

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee January 29, 2021
Rough Draft

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ARCH: Good morning, and welcome to the Health and Human Services Committee. My name is John Arch. I represent the 14th Legislative District in Sarpy County and I serve as Chair of the HHS Committee. I'd like to invite the members of the committee to introduce themselves-- start-- starting on my right with Senator Murman.

MURMAN: Good morning. I'm Senator Dave Murman from District 38, and that is seven counties to the west, south and east of Kearney and Hastings.

WILLIAMS: Matt Williams from Gothenburg, Legislative District 36, Dawson, Custer, and the north portion of Buffalo Counties.

ARCH: Thank you. Also assisting the committee is one of our legal counsels, Paul Henderson, and our committee clerk, Geri Williams, and our committee pages, Peyton and Sophie. A few notes about our policies and procedures. Please turn off or silence your cell phones. This morning we will be hearing three bills and we'll be taking them in the order listed on the agenda outside the room. The hearing on each bill will begin with the introducers opening statement. After the opening statement, we will hear from supporters of the bill, then from those in opposition, followed by those speaking in a neutral capacity. The introducer of the bill will then be given the opportunity to make closing statements if they wish to do so. For those of you who are planning to testify, you'll find green testifier sheets on the table near the entrance of the hearing room. Please fill one out and hand it to one of the pages when you come up to testify. This will help us keep an accurate record of the hearing. We use a light system for testifying. Each testifier will have five minutes to testify. When you begin, the light will be green. When the light turns yellow, that means you have one minute left. When the light turns red, it is time to end your testimony and we will ask you to wrap up your final thoughts. When you come up to testify, please begin by stating your name clearly into the microphone and then please spell both your first and last names. Due to social distancing requirements, seating in the hearing room is limited. We ask that you only enter the hearing room when it is necessary if you attend the bill hearing in progress. The list will be updated after each hearing outside the room to identify which bill is currently being heard. We request that everyone utilize the identified entrance and exit doors to the hearing room. We request

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that you wear a face covering while in the hearing room. Testifiers may remove their face covering during testimony to assist committee members and transcribers in clearly hearing and understanding the testimony. Pages will sanitize the front table and chair between testifiers. This committee has a no-- has a strict no props policy. With that, we will begin today's hearing with LB351. Welcome, Senator Linehan.

LINEHAN: Good morning, Chairman Arch, Health and Human Services Committee. My name is Lou Ann Linehan, L-o-u A-n-n L-i-n-e-h-a-n, and I represent Legislative District 39, which is the western part of Douglas County. I'm here today-- today to introduce LB351. Step Up to Quality is Nebraska's quality rating and improvement system. It keeps early child care providers and educators-- it helps-- excuse me, it helps early child care providers and educators recognize and improve quality. Aids parents in their search for quality child care and offers an accountability to tool for policymakers. Child care providers enrolled to Step Up to Quality program have demonstrated a commitment to providing quality care for Nebraska's children. Those who have achieved Step Up-- excuse me, those who have achieved a step above step one are likely proud of this ranking. We should encourage growth in additional slots for these providers and remove barriers to growth. Child care providers looking to grow their businesses may need to change license type. A very common example of this is a family child care home one, who can serve four to eight children, plus two school age children during nonschool hours. They may want to grow and become a family child care home two who can serve up to 12 children. For instance, a family child care home, one rated step four-- so they're-- they're one, but they're rated four, these numbers get confusing, serving eight children that is hoping to serve twelve children would need to change license type to a family child care two when applying for a new license type. This provider will be given a provisional license for one year. The current statute, which we need to change, and that's what this bill does, says a participating applicable child care or early childhood education program operating under a provisional license shall have the quality scale rating at step one if it meets other qualified quality rating criteria. So in other words, you want to grow and because you have to go to a provisional license for a year, you could be at a four and all of a sudden you fall to a one which you can imagine would be a bit

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irritating. So at the family child care home rated step four looking to serve additional children currently must be listed as a step one for the duration of its provisional license. LB351 changes that so you may still be rated as a four. As you all know, Nebraska has a short-- shortage of quality child care slots across the state, with 91 percent of the counties not having enough supply to meet demand. LB351 removes one potential barrier to growth for quality child care providers, so thank you. And if you have questions, I can try to answer them, but there are people who know more about this than me as a testifier.

ARCH: Thank you, Senator Linehan. Are there questions for the Senator? Seeing none, will you stay to close?

LINEHAN: I think I'll go back to Revenue.

ARCH: OK.

LINEHAN: If that's OK.

ARCH: All right.

LINEHAN: I don't think-- I mean, this seems like a rather simple-- we need to fix it.

ARCH: Thank you.

LINEHAN: Thank you very much. Have a good day.

ARCH: We'll now ask the first proponent for LB351 to testify. Welcome to the HHS Committee.

ADAM FESER: Good morning. Thank you for having me. Chairman Arch, members of the Health and Human Services Committee, my name is Adam Feser, A-d-a-m F-e-s-e-r. I'm a policy advisor for First Five Nebraska, an early childhood policy organization dedicated to ensuring all children have access to quality early childhood environments. On behalf of First Five Nebraska, I'm here to testify in support of LB351, and I also want to thank Senator Lou Ann Linehan for introducing it. And as I was listening to Senator Linehan's introduction, she covered a lot of the main points I wanted to, so I don't want to just sit here and repeat them. Seems pretty common sense. Particularly in rural areas that lack adequate child care, that

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rely on family child care, this seems like a no brainer to remove one potential barrier to growth. All the child care providers I speak to like this. We have three letters that were submitted from providers that directly are affected by this that would love to see this change to cost-free common sense solution. And we've also spoken with the department and the people that do the ratings, and NDE, they helped us with this, so we're very supportive of it. But I wanted to be here in case you had any questions about the bill or anything, I could clarify.

ARCH: OK, thank you. Questions? Senator Williams.

WILLIAMS: Thank you, Chairman Arch, and thank you, Mr. Feser, for being here. Just one simple question. Looking through the materials, I understand that the quality rating can also affect the reimbursement amount, is that correct?

ADAM FESER: Yes. So if you--

WILLIAMS: Can you explain that a little bit.

ADAM FESER: Perfect. That's actually a great point that I'm kind of disappointed I didn't raise it myself. Thank you, Senator Williams. So if you served children on subsidy and those children have a family that lives depending on, you know, 130 percent federal poverty or below, and those are the children that most benefit from high quality early care and education, as you demonstrate quality, so step three and above, your reimbursement rate that the child care subsidy will pay you goes up because they want to incentivize that. So that is another thing that would be a disincentive to growing your business if you had to drop back down to step one and it negatively impacts your child care subsidy reimbursement. That-- that's another excellent point, another strong argument for LB351. Thank you.

