How does a life skills class match a drug problem? And so all of this has to...you have to have a problem. You have to have a solution that is balanced and is not over the top in comparison to what the problem is. And they all need to work in sync. [LB537]



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SENATOR RIEPE: Senator Linehan. [LB537]

SENATOR WILLIAMS: I'm also troubled... [LB537]

SENATOR RIEPE: Oh, I'm sorry, Senator Linehan. Go ahead. [LB537]

SENATOR WILLIAMS: I'm sorry; I'm not finished yet. [LB537]

SENATOR RIEPE: Yes. [LB537]

SENATOR WILLIAMS: I'm also troubled by the use of, if you fail in taking a substance abuse program or a job skills program, how does that strike you, from the legal perspective? [LB537]

AMY MILLER: I think that is definitely problematic. My testimony does not cover it; it is possible that another testifier will have cited more examples. But I can tell you that, in the criminal context again, clients who have been on probation or clients who are currently on parole, there are a lot of false positives because you are on a prescription medication, because you have an underlying health condition. And so many times on probation and parole a false positive will come back, the person is immediately dragged back in for a second test and usually, at that point, there are some more questions. Are you currently taking cold medicine? That sort of thing, to screen it out. Here the fact that the burden gets flipped where the, theoretically, indigent, poor person now has to pay for a second test without being clear how long that's going to take, how they're going to have the wherewithal to pay for it, what would constitute an approved test versus an unapproved test. I think those raise serious questions about the reality of whether or not someone could access that. Is that an adequate remedy or due process for filing, essentially, an appeal to the fact that you were "convicted" of having been a drug user. [LB537]

SENATOR WILLIAMS: Thank you. I'm going to, I'm going to reask that question because where you jumped right on the same thing that Senator Hughes did, was the failing the drug test. I'm talking about failing the substance-abuse program or failing the job skills program. [LB537]

AMY MILLER: I did make the same mistake that Senator Hughes did. He and I will have to toast each other for making that same, that same leap. [LB537]

SENATOR WILLIAMS: Well, we needed that other answer also, so that was going to be asked also. [LB537]

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AMY MILLER: Generally when you're talking about something that a person has to accomplish--I have to serve time or I have to pay the court costs--there is a hard goal that is not left up to discretion or a mushy, gray area. So yes, I would agree with you that it becomes very problematic. Is there a multiple-choice test and, if the person gets a D-minus, they have passed? They have to get C-plus? Is it something that the teacher of the class feels that the person tried their best? Generally when you're talking about government benefits or government issues at any point, you don't want gray. You want a hard line; the person can move towards that hard line and, yes or no, they passed or they didn't pass. So without a good picture of what this class or course would look like, it is difficult to picture that coming out as a hard line that could satisfy the need for a reasonable standard. [LB537]

SENATOR WILLIAMS: Thank you. [LB537]

SENATOR RIEPE: Senator Linehan? [LB537]

SENATOR LINEHAN: That's okay; thank you very much. I'm (inaudible). [LB537]

SENATOR RIEPE: Okay, thank you. Are there other questions? Thank you; it's been very helpful, very informing. [LB537]

AMY MILLER: Thank you. [LB537]

SENATOR RIEPE: Additional opponents? [LB537]

BECKY GOULD: (Exhibit 2) Good afternoon, Chairman Riepe... [LB537]

SENATOR RIEPE: Welcome. [LB537]

BECKY GOULD: ...and members of the committee. My name is Becky Gould, B-e-c-k-y G-o-u-l-d, and I am the executive director at Nebraska Appleseed. And I'm here today to testify in opposition to LB537. And I did want to note we did meet with Senator Hughes prior to the hearing today and shared our concerns with him and our willingness to continue to talk with him about this issue as he moves forward in thinking through and making changes to the bill. I think as you're considering this question, there are sort of three aspects to it. One is how do we determine someone has a problem? And I think Senator Williams has been asking a lot of helpful questions about what's the right standard, how do we arrive at that, how do we make sure that that's implemented in a way that's both constitutional and fair and effective. I think the second area is whether treatment is actually provided or whether we are just making a referral. And so