WILLIAMS: Thank you for clearing clarifying that.

ARCH: Other questions? I have one.

ADAM FESER: Sure.

ARCH: The program itself Step Up to Quality, how often-- how often do you review the quality levels? In other words, can they-- can a-- can

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a provider move these levels at their own pace? Is that-- is that how the program is set up?

ADAM FESER: Yes. And they have-- as you get in the program, there's sort of guidelines that help guide you through what it takes to climb the steps. And they have, you know, readiness for your next assessment tools. And so you request assessments not more than every year. And you can-- so you-- like our child care center, UNL Children Center, they have been a step two when we started, and they worked really hard to get everything prepared, and when they felt like we know we're a step five now, they put in a request that they'd be reviewed so then they got their step five rating. So it's--

ARCH: And is it self-assessment or does somebody actually come out and survey?

ADAM FESER: The department comes out and they do assessments that were there watching. There's other things like how many trainings you have, education levels. There's a variety of things, your parent engagement. And we're actually-- the department and partners are in the process of reviewing some of these things to make sure that the Step Up Quality has been around over-- just over five years now. So they're looking at, you know, are there things we can improve to, you know, make sure we're addressing the needs of family child care and different things like that. So that process is under way and this is actually one of the things that has come from that process. And I sit on that revision team and so this is something that we--

ARCH: OK.

ADAM FESER: --one fix we thought would be a good way to start.

ARCH: Do you have to reconfirm that you're a level whatever periodically? If you don't move up to a higher level, do you have to be reassessed periodically at that level?

ADAM FESER: Yes. So say you make like step five, I think currently the reassessment is only every five years once you reach the top. That's one of the things that they're looking at, is that not quickly enough? Do we need to change that? But they are-- there are guidelines for when you are reassessed.

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ARCH: OK, thank you. That's very helpful. I was not familiar with the program. So other questions? Seeing none, thank you very much for your testimony.

ADAM FESER: Thank you for your time.

ARCH: Other proponents for LB351? Seeing none, are there any opponents for LB351? Anyone like to testify in a neutral capacity? Seeing none. I don't believe we received any written testimony this morning, but we did receive three letters of support. And Senator Linehan is not with us, so we will close the hearing on LB351 at this time. Are you going to-- are you going-- did you clean the table?

SOPHIE HOLTZ: Yeah.

ARCH: Oh, you did, OK. I'm sorry my head was down, so please have a seat, Senator. Thank you. We'll now open the hearing for LB306. Senator Brandt, you may proceed.

BRANDT: Good morning, Chairman Arch, and the Health and Human Services Committee, I am Senator Tom Brandt. I represent Legislative District 32, Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster County. Today, I'm introducing LB306, a bill to expand eligibility requirements for the LIHEAP program. This was brought to us by the Omaha Public Power District to make this program more efficient and productive. The Low Income Home Energy Assistance Program, LIHEAP, helps low income households by providing financial assistance to offset heating and cooling costs on their utility bills. The LIHEAP program, in addition, provides year-round crisis assistance, emergency furnace repair and replacement, fan program and weatherization services for eligible Nebraska households. LIHEAP specifically helps households that pay a high portion of the income from home-- for home energy to meet immediate home energy needs, and it is essential in keeping our state's most vulnerable population safe from extreme weather conditions. LIHEAP in Nebraska is solely funded using federal funds. LB306 would use the annual reoccurring supplemental and carryover funds for the proposed changes. It does not use any state funding. Specifically, LB306 would allow more low income utility customers to be eligible for the program by increasing the income eligibility threshold from 130 percent of the federal poverty level, FPL, to 150 percent of the FPL as is done in 14 other states. There

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are only 8 other states with an income limit below 150 percent of the FPL, including Nebraska. Since its inception in 1981, the LIHEAP program has helped hardworking families in tough times and continues to do so, especially with COVID-19. Right now, LIHEAP serves 37,753 household and LB306 would extend it by 8,313 more. This is per the fiscal note from DHHS. The LIHEAP program is effective at reducing energy burdens for low income households and prevents service interruptions by depositing the funds directly with energy providers. This legislation also will ensure that not less than 10 percent of the LIHEAP funds will be allocated to weatherization assistance. According to federal law, up to 15 percent of the funds could be used for weatherization, as is currently done in 31 states. In Nebraska, it is around 8 percent. Weatherization assistance programs, which are administered by seven community action agencies and Habitat for Humanity, enable low income families to permanently reduce their energy bills by making their households more energy efficient. This gets to the root of the problem that energy assistance programs try to address, making it easier for customers to pay their energy bills. The percentage of weatherization assistance has fluctuated the last five fiscal years, which you can see in the handouts. It has never been more than 8 percent and it has been as low as 4 percent. This aspect of LIHEAP could be removed by DHHS at any time, so we're asking for it to be 10 percent by statute. We listen to the concerns of the Nebraska Department of Health and Human Services had on the bill and have removed language to help streamline the application process. Presently unused LIHEAP funds that would be sent back to the federal government are used to make supplemental or extra payments to current enrollees. We want the HHS to correctly use the money in Nebraska and expand the number of households that receive assistance. Nebraska uses 10 percent of federal LIHEAP funds, 3.3 million in fiscal year 2019 out of 33 million for administration of the program by DHHS. There are only 2.5 FTE employees working on LIHEAP full time, so DHHS' costs would be covered for the proposed changes LB306 makes to eligibility, but we have not received from DHHS is an accounting of where the 3.3 million is being spent. The goal of this bill is to reduce or eliminate supplemental payments that are issued due to excess LIHEAP funds not spent at the end of every program year. The amount of households that receive LIHEAP assistance continue to go down annually as is shown in the handout. The LIHEAP program continues to increase program benefit levels in order to adjust to the decrease in the number of households

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participating in the program and continues to leave DHHS with surplus funding available. This can be seen in your handouts. With the exception of 2016, the trend of households signing up is downward. The supplemental payments that DHHS is sending out could instead go to aid additional eligible households at 131 to 150 percent federal poverty level. There is enough money to go around here. We wholeheartedly disagree with DHHS that state funding will have to be increased due to expanded eligibility because no state funding is involved. I am extremely disappointed in and feel ambushed by the fiscal note written by DHHS. It is riddled with discrepancies and inconsistencies. I'd like to point out on page 1 of the fiscal note, it said the bill would lead to 22,555 additional households. Yet on page 2, they say 8,313 households. Which is it? Another discrepancy is the processing time. Where did they get the annual processing time of 2 hours per application? LIHEAP has no additional reporting requirements throughout the program year, yet on page 2 of the fiscal note, it's noted that it requires 5 hours work per year. Which is it? LB306 has many letters of support, including from AARP, NPPD, MUD, United Way of the Midlands and others. The bill also has 24 co-sponsors representing widespread support to help more Nebraskans in need that reduces red tape. We would like to thank the OPPD team who helped put this bill together. Britton Gabel, a former program manager of the LIHEAP program at the Department of Health and Human Services, will be testifying after me and he can answer any questions about LIHEAP, but I am happy to answer any questions from the committee that you have at this time. Thank you.