some of the questions about: Is Medicaid going to cover the cost? Is a referral to the Division of Behavioral Health actually sufficient to mean someone is going to get treatment? What happens if there isn't treatment available...they get put on a waiting list? I think there's a lot of questions there about whether treatment will actually be provided. And then I think the third area is what's the penalty? So what are we trying to achieve here in this program and how does that play out if someone fails to meet the requirements that are set? In terms of what we would support at Appleseed, the TANF program, the Aid to Dependent Children Program was designed to support kids. So Aid to Dependent Children...and the way that you do that is by stabilizing families. And so this program has been designed to help support parents so that they can take care of their kids and to set them on a path that leads them out of poverty. And so when you're thinking about the program in that, in that frame, I think the initial way of coming at these kinds of issues is to do assessments, really effective assessments of folks on the front end, in terms of what are the barriers that are preventing families from being able to move out of poverty. And substance use can be one of those barriers or the...or past substance abuse and the potential for relapse. And so what we would support are assessments on the front end that take a holistic look at the barriers that families face and try to direct them to the appropriate supports that can allow them to address those problems and effectively move out of poverty, and so that's looking at a professional assessment that then is connected to treatment. So not just a referral to treatment, but how are we supporting the family...or the individual in that family to actually get connected to a provider, get through a treatment program, and be successful? And then ensuring that a sanction is not applied in a way that penalizes or harms the children. So we actually have one of the most strict sanctions policies in our TANF program of anywhere in the country. And what this bill envisions is pulling off of the most harsh part of our sanctions policy in putting in place a full family 12-month sanction, unless the parent is able to identify a protective payee which, I think, it has already been explored a little bit. There's a lot of questions about how that happens and how that would be addressed by the department within this program. But if you put in a full family sanction, taking away all cash assistance for a 12-month period, you're basically putting those kids into deeper poverty, any kids that are in that household, and that whole family. And so I think that's something you want to be very careful about doing, if our overall objective is to support kids and families and help them move out of poverty. So I think our concerns with the current bill may rely on drug testing rather than looking at a more thorough assessment of barriers. Treatment is a referral in this case. I don't think, the way the bill is drafted, ensures that a family actually would get connected to treatment. There is not clarity around the payee issue, and so we're concerned about the full family sanction structure that would be put in place. And so those are our overarching concerns, and I'd be happy to address any questions that you have. Thank you. [LB537]

SENATOR RIEPE: I have a question. You're an attorney. [LB537]

BECKY GOULD: I am. [LB537]

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SENATOR RIEPE: You could have been...you could have worked for the ACLU. So you can probably answer this. On your last paragraph just before where you sign off, or next to the last, it says...which kind of turns it around from the stick to the carrot. And it says some states have screen and treat models that leads to treatment, not ineligibility. So you're putting...my question gets to be theirs, given the opportunity to participate in this thing, which is maybe conditional to participating in receiving funds, can you make it that if you fail to adhere to the program or you fail to show up for the program or you fail in that sense, then you compromise or jeopardize your eligibility? [LB537]

BECKY GOULD: So that's how the... [LB537]

SENATOR RIEPE: It kind of, it turns it a little bit on its head. [LB537]

BECKY GOULD: So that's how the program currently works. So when you go into the TANF program... [LB537]

SENATOR RIEPE: In Nebraska? [LB537]

BECKY GOULD: When you go into the TANF program, you are required to engage in work activities, and that is in order to get the cash assistance. And if you fail to comply with the work activities that have been set out in your agreement, you are sanctioned; you lose your cash assistance. [LB537]

SENATOR RIEPE: But does that include screening, being screened for drugs? That's what this looks like. [LB537]

BECKY GOULD: So, so what I...I guess the word "screen" is a little confusing and, in retrospect, I would have used the word "assessment" instead of "screening." Because I think the bill uses the word "screening" to mean drug test. And so when we say screen, we are talking about an assessment that is looking at the full range of challenges families might face. and... [LB537]

SENATOR RIEPE: Um-hum. But it is your letter. [LB537]