ARCH: Thank you, Senator Brandt. Are there questions from the committee? Senator Walz.

WALZ: Thank you, Senator Arch, and thank you for bringing this bill, Senator Brandt. Can you just quickly explain, and maybe you did and if you did, I apologize, what the fiscal note is, how much it is and what it will be used for.

BRANDT: Sure. So we-- we received the fiscal note yesterday, so that's pretty fast, 24 hours before the hearing. There really should be no fiscal note. They are saying they need to add by year two, 22 social work-- 21 social workers and two supervisors for this program. And I guess I sort of view it as ACCESSNebraska and you guys are way more familiar than I am, I think administers multiple programs at this time

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at multiple different FPL levels. All we're asking is to change 130 on the LIHEAP program to 150 percent. I would assume, I do not know this, that people are applying for this program and getting denied now. OK. So now these people would be approved, so now all of a sudden the people we're approving, we need 23 more people to administer this. And when Mr. Britton comes up here, he can explain some of the numbers but it's really confusing and it takes a little while to wrap your head around. And we're using fiscal year '19 because we have the complete numbers for fiscal year '19 that in the allocation changes a little bit from the federal government. But we received \$33 million. The state gets 10 percent off the top for administration. OK, and he can probably explain where that goes. If the state does not use 90 percent of the funds expended, it is required to send them back to the federal government. In lieu of that, the state is using that number and I'll give them credit for this, rather than send it back to Washington, D.C., they're taking the residual dividing it by, I believe, the number of applicants that were successful and just putting extra money into their accounts, whether it is for propane or it is for natural gas or it is for electrical. So that's how they're keeping the money in Nebraska. And what we're saying is that money, by rights, could be used to help additional families out there. So I think that answers your question.

WALZ: Yeah, it does. The total cost for 21 social workers and 2 supervisors.

BRANDT: Yeah, they've got-- they've got a number of 1.5 million in year two.

WALZ: OK.

BRANDT: Yeah.

WALZ: Thank you.

BRANDT: Yeah.

ARCH: Other questions for Senator Brandt? Seeing none, thank you very much. Will you be staying to close?

BRANDT: Yes, I will.

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ARCH: Thank you. Other proponents for LB306? Welcome to the HHS Committee.

BRITTON GABEL: Yeah, thank you, Senator Arch. I'll let them get the handouts passed out. Good morning, Chairman Arch, and members of the committee. My name is Britton Gabel, B-r-i-t-t-o-n G-a-b-e-l. I am a senior product specialist who manages the customer advocacy programs, and I'm testifying on behalf of Omaha Public Power District. I thank you for the opportunity to submit testimony to the Health and Human Services Committee on this important legislation. OPPD supports LB306. I'm also testifying in support on behalf of the Nebraska Public-- the Nebraska Power Association. The NPA is a voluntary association representing all Nebraska-- all of Nebraska's approximately 165 customer-owned power-- public power systems including municipalities, public power districts, public power and irrigation districts, rural public power districts, rural cooperatives that engage in generation, transmission and distribution of electricity in Nebraska. My comments today are based on my unique professional experience of working for the Nebraska Department of Health and Human Services being responsible for the administration of the Low Income Home Energy Assistance Program prior to joining OPPD in January of 2019, and more recently being responsible for managing OPPD's customer advocacy programs and services. This viewpoint outlines the benefit of the LIHEAP program and identifies opportunities for programmatic improvement that this legislative begins to address in the state of Nebraska. The-- the Department of Health and Human Services indicated that they will be opposing LB306, because they say it'll increase state funding to the increased eligibility. My experience running the program tells me that they can administer this program without any additional costs or fees. The LIHEAP-- LIHEAP helps low income households stay safe and healthy by providing financial assistance to offset-- to offset the cost of heating and cooling. LIHEAP particularly helps households pay a high portion of household income for home energy to meet immediate home energy needs. The LIHEAP program provides heating-- heating assistance, cooling assistance, year-round crisis assistance, emergency furnace repair and replacement, fan-- a fan program and weatherization services for eligible Nebraska citizens and households. This legislation is not asking the state of Nebraska to use state funds to support utility assistance. It's asking the state to take action to better utilize federal dollars to provide utility assistance

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to our residents that need it the most. Again, this is not state money. LB306 makes two important changes to the LIHEAP program in our state. The annual income limit for the program is 130 percent of the federal poverty level in Nebraska. This bill would increase the annual-- the annual income limit from 130 percent to the federal of the FPL to the federal maximum allowed of 150 percent of the federal poverty level. This change will open up the program to approximately 30,000 households in Nebraska. The program is currently open to 111,000 households, approximately on an annual average-- and you guys have the handouts available in front of you, 35-- 38,500 households are served annually by the program. The LIHEAP program is essential in keeping the state's most vulnerable population safe from extreme weather and high energy burden costs. The program is effective at reducing the energy burden for low income households and preventing service interruption. Therefore, it's imperative that the state of Nebraska take action to allow more of our population to be eligible for a program by increasing the eligible-- the eligibility threshold. This will allow more customers to ask-- to access a program designed to prevent service interruption. In addition, since the inception of the LIHEAP program in 1981, up to 15 percent of the funds could be used for weatherization. This legislation will ensure-- will ensure nothing less than 10 percent of LIHEAP funds be allocated to weatherization. Weatherization assistance programs enable low income families to permanently reduce their energy bills by making their households-- their homes more energy efficient while ensuring the residents health and safety. This gets to the root of the problem that energy assistance programs try to address in our state making it easier for customers to pay their energy bills. Many households across the state cannot afford-- afford utility bills, put food on the table, pay their rent or mortgage, child care, medical expenses. Households across the state whose eligibility is slightly above 130 percent of the federal poverty level lose a disproportionate amount of government assistance by not being eligible for the LIHEAP benefits in Nebraska. Suddenly, households find themselves worse off than when they were previously receiving benefits and experience the cliff effect as households work hard to get out of poverty. LB306 is the next step in ensuring households across the state have access to a program designed to reduce energy costs and prevent service disruption. At the same time, this bill addresses the hidden policy barrier-- barrier with the LIHEAP program that prevents many people from finding a bridge out of

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poverty. OPPD and MPA urge this committee and the Legislature to pass LB306. Utilizing LIHEAP funds as allowed by federal law will help low income households stay safe and healthy by providing financial assistance to offset utility costs. Thank you for your time and I am happy to answer any questions you have.