BECKY GOULD: Yes, so I'm telling you I made a poor choice of words, Senator Riepe. If I was resubmitting this I would say an assessment rather than a screen. And screening, screening tools...drug testing might be one type screening tool, but there are lots of ways that you can, you know, screen or assess folks who are applying for a particular program, to determine what are the

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barriers? And I think, again, what we're trying to do is help families move out of poverty and make sure that kids and parents have the support they need to do that. And so what we're trying to do is figure out on the front end, what do they need to be successful? And how can we help put the things in place that will help them succeed? So if you do have a behavioral health issue, for example, that would be identified in an assessment, you would want to connect somebody to mental health treatment, behavioral health treatment, so that they could work through that and then be able to be more effective in gaining employment. And so I think the same thing is true when we're talking about substance abuse. We want to identify if there's the potential for that and figure out how to support the family in getting what they would need to move forward. [LB537]

SENATOR RIEPE: Um-hum. Could you, at the same time, and we're not trying to hog the mic here, but on your assessment process, they still get to go forward, they may be still receiving benefits. [LB537]

BECKY GOULD: Yes. [LB537]

SENATOR RIEPE: But it puts it on the positive side to say: we know you have a problem, you know you have a problem. To be able to continue on, we have to move from the assessment down to two words later, which is treatment. [LB537]

BECKY GOULD: That's right, and so... [LB537]

SENATOR RIEPE: Is that...I'm always curious, you know, because I'm always...to me common sense and legal decisions sometimes don't match. But go ahead. [LB537]

BECKY GOULD: Yeah. No, I think that's the way we would want to look at this, is how do we identify what are the full array of challenges a family might be facing? And then how do we connect them to the supports that allow them to address those challenges in more of a pro...like a positive, you know, how are we working together to resolve this, rather than a punitive using the TANF program as a way to do drug enforcement policy, which I don't think was ever the intent of the...of this program. The intent was to support kids and families and moving out of poverty. [LB537]

SENATOR RIEPE: Hmm. Senator Erdman. [LB537]

SENATOR ERDMAN: Thank you, Senator Riepe. Thank you for coming. [LB537]

BECKY GOULD: Um-hum. [LB537]

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SENATOR ERDMAN: So did you get the impression from Senator Hughes that he also wants to help people get out of poverty; he's not just doing this just to catch somebody? Did you get that? [LB537]

BECKY GOULD: Yes, Senator, I did. [LB537]

SENATOR ERDMAN: So do you think there are people now getting this assistance that are on drugs? Could it be possible there is someone? [LB537]

BECKY GOULD: Certainly it's possible. [LB537]

SENATOR ERDMAN: Okay. So what is your solution? [LB537]

BECKY GOULD: So I guess what I have outlined that we would support is: How do we help identify if that is a challenge that families are facing? And how do we connect them to the actual treatment they would need to address it? So our issue with this bill is that: one, I think there...the way that the treatment piece is specified in the bill is a referral, so it doesn't actually connect someone to treatment. And I think we know, and you've probably heard throughout this session...we have real challenges with accessing substance abuse treatment, behavioral health treatment across the state. There are waiting lists; there are difficulties for folks to get in to get what they need. And I don't know that this bill addresses that. So you get the referral. Let's say you find a program. You try to get in; you're put on a wait list. What happens to you under this bill? It looks to us like you aren't able to complete the program and you get sanctioned. [LB537]

SENATOR ERDMAN: Yeah. Well, I spoke with Senator Hughes this morning about this, and I think he's open to discussion about how we go forward and solve the problem. So I would recommend that, in my opinion, it looks like you get together with Senator Hughes, you come up with a plan on how you can screen these people that you discover are using drugs, because there are people who are using drugs who get this assistance; I guarantee you there are. And so you need to come up with a plan that can get these people screened and tested, whatever word you want to use, and get them involved in the right program they need for treatment. So I think what's with Senator Hughes's crying out for help...try to solve the problem for those people who have an abuse problem. And so coming here and arguing about the bill is unconstitutional and we don't like this bill the way it is, I think it would be more beneficial if you'd sit down with him and say: in our opinion, these are some of the things that we can do; this is how you can screen these people and this is how we move forward and solve the problem. [LB537]