ARCH: Thank you for your testimony. Are there questions? Senator Murman.

MURMAN: Thank you, Senator-- Senator Arch, and thank you for coming in. In making the payments-- the federal government making the payments to low income households, do they pay the energy bills or is it deposited in their low income households account and then they use the money to pay the bills? How does that work?

BRITTON GABEL: Senator Murman, the Nebraska Department of Health and Human Services determines a household's eligibility for the LIHEAP program, and if they're eligible, they send that benefit directly to the utility company. So as an example, if they're eligible for heating assistance, it goes through their heat fuel source, so if they're all electric, it comes to OPPD if they live in our service territory. If they're natural gas, it goes to MUD, Black Hills, et cetera.

MURMAN: Thank you. I have a question also about the cliff effect. You mentioned this would reduce the effects of the cliff effect. Actually, if I'm reading it correctly, it would raise the cliff effect. I mean, it wouldn't stirstep it or anything, it would just raise the--

BRITTON GABEL: So you're--

MURMAN: --where-- where the cliff effect would take effect.

BRITTON GABEL: OK. Senator Murman, so right now, the LIHEAP program, actually the 130 percent of the federal poverty level aligns with food stamps. So when somebody transitions, so let's say somebody gains employment and there at 132 percent of the federal poverty level, they lose food stamps and they lose LIHEAP. So now losing-- losing both utility systems and LIHEAP, now they're-- they're worse off having to pay for food and utility assistance than they were when they were making-- before taking a-- it could be up to, let's say, a 50 cent of raise. So that's what I mean by that on the cliff effect is that by

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expanding the LIHEAP program, when people lose food stamps and are still responsible for their utility bills, we have an opportunity to use a federal benefit and a federal fund based on the federal legislation to expand that program up to 150 percent, to reduce the cliff effect and allow our customers money that they make or our citizens Nebraska money to go further to help all the food, medical expenses, et cetera.

MURMAN: Thank you.

ARCH: Other questions? Seeing none, thank you very much for your testimony.

BRITTON GABEL: Thank you so much.

ARCH: Are there other proponents for LB306? Seeing none, are there opponents for LB306? Good morning.

STEPHANIE BEASLEY: Good morning. Good morning, Chairperson Arch, and members of the Health and Human Services Committee. My name is Stephanie Beasley, S-t-e-p-h-a-n-i-e B-e-a-s-l-e-y, and I serve as the director for the Division of Children and Family Services within the Department of Health and Human Services. I'm here to testify in opposition to LB306, which would increase the income eligibility limits for Low Income House-- Home Energy Assistance Program, or LIHEAP, from 130 percent of the federal poverty level, FPL, to 150 percent of the FPL. LB306 would also require DHHS to allocate a minimum of 10 percent of available LIHEAP funds for weatherization assistance. If enacted, this will reduce the amount of benefits households will receive and increase the administrative cost of the program. DHHS anticipates that increasing the eligibility limit would increase the number of households eligible to be served by approximately 8313 and approximately 22,555 individuals. As federal funding for this program is finite, any increase in the number of households served would decrease the amount of funding available to serve each individual household. This means benefits would be reduced for everyone, including households with the lowest income. Additionally, an increase in the number of eligible households would also increase DHHS administrative cost and thus the amount of state funds expended on the LIHEAP program. Federal law generally prohibits statewide LIHEAP grantees from spending more than 10 percent of the

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total award for the administrative cost. Any remaining costs must be covered by state funds. As a result of this federal prohibition, DHHS had to expend over 3.5 million in state General Funds in federal fiscal year '20 when it had received over 32 million in federal LIHEAP funds. DHHS anticipates it would need an additional 21 social service workers and 2 social service supervisors if LB306 were enacted. This, in turn, would require an additional 1.4 million in state General Funds. Allocating a minimum of 10 percent of LIHEAP funding for weatherization is similarly expected to reduce the funding available for other LIHEAP programming by a minimum of \$624,341 and increase the amount of state General Fund expended for administrative costs of 83,723. In summary, LB306 would expand eligibility for LIHEAP and increase the number of households receiving weatherization assistance. However, in doing so would also reduce the amount of benefits available to the lowest income households in Nebraska and require the state of Nebraska to invest additional state General Funds in the administration of the program. Thank you for the opportunity to testify today. I'm happy to answer any questions.

ARCH: Thank you, Director Beasley. Are there questions from the Senators? Senator Williams.

WILLIAMS: Thank you, Chairman Arch, and thank you, Ms. Beasley, for being here again. We've been in this program for a long time and as the testimony said, I think there are 8 states is all that are not at the 150. You have any history of why it was chosen that Nebraska started at the 130 level versus a higher level?

STEPHANIE BEASLEY: I don't, Senator, I'm sorry. I can get that for you.

WILLIAMS: OK. I want to be sure that I'm understanding something that-- that I think you testified to correctly. When you say that the federal funding for the program is finite. So if we have more participants that qualify for the program, it doesn't increase the amount of federal dollars that are coming here. So we're going to take the same pie and split it up more ways is what you're suggesting so that those that are in the more severe poverty levels could receive less help under this program.

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STEPHANIE BEASLEY: That's exactly right. So to your analogy, they get a smaller piece of the pie.

WILLIAMS: OK, yeah, I just wanted to be sure that I understood that. And then you're-- you're still talking about the-- the increase in operational costs for the department that are not fully-- would not be fully covered by federal dollars, is that correct?

STEPHANIE BEASLEY: Correct.

WILLIAMS: So in-- in your judgment, there would be an increase in General Fund cost to this?

STEPHANIE BEASLEY: Yes, Senator. It's both the initial eligibility and then an ongoing monitoring of the program. There is a heating and-- there's a heating assistance program, then there's a cooling assistance program. And so it's that continued eligibility and monitoring for, you know, eligibility for those programs. We have multiple programs within it, like weatherization, crisis, repair, and then heating, cooling fans, et cetera. So there are multiple components than the LIHEAP program.

WILLIAMS: Thank you.

STEPHANIE BEASLEY: Thank you, Senator.

ARCH: Other questions? Senator Cavanaugh.

M. CAVANAUGH: Thank you. Thanks for being here. Um, so if more people participate, then the amount goes down that everyone receives.

STEPHANIE BEASLEY: Yes, Senator.

M. CAVANAUGH: What is the average amount of assistance that individuals are currently receiving?

STEPHANIE BEASLEY: I can get the exact amount. I don't have the exact amount that each individual entity is receiving, but I can get that for you.