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BECKY GOULD: And Senator Erdman, you may have missed what I said at the beginning. We did actually meet with Senator Hughes... [LB537]

SENATOR ERDMAN: Okay, I heard you say that. [LB537]

BECKY GOULD: ...prior to the hearing today, and offered to work with him on this. And so we continue to do that. [LB537]

SENATOR ERDMAN: And he's open to it, right? [LB537]

BECKY GOULD: Um-hum, yes. [LB537]

SENATOR ERDMAN: Okay, good. [LB537]

BECKY GOULD: As are we. [LB537]

SENATOR RIEPE: Okay. Are there other...Senator Linehan, please. [LB537]

SENATOR LINEHAN: Thank you, Mr. Chairman. I think...hopefully you can answer this; or maybe not. [LB537]

BECKY GOULD: Sure. [LB537]

SENATOR LINEHAN: But do you have a general feeling...does Appleseed have a general feeling of the number of families that are in poverty? How many of them are struggling with behavioral health issues? [LB537]

BECKY GOULD: I don't have a statistic on behavioral health issues. I will say, in terms of substance use, it isn't...what's been found in other states when they've gone down this road is that you don't see utilization... [LB537]

SENATOR LINEHAN: I'm not talking about going down this road. This is not...forget about the bill. [LB537]

BECKY GOULD: Um-hum. [LB537]

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SENATOR LINEHAN: This is just because it seems like I've heard this before in Education Committee and in people that have come to see me that the number of people in poverty--and I'm not talking just substance abuse here--the number of people, families, in poverty that are struggling, it seems to me a rather large percentage--we assume, or I assume, there is some statistics on this--are struggling with behavioral health problems. I think I've heard like 40 percent, but maybe that's way too high. Do have a percentage that you feel is a confident number? [LB537]

BECKY GOULD: I don't off the top of my head. I could definitely take a look and circle back with you. But I think there are folks who may be struggling with behavioral health issues that are separate and apart from, you know, the challenges of being low income. But I think there are also some studies out there that talk about the toxic stress of being in poverty and the challenges that that places on families and can exacerbate or create behavioral health challenges for folks. So...but I'm happy to follow up and share those studies with you. [LB537]

SENATOR LINEHAN: That substance abuse or behavioral health, if it's chronic, is going to be very hard on a family and their financial situation, is it not? [LB537]

BECKY GOULD: Absolutely. [LB537]

SENATOR LINEHAN: Okay, thank you very much. [LB537]

BECKY GOULD: Um-hum. [LB537]

SENATOR RIEPE: Okay. Additional questions? Seeing none, thank you; it was very informative. Any other opponents? Welcome. If you would state your name and spell it for us, please. [LB537]

DANIELLE SAVINGTON: Thank you, Senators. My name is Danielle Savington; that's D-a-n-i-e-l-l-e S-a-v-i-n-g-t-o-n, and I'm here today, on behalf of Nebraskans for Peace, in opposition to LB537. And you'll have to forgive me, please. I've listened to the testimony and Senator Hughes, and so I'm going to try to modify my comments to not be duplicative. [LB537]

SENATOR RIEPE: We appreciate it. [LB537]

DANIELLE SAVINGTON: First and foremost, Senator Erdman, you brought up a constituent who had a concern because his grandchildren were living in a home with a substance-abusing mother. And you said: what can he do? Well, I work in the juvenile court system; my role is to



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represent parents who are adjudicated of abuse or neglect. And the vast majority of my cases come into the system because somebody who is connected to those children has identified a problem and they've called the child abuse hotline. Nebraska has a phenomenal cadre of Department of Health and Human Services investigators. They investigate if, in fact, his concerns are grounded. That case will come into the juvenile court. And it's a great way to not put the stress on the family to try and navigate the legal process, which brings me to the reason why I think that LB537 isn't the best solution for addressing the drug abuse problems that we have in Nebraska. One thing that I see really frequently with these families is positive UAs. Obviously we're in drug court and family court for a reason and often substance abuse is the problem. But I see false positives on a weekly basis, and you think to yourself: well, you know, science is so defined at this point, how do we get these false positives? Well, a UA gives you an 80-hour look back. I have no idea what I was doing 80 hours ago; honestly, I don't. I don't know what I ate for breakfast this morning, so if I have to think back, before I provide a UA sample, of what over-the-counter medications I was taking 80 hours ago and whether or not those might cause a false positive, I'm not going to get a correct answer. And, Senators, I would posit that many of us are in that position. And we are high-functioning individuals. We're capable of living productive lives. Some examples of over-the-counter medications that you can take that can provide a false positive would be: Benadryl, Tylenol PM or Advil PM, which a lot of us take at night because we're having trouble sleeping; you'll pop positive for PCP. Aleve...we all take that because we have headaches and muscle aches; you'll pop positive for barbiturates. Sudafed, which we take when we have stuffy noses, that's going to pop you positive for amphetamines and methamphetamines. If you get one shot to take a UA test that's going to determine whether or not you receive cash assistance for your family for the next 12 months, and that test is based on your recollection of whether or not you've taken an over-the-counter substance in the past 80 hours that might count as a...might cause a false positive, I would argue that many of us are going to fail that. So the simple solution when you take a UA is that the provider asks you: well, what medications have you taken? And they ask that you bring documentation of what prescription medications you're prescribed. Again, we're high-functioning people and I would argue that a lot of us would have a struggle with that. And when we're talking about somebody who is lower functioning, under extreme economic stress, which we know causes all kind of hormonal fluctuations and difficulties within family structures and fights, the stress level is through the roof. And asking these people to keep track of their medication list and drag it down to the UA office with them to provide the documentation of complex-named drugs on the forms, it just doesn't happen. And that's why so often in juvenile court we see these false positives, and we turn around and we send them out to the lab for confirmation, which costs additional money. That lab confirmation comes back weeks later, and we operate from there. A lot of times then because it's a juvenile court, me, as the attorney, gets involved. And I call my client and we spend time hashing out...what could you have taken? Can you get me documentation of that? Do you have a receipt still? And we provide all that to the judge. None of that process is included in this bill. Additionally, I'd like to talk about the difficulty just getting to the test. A lot of my

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clients have...it takes them hours, an entire day of work. Some of them have to take off so that they can make it to the clinic to test. In Lincoln, the Jenda Clinic is right down the street next to the County Courthouse, and some of my clients have to take two or three bus interchanges just to get to the Jenda Clinic so that they can do their UA. When you're working a minimum wage job, it's a hardship to ask for that time off because so many aren't able to drive. Either they are not able to afford it or their license has been taken away or suspended. I also think that this would expose...when a case comes into the juvenile court, the first thing that happens is a caseworker begins working with the family on what can we do to solve this problem right now. They offer family support, and one of the first things a family support worker does is begin to help the client determine what programs could you be eligible for. They help them get signed up for things like TANF. But the problem is if my potential client, who I haven't even been appointed to yet so I can't provide them any legal information or legal advice, has to give that UA before they get to me, they've already provided documentation that can be used against them in the adjudication stage as well as in any legal proceedings. And I'll stop there. [LB537]

SENATOR RIEPE: Okay, thank you. It's been very helpful. Are there questions from the committee? Senator Williams. [LB537]

SENATOR WILLIAMS: Thank you, Chairman Riepe. And thank you, Ms. Savigton. And I just have one question with...and I think you're the perfect person to answer this with the people that you deal with on a daily basis. It seems to me that some of these legislative efforts are to use the legislation as a deterrent to stop somebody from using a drug. In your judgment, working with these people that have an addiction problem, is this the way you solve and stop the addiction? [LB537]