M. CAVANAUGH: OK. Um, and I'm-- I'm a little-- I'm a little confused, I apologize. It says, DHHS had to spend over 3.5 million in state

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General Funds for the administration of it? That's-- and by my math, 10 percent of the 32 million would be 3.2 million. So it cost us 6 million, almost 7 million to administrate?

STEPHANIE BEASLEY: So if there is an initial eligibility for the household, so the state of Nebraska also has an investment basically in state dollars for social service workers in determining eligibility in the ongoing monitoring of the eligibility of the various programs.

M. CAVANAUGH: But we can use 3.2 million of the federal dollars to pay the administrative costs.

STEPHANIE BEASLEY: Yes.

M. CAVANAUGH: So we're-- we're using that and an additional 3.5 million?

STEPHANIE BEASLEY: Yes.

M. CAVANAUGH: Is that because we have so many social workers determining the eligibility, or--

STEPHANIE BEASLEY: I can get the exact understanding and the breakdown of that for you. But it is-- it is the determination and the ongoing monitor. This is at the 2.5, LIHEAP staff are the central office staff that you have, but their eligibility is determined in the field by social service workers. And so we're spreading those dollars out across that.

M. CAVANAUGH: So how many social service workers are currently administering this program?

STEPHANIE BEASLEY: It's a-- it's all of our-- our workers would have-- would be determining eligibility when the call comes in, but I can find out exactly.

M. CAVANAUGH: Because you'd be adding 21.

STEPHANIE BEASLEY: Yes.

M. CAVANAUGH: And I guess I--

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STEPHANIE BEASLEY: Across the state.

M. CAVANAUGH: --I'm curious how many are we currently-- you'd be adding. So OK, can you-- I'm sorry. Can you walk me through how this works.

STEPHANIE BEASLEY: So I think, um-- are you asking, based on our current numbers, how many social service workers does it take right now today?

M. CAVANAUGH: Yeah.

STEPHANIE BEASLEY: I can get that for you.

M. CAVANAUGH: Yeah. And I-- I'm-- I'm a little confused as to the process. So if somebody calls in and requests this-- the service, the funds, and the social service worker is assigned to that case, and then is that social service worker specifically to administer the LIHEAP program?

STEPHANIE BEASLEY: The social service-- it's a state-- it would be a state worker that would determine whether or not they're income eligibility.

M. CAVANAUGH: But they do things other than the LIHEAP program.

STEPHANIE BEASLEY: Yes.

M. CAVANAUGH: So how are you determining their time? I guess, I'm-- I'm confused. Like, if they're not dedicated to the program, you're going to hire 21 people who would be dedicated to the program?

STEPHANIE BEASLEY: No, we would take the number of households that we would expect that this increase would create. And then we look at the amount of time that each social service worker look at-- how do-- how long does it typically take for eligibility to be determined on one of these households and then the ongoing monitoring? So when you take the number of households that are going to be potentially eligible and applying, you take the amount of time that social service workers typically spend on eligibility. That's how we got to that 21.

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M. CAVANAUGH: So if the-- if we were to pass this and increase the eligibility to 150 percent, you would have to hire 21 social workers?

STEPHANIE BEASLEY: That would be the additional cost, yes.

M. CAVANAUGH: And those social workers would only do LIHEAP then?

STEPHANIE BEASLEY: No, we would-- again it gets spread out and so that's 21. I think of it in terms of this is helpful of FTE, so we would hire 21 additional FTE positions that we would need to determine eligibility. Often we spread eligibility determinations, calls, different task in the key--

M. CAVANAUGH: Right.

STEPHANIE BEASLEY: --of determine eligibility for programs across multiple people. We're solely looking at the potential for the number of household increase and just that potential workload increase with those households that then would result. But it ultimately many of our task gets spread out across multiple programs, and so they're determining eligibility adding this.

M. CAVANAUGH: So, sorry. I'm trying to figure out exactly how many-- so you're-- would you hire 21 individuals or would you be allocating 21 FTEs because if you're-- because it's figuring out benefits for 21 people, it's figuring-- this fiscal note is to me reads, we would hire 21 people and this would be their job. But that doesn't seem practical to how our social services work. And so that's what I'm trying to tease out here in trying-- and understand a little bit better.

STEPHANIE BEASLEY: Thanks, Senator. Yes, it would be an additional 21 staff. I think operationally we likely would not just put them on LIHEAP, but it's 21 additional FTE. And so ultimately you get this spread. They might-- they might take other things. And the additional households would also be added to the other social service workers, so it's--

M. CAVANAUGH: So the cost could be spread across those programs then, so that 1.4 million in additional costs wouldn't have to go just towards LIHEAP if they are doing administering other programs. Like SNAP, we could be utilizing the administration dollars that we get federally to parse out some of those things.

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STEPHANIE BEASLEY: So I think of it in terms of workload. You're ultimately increasing workload to the tune of 21 FTE.

M. CAVANAUGH: Right.

STEPHANIE BEASLEY: That's ultimately where when we looked at eligible households, when program staff said this is how long it takes to determine eligibility, this is what this looks like, we think this is 21 FTE, 21 positions. I-- you know we do have sort of-- it's really just the workload increase that would say this workload equals 21 full-time employees. So ultimately, you know, it's the state-- it's the state dollars that are increasing the administration costs just for adding those FTE. But ultimately it really is based on LIHEAP workload. If I'm--

M. CAVANAUGH: So I have two more questions. I'm sorry, Chairman Arch, if that's all right.

ARCH: Sure, please.

M. CAVANAUGH: Um, OK, so let me figure out which one should be ordered first. So 21 FTEs, do we currently utilize other federal programs such as SNAP to pay or allocate-- save one person. A quarter of their work is LIHEAP, a quarter of their work is SNAP, so are we allocating a quarter of our administrative costs from LIHEAP and a quarter of our administrative costs from SNAP so that we aren't meeting that 10 percent so quickly? Or is that 30--3.5 million that we're spending in General Funds? Is there an opportunity for us to be allocating those General Funds to other federal programs that those individuals are working on? Does that track?

STEPHANIE BEASLEY: I'm not sure I understand your question. So--

M. CAVANAUGH: Maybe this is something we should follow up with.

STEPHANIE BEASLEY: Yeah. Is it--

M. CAVANAUGH: Sorry.

STEPHANIE BEASLEY: Are you-- so about the allocations?

M. CAVANAUGH: Yeah.

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STEPHANIE BEASLEY: OK.

M. CAVANAUGH: And then my last question is, if we were to pass this, is there-- is there an issue with hiring 21 workers, cost aside, is there-- is there an issue with hiring 21 workers?

STEPHANIE BEASLEY: Are you asking about finding 21 social service workers?