DANIELLE SAVINGTON: Well, first and foremost...I have two answers to that. First and foremost no, I don't think anybody who is poor enough to qualify for any of these services sits back and thinks: well, no, I'm not going to abuse this substance because I won't qualify for the program. The people who are this poor and who are addicted to substances, their mental health needs that have driven them to abuse a drug--because nobody wakes up and says: wow, meth looks cool; I think I'm going to use some today--their mental health needs have driven them to that purpose. Denying their children Aid to Needy Families (sic--Temporary Assistance for Needy Families) is not going to prevent them from abusing that substance. Now at the same time, the lone benefit that I see to this bill is that I have clients who are about to jam out of their sentencing; they're not eligible for parole because they weren't able to get substance abuse treatment while they were in jail because they haven't, their number hasn't come up on the waiting list in jail. I have even more clients who are on the outside who are waiting, and their juvenile cases are stalled out; we can't reunify their children to them because they haven't completed these substance abuse programs because they're on waiting lists. So if we're proposing to create a new substance abuse treatment program for people who fail out of the UAs so that

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they can receive aid, I can envision a lot of clients who are savvy enough to apply for aid, pop positive, get bumped ahead onto the substance abuse. [LB537]

SENATOR CRAWFORD: Hmm. [LB537]

DANIELLE SAVINGTON: So I don't think it's a deterrent by any means. [LB537]

SENATOR WILLIAMS: And in my reading, under this bill, if that happened and it were determined that residential treatment were the best result, as Senator Hughes testified, the state would pay for it so we could put that person in residential treatment and have the state have a substantial financial cost. [LB537]

DANIELLE SAVINGTON: True. However, getting to the point where a client is recommended for inpatient treatment, first and foremost, is an arduous process. Then once they're recommended by a provider, or by an evaluator, for inpatient treatment, then we have to convince Magellan to pay for it. If Magellan won't pay for it, we have to get the state to pay for it. Then we have to...and then... [LB537]

SENATOR WILLIAMS: It's a process. [LB537]

DANIELLE SAVINGTON: ...we get them on the wait list, yeah. And so we don't have very many programs that can do it, and we have even fewer that have mother/child programs that would allow a family to remain intact. And then, of course, if you have to go into inpatient treatment to receive your drug treatment, your children aren't with you. You're not getting Aid to Needy Families (sic--Assistance for Needy Families) anyways. [LB537]

SENATOR WILLIAMS: Yeah. Thank you. [LB537]

SENATOR RIEPE: Okay. Are there other additional questions? Okay. Thank you very much. [LB537]

DANIELLE SAVINGTON: Thank you. [LB537]

SENATOR RIEPE: Any additional opponents? [LB537]

JULIA TSE: (Exhibit 3) Good afternoon. Good afternoon, Chairman Riepe and members of the Health and Human Services Committee. My name is Julia Tse, J-u-l-i-a T-s-e, and I am a policy

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associate at Voices for Children. Voices for Children is a nonprofit advocacy organization dedicated to building pathways to opportunity for all children and families in our state. Like other testifiers, we have been in touch with Senator Hughes's office, as well, about this bill to let him know about our concerns. And we're happy to work with his office to figure something out. But I will still take this opportunity to get some ideas percolating. We all want our youngest Nebraskans to have every opportunity to succeed in life. Children do best when they are supported by strong parents and have a supportive community. Voices for Children in Nebraska opposes LB537 because it hinders the ability of our state to move families to self-sufficiency and protect children from harm. The primary purpose of our ADC program is to support families so that children can stay in their own homes, while also promoting self-sufficiency in parents through the Employment First program. Research from other states show that drug screening and public assistance programs produces fiscally responsible outcomes, and LB537 would directly harm innocent Nebraska children through the loss of benefits utilized to meet basic needs. We know that most of the families that are on ADC, like we saw in the previous bill, our neediest families...they...a family of three is making about \$9,000 a year. So that will directly harm their ability to make ends meet. ADC is, from our perspective, perhaps not the best place to address parental substance use. We already have the system in place that addresses that effectively with programming and good casework, and that's our child welfare system. And to my understanding, the department has a sort of pilot program between EA and CFS already underway in Omaha and North Platte, and that's to sort of get those two branches of the department to work together to make sure that our families that are in one system are also able to benefit from the programs of other systems. So I would say that that is maybe a good place to start when we're talking about this particular issue. But we also know that most of the people that are on ADC...there will always be a children...a child involved. So we have a lot of questions about where our children will go if they...if their parents end up in treatment, especially if that's a single-parent family. About 80 percent of the recipients in our state were children, and most of them were really young kids, so I think getting out...getting some of the details about referral versus actual treatment is a big concern of ours. We know that 92 of our 93 counties have a mental health provider shortage, so that is a big problem, especially for families who may be out state, whether or not they'll have to relocate and where their children will end up is a big question. Substance use orders have reached crisis levels in other states, and we have been really concerned, over recent years, by the impact of parental substance use disorders in our child welfare system. In 2015 parental drug use was identified 1,600 times, or 22 percent of all of those three dependency filings in juvenile court, when in just...when just two years ago there were only 462 incidences, or 14 percent of all removal reasons. So we believe that the increased cost of drug screening without proper funding for adequate treatment services would be exacerbated by additional costs borne by our already overburdened child welfare system. As a state, Nebraska has the responsibility to respond effectively to cases of child maltreatment but, especially amidst our revenue shortfall, a number of important services are unfortunately already on the chopping block. And we believe that this would further push families into a more serious crisis. So I want

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to close and thank Senator Hughes and this committee for their time and consideration. We would respectfully urge you to not advance this bill and, instead, work to address parental substance use disorders in a way that better supports children and families by making treatment accessible for everyone who needs them. And I will just finish up by answering a question that was posed earlier about the interaction of mental health and poverty, that Senator Linehan had. So I looked at our Kids Count and this is not a perfect measurement, but we know that last year there were 20,654 children that received mental health or substance abuse services through our Medicaid and CHIP programs, which you can sort of infer that they are probably from low-income families. So that's about 5 percent of our total child population. [LB537]

SENATOR LINEHAN: Thank you. [LB537]

SENATOR RIEPE: Okay. [LB537]

JULIA TSE: You're welcome. [LB537]

SENATOR RIEPE: Thank you. Are there other questions from the committee members? Seeing none, thank you very much. [LB537]

JULIA TSE: Thank you. [LB537]

SENATOR RIEPE: Any other opponents? Anyone testifying in a neutral capacity? Tyler, do we have any letters? [LB537]

TYLER MAHOOD: (Exhibits 4-17) Yes, I have a letter signed by Shannon Pevoteaux, signed by themselves, in support. The following letters are in opposition: Sarah Ann Kotchian of the Holland Children's Movement; Christie Abdul of the National Association of Social Workers-Nebraska Chapter; John Else and Sherry Miller of the League of Women Voters of Nebraska; Amy Behnke of the Health Center Association of Nebraska; Beatty Brasch of the Center for People in Need; Terry Haverkost on behalf of themselves; Nancy Meyer on behalf of themselves; Michael Andahl on behalf of themselves; Melissa Konecky on behalf of themselves; Connie Shockley on behalf of themselves; Amy Cherko, representing themselves; Kelly Seacrest, representing themselves; and Cecilia Rossiter, representing themselves. And that is it. [LB537]

SENATOR RIEPE: Okay, thank you very much. Senator Hughes, you're welcome to close. [LB537]

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SENATOR HUGHES: Thank you, Chairman Riepe, members of the committee. I appreciate you taking the time to hear this bill. As I stated in my opening, this is a work in progress. I just wanted to get the conversation started, and I certainly want to reiterate that I'm willing to work with all the parties that have concerns with this bill, that we move forward with the best bill possible. I realize that's probably not going to happen this session but, hopefully, over the summer we can get everybody together and make sure we come with correct version of what the intent is, and that is to try and identify people who have a problem and get them the treatment they need to become productive citizens. Thank you. [LB537]

SENATOR RIEPE: Okay, thank you. Are there questions from the committee? Hearing none, thank you very much, Senator Hughes. [LB537]

SENATOR HUGHES: Thank you. [LB537]

SENATOR RIEPE: That concludes the hearing today on LB537. And that concludes it. We will be going into Executive Session. [LB537]