M. CAVANAUGH: Yes.

STEPHANIE BEASLEY: Yes. You know, we-- we work really hard to fill our positions. Obviously, every organization has vacancies, and so I think there are always people who care to do this really important work and support. And so, you know, we do always have vacancies and we're always hiring and training and-- and working to support. I don't know that there would be an identified need in hiring, you know, or finding 21 people who would be interested to do this really important work.

M. CAVANAUGH: OK, thank you.

ARCH: Other questions? Senator Murman.

MURMAN: Thank you, Senator Arch. So to be eligible for LIHEAP, it was mentioned that it's the same as the SNAP program now. Wouldn't it be-- save a lot of labor, I guess, by simply looking at the household and if they are eligible for SNAP, they would be eligible for LIHEAP at the present time.

STEPHANIE BEASLEY: So eligibility for multiple programs at once, yes.

MURMAN: So by changing this, that makes the determination of eligibility less efficient than it is now. I'm thinking that might be a reason for, you know, it seems like kind of a high administration costs to-- to increase it.

STEPHANIE BEASLEY: I can look into that, Senator, and ask exactly. Obviously, I-- I would-- I don't have the intimate knowledge about the details of when eligibility and what the process of the social service workers go through. So I can find out for you exactly what the differences and what different steps have to be taken to determine eligibility for LIHEAP.

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MURMAN: OK. Thanks.

STEPHANIE BEASLEY: Thank you.

ARCH: Thank you. Other questions? I have one, and it's-- it's the federal money itself. It comes as a block grant, I'm assuming.

STEPHANIE BEASLEY: Yes, it comes as a capped amount, yes.

ARCH: Here's the dollars. Now, if you don't spend it all, which we-- we've spent it all in the past just by increasing the amount of assistance provided, but if you don't spend it all, you have to send it back, right?

STEPHANIE BEASLEY: Yes.

ARCH: OK. Does-- do those dollars vary from year to year?

STEPHANIE BEASLEY: So, they have varied a bit from year to year. And so we have our LIHEAP federal funding and then we have the amount. Even our supplemental payments vary from year to year. And so some years eligibility will ebb and flow right and we'll have a bit difference. And then, so last year our LIHEAP federal funding was 32 million 343, 414. We had supplemental payment expenditures to the tune of 2.7 million. We knew that was going to be left over and so then we allocated that to those households.

ARCH: OK, and from year to year, it does vary some.

STEPHANIE BEASLEY: It is my understanding and I can get that formula for the variation. I'm not-- I'm not certain what that formula is. I can get that for you.

ARCH: And my last question, you may not have the exact detail, but approximately what percent of-- of a homeowner's utility bill is assisted with something like this?

STEPHANIE BEASLEY: I know.

ARCH: That would be-- that would be helpful.

STEPHANIE BEASLEY: I can find that out. Thank you, Senator.

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ARCH: OK. Other questions? Seeing none, thank you very much for your testimony today.

STEPHANIE BEASLEY: Thank you.

ARCH: Are there any other opponents for LB306? Seeing none, Senator Brandt, you're welcome to close, and as you're coming up, I will note that we had three written testimonies submitted this morning in support: Joe Becker from Black Hills Energy, Eric Ryder from Food Bank of Lincoln, and Diane Amdor from Nebraska Appleseed. We also had six letters of record that were sent in in support. No neutral, no opposition. Senator Brandt, you're welcome to close.

BRANDT: Well, that was interesting. So we've got an opportunity here, folks. I disagree with Director Beasley. Weatherization funds are administered by the community action agencies, so that 10 percent goes out. In my case, Blue Valley Community Action gets those funds. They determine, there's a-- in your packet toward the end are the weatherization, federal weatherization criteria. And they work with local contractors to help our elderly and disabled get some weatherization for their homes. So-- so that's point one. Let's think of this this way. I've got a pie and my pie has six pieces in it, and the pie is good for one year. And we've-- and I've given that pie to you five right here, and she doesn't get a piece of this pie because you're under 130 percent and she's at 132 percent of the poverty level. This pie goes bad at the end of the year. That last piece of pie doesn't go to that individual. What's happening today is we're cutting that pie up into pieces and giving it to the other five people that already ate a piece of the pie. So the easiest way to explain this is what this program does is it takes that last piece of pie and gives it to somebody that needs the help. And that's what makes-- makes this program confusing. That is the supplemental funds. What we haven't talked about is the carryover. So that number varies and that's listed in your handout annually. At the end of the year, there are funds just left over outside of the 90 percent and that carries over to start the next year. Typically, that could be over a million dollars, under a million dollars. And I guess if I were managing a state agency, I would maybe look at using those funds first to finance any additional people. And Director Beasley testified that these are not-- in answer to Senator Cavanaugh's question, these are not just LIHEAP people. These people administer SNAP, TANA, WIC, so when you

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call in to ACCESSNebraska and you guys are the experts-- subject matter experts on this, LIHEAP is just one of the programs that an individual qualifies for. So I just wanted to be clear on that. And so if we're going to increase our workforce for the additional 130 to 150 percent, do we get a credit for those people that are denied today because it takes a social worker's time to deny somebody and they're doing that today. If we come in at 130 or 140 percent, they have to go through there, take the time to deny that individual. They're doing the work already. So I guess if-- if they feel that they need that many people, I would disagree. Senator Cavanaugh, in answer to your question, the fiscal year 2019, it was a \$469 average for heating assistance. Can take your hand out to buy the heating assistance by the number of households helped, and you can go through each one of those categories to figure that out. So yesterday in Judiciary, DHHS came in and testified against a bill of Senator Wayne's. And I'm leaning toward Senator Wayne on this. It used to be an agency would come in and testify in the neutral capacity. Now we have state agencies coming in and testifying for or against bills. He is leaning toward introducing a bill to make it so that only state agencies can testify in the neutral capacity. And I'm starting to see the value and wisdom of that. So I guess my last comment is, are we here to make DHHS's life easier or are we here to help the people in Nebraska? And so with that, I would take any questions.

ARCH: Thank you, Senator Brandt. Are there questions? Senator Williams.

WILLIAMS: Thank you, Chairman Arch, and thank you, Senator Brandt. I-- and I like your pie analogy because that's what I was thinking about when this finite pie that we have there. It's a difficult choice to make here, I think. And I don't want to diminish that and I would like your reaction to this. Based on the numbers on the fiscal note, they are suggesting to us that right now there's 37,000-plus households on the program. There would be an additional based on the numbers in the fiscal note, 8,300, basically more, so for those that are currently getting assistance that would amount to roughly a 20 percent decrease in the amount of their piece of pie with this, and I just would like your reaction having--

BRANDT: No, that's--.

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WILLIAMS: --being you're using Senator and you've thought about this--

BRANDT: Yeah, right and that's entirely accurate.

WILLIAMS: --what's the right way to play Robinhood here.

BRANDT: Right. That's entirely accurate, because by rights, the state of Nebraska should be sending that money back to the federal government. That's the law. The only reason they don't is as opposed to sending back that-- however, many in supplemental if it's two million, one year, one million, three million, rather than send it back, they are allocating it to the people that had qualified. This is above an extra payment. And if we want to continue to do that with the existing program, that's fine. But if you qualify for this program, you cannot count on that. That's the only reason that exists. Our goal here was to take that-- excuse me, money and expand it to people in that 130 to 150 percent range. The state of Iowa puts state funds into this program. They expect to use all the money and more to help people. In Nebraska, we've always had excess funds available, so we're just trying to be more efficient in the use of the taxpayers money. The cliff effect is a-- is a very valid point. We've talked about that on the floor. You have a great worker, they're making \$14 an hour. You want to give them a raise to \$14.50 and they're going to lose their child care benefit, their SNAP payments, their LIHEAP payments. And they got to go to their boss and say, oh, I can't take that because it costs me more to take a raise and do what we want people to do. And I think it's-- it's a well-thought-out policy to stagger this so that maybe, yeah, they would lose their SNAP benefits, but they could hang onto that LIHEAP till they get another dollar raise or something of that nature.

ARCH: Thank you. Any other questions? Senator Cavanaugh.

M. CAVANAUGH: Thank you. Thank you, Senator Brandt. You mentioned that there sometimes, or maybe every time, there's money, about a million leftover at the end of the year that carries over?

BRANDT: If you look at your handout for the last four fiscal years, it will show a carry over. But there is one page that the HHS gave us, and it's a chart right after that, and that is the supplemental money. And the supplemental is the money under the 90 percent. This is very

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confusing. It takes a long time to wrap your head around because carryover is different than supplemental, is different than administration.

M. CAVANAUGH: So that, supplemental money--

BRANDT: Yes.

M. CAVANAUGH: --cannot be used for administrative costs?

BRANDT: I don't think so because-- and like I said, you guys are the subject matter experts, but I think the rule is a state gets to use 10 percent for administration.

M. CAVANAUGH: OK. Thank you.

ARCH: Any other questions? Seeing none, thank you very much.

BRANDT: You bet. Thank you.

ARCH: And this will close the hearing on LB306, and we will now open the hearing on LB533. Senator Day is not able to be with us to open and so our legal counsel for the committee, T.J. O'Neill, will read her opening.

T. J. O'NEILL: Good morning, Chairman Arch, and members of the Health and Human Services Committee. As he said, my name is T. J. O'Neill, O apostrophe N-e-i-l-l, and I am one of the legal counsels for the Health and Human Services Committee of the Nebraska Legislature. Due to COVID-19 protocols, I'm introducing this bill on Senator Day's behalf. LB533 is a bill with no physical impact that moves back the sunset on a temporary income exclusion from 2022 to 2026. This temporary income exclusion accommodates a National Institutes of Health and Private Foundation research study called Baby's First Years, which examines the effects of poverty reduction on childhood brain development. Nationwide, more than 1,000 low income mothers and newborns are participating in the study, 250 of which live here in Nebraska. In the study, mothers are given a set dollar amount of income per month, and each year a number of quantitative measures and evaluations are taken of their child. In 2016, the Legislature passed the related temporary income exclusion of \$4,000 for the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families,

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energy assistance and the child care subsidy program. This exclusion is limited to the income received from grant funded research on child development and allows the Baby's First Year study to evaluate connections between poverty reduction and early brain development, while ensuring that the income from the study is not offset by a reduction in essential services. This allows for the independent variable in the study to remain consistent. Unfortunately, due to COVID-19, the study was placed on hold because of the difficulty of safely collecting data at in-home visits and in college campus labs. The study was set to be completed by-- by December 31, 2022, thus ending the need for the temporary income exclusion. In order for the study to resume with enough time to gather the requisite data, we are asking the temporary income exclusion sunset be pushed back to December 31, 2026. To be clear, this bill has no fiscal impact and all of the money in the study is from private sources. And this legislation will allow these Nebraska mothers and children to continue to be part of this nationwide multimillion dollar years long study that, when completed, will provide policymakers like this Legislature with a more comprehensive understanding of the effects of economic programs like the child care tax credit and earned income tax credit on early brain development. Testifying today will be Elizabeth Eynon-Kokrda, who has been with the Baby's First Year's studies since 2014. I'd also like to mention the letters of support for LB533 from the White Family Foundation, Omaha City Council member Pete Festersen, and Aubrey Mancuso of Voices for Children that you should have received as well. Ms. Eynon-Kokrda will be better able to answer the technical questions about the Baby's First Year study, and I'm sure Senator Day and her staff would be happy to answer any other questions you might have. Thank you.

ARCH: Thank you, Mr. O'Neill. We now would ask if there are proponents to the bill that would like to come and speak. Welcome to the HHS Committee.

ELIZABETH EYNON-KOKRDA: Thank you so much, Senator. Senator Arch, and members of the committee, my name is Elizabeth Eynon-Kokrda, spelled E-l-i-z-a-b-e-t-h E-y-n-o-n, hyphen, K-o-k-d-r-a, and I am in here in support of LB533. As T.J. said, I have been involved in this national project known as Baby's First Year since 2014 when the group came together and started talking about whether this would be possible, whether they could get a grant and whether there would be a need for

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federal, state, local changes in law and order to pursue the study. The studies evaluating the impact that income has on child cognitive development, and as an attorney who works with young children in education matters, I really know the importance of data driven decision making. Prior to the work of the Legislature in 2016 via LB1081, studies such as Baby's First Years simply weren't possible. And that's precisely as T.J. alluded, because individuals who are eligible to receive low income assistance lose that assistance if they receive additional income as part of a study effectively negating any income increase. Nebraska has a long valued research as a driving force to assist lawmakers in setting data driven policy and it also has a history of making exceptions in law for purposes of research. For example, the Nebraska Indoor Air Act excludes indoor areas used in connection with scientific research on the health effects of smoking, and Nebraska's also used income impact research to [INAUDIBLE] aid to afford families. In 1995, the Legislature passed LB445 which permitted different benefits to various recipients to study the impact. That employment first pilot ultimately resulted-- resulted in today's statewide system and LB533 would continue the work of LB1081 again providing data driven research on the impacts of income on child development. When LB1081 passed in 2016, Nebraska was able to be a key player in the first study in the country to provide definitive evidence on whether or not a child's cognitive development is impacted by income itself. And as you said-- heard nothing then or now requires the state to increase aid payments in any way and it doesn't change any other requirements, such as participation in the workforce. The study has participants in several metropolitan areas, including Omaha and Lincoln. In 2018-19, approximately 1,000 low income mothers of newborns agreed to participate. What the study does is it randomizes mothers to either receive \$333 a month or \$20 a month for the first 40 months of the child's life. And I want to emphasize that what happened is when they were doing, you know, there's a creation in 2016, they recruited mothers and their recruitment came over a period of time, so it's a rolling recruitment, which is why the extension has to go more than, say, one year or two years due to COVID because of the rolling effect of bringing people on and studying it over time. The study does include home visits, university baylock-- based-lab visits and rigorous measures of children's cognitive, emotional and brain development, as well as measures of health, stress and behavior. And the collection of this kind of data actually has to be in person to

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meet the high standards that NAH sets for this type of rigorous study. Due to the COVID pandemic, in person research was paused about a year ago and given the state of the pandemic, the next ability to engage in nationwide data collection is likely to be the summer of 2022 when widespread vaccination is likely to be available to all. That means the study results are going to be, again pushed back two years. LB1081 puts statutory sunset on income exclusion in order to give the Legislature an opportunity to examine the merit of an ongoing exclusion. Unfortunately, that sunset that exists is going to arrive before the baby- Baby's First Year study will conclude. So we won't have the information we need. And as you heard, all that LB533 does is extend the sunset and the ability of the mothers to continue to participate again for a limited period of time. I heard Senator Arch mentioned that there are letters from the White Family Foundation-- I'm sorry, it wasn't Senator Arch, it was T.J. T.J. mentioned there's letters from the White Family Foundation. I wanted to note that there are other entities that have really committed financially to this, such as Annie E. Casey Foundation, Bill and Melinda Gates Foundation, Ford Foundation, Sherwood Foundation. It truly is a nationwide effort. I know you've also received letters from other community members. I would note that two letters of support were submitted by members of the research committee, one from a professor in California and one from the professor in Wisconsin. I'm not going to reiterate what they say, but of course, I would urge you to read those letters. And I would simply say that while LB533 is brief and straightforward, it's really important and I would urge you to move it out of committee and support its passage into law.

ARCH: Thank you. Thank you for your testimony. Are there questions? Seeing none, thank you very much.

ELIZABETH EYNON-KOKRDA: Thank you very much.

ARCH: Are there other proponents for LB533? Seeing none, are there any opponents for LB533? Seeing none, is there anyone that would like to testify in a neutral capacity? Seeing none, so, just for the record, we did receive six letters of support, no neutral letters and no letters in opposition, and with the Senator Day's absence, this will conclude the hearing for LB533 and it will conclude the hearings for the committee for the morning. We will gather together at 1:30 to hear more bills. Thank you.

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ARCH: Good afternoon, welcome to the Health and Human Services Committee. My name is John Arch. I represent the 14th Legislative District in Sarpy County and I serve as the Chair of the HHS Committee. And I'd like to invite the members of the committee to introduce themselves starting on my right with Senator Walz.

WALZ: Hi, my name is Senator Lynne Walz and I represent District 15, which is all of Dodge County.

WILLIAMS: Matt Williams from Gothenburg, Legislative District 36: Dawson, Custer, and the north portion of Buffalo Counties.

M. CAVANAUGH: Machaela Cavanaugh, District 6, West Central Omaha, Douglas County.

B. HANSEN: Ben Hansen, District 16: Washington, Burt, and Cuming Counties.

MURMAN: Senator Dave Murman, District 38, seven counties to the southwest and east of Kearney and Hastings.

ARCH: Thank you. Also assisting the committee is one of our legal counsels, Paul Henderson, and our committee clerk, Geri Williams, and our committee pages, Kate and Rebecca. A few notes about our policies and procedures. Please turn off, please turn off or silence your cell phones. And this afternoon, we will be hearing three bills. Actually, closing on one and three new bills and we'll be taking them in the order listed on the agenda outside the room. The hearing on each bill will begin with the introducer's opening statement. After the opening statement, we will hear from supporters of the bill and then from those in opposition, followed by those speaking in a neutral capacity. The introducer of the bill will then be given the opportunity to make closing statements if they wish to do so. For those of you who are planning to testify, you will find green testifier sheets on the table near the entrance of the hearing room. Please fill one out, hand it to one of the pages when you come up to testify. This will keep-- will help us keep an accurate record of the hearing. We use a light system for testifying. Each testifier will have five minutes to testify. When you begin, the light will be green. When the light turns yellow, that means you have one minute left. When the light turns red, it is time to end your testimony and we will ask you to wrap up your final

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thoughts. When you come up to testify, please begin by stating your name clearly into the microphone and then please spell both your first and last name. If you're not testifying, if you're not testifying at the microphone today, but want to go on record as having a position on a bill being heard, please see the new public hearing protocols on the HHS Committee's web page on nebraskalegislature.gov. Additionally, there is a white sign-in sheet at the entrance where you may leave your name and position on the bills before us today. Due to social distancing requirements, seating in the hearing room is limited and we ask that you only enter the hearing room when it is necessary for you to attend the bill hearing in progress. The list will be updated after each hearing to identify which bill is currently being heard. The committee will pause between each bill to allow time for the public to move in and out of the hearing room. We request that you wear a face covering while in the hearing room. Testifiers may remove their face covering during testimony to assist committee members and transcribers in clearly hearing and understanding the testimony. Pages will sanitize the front table and chair between testifiers. And lastly, this committee has a strict no props policy. With that, we're going to-- well, not following exactly the agenda today. And we're going to-- I'm going to reopen LB19, which was the final bill we heard yesterday afternoon. At the end, at the end of that hearing, we anticipated that we would have Senator Kolterman on the phone with us. We were not able to do that because of some technology difficulties. But we have him today. And I want to offer Senator Kolterman an opportunity to close on LB19. Senator Kolterman, if you can hear us, you may proceed.

KOLTERMAN: Thank you, Senator Arch. Can you hear me, everyone?

ARCH: We can.

KOLTERMAN: Great. First of all, I'd like to thank Senator Arch and Senator Hilgers and Chuck Hubka for making this possible. We did run into some technical difficulties yesterday. And one of these days we'll be able to get all this technology up to date. I apologize for not being there in person, but as you all know, I'm quarantined because I was exposed to COVID. But having said all that, I thought we had a good hearing yesterday. I thought there was great discussion, great questions asked, Pam Rowland, Harold "Buddy", Tyler Mahood, Laura from the Platte Institute, and Becky Wisell. I think you have a

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pretty good understanding of what this bill does. And obviously this is the second year that you've seen it. In fact, it's actually passed through the Legislature and was passed into law and then it was vetoed by the Governor last year. But I want to, I want to talk a little bit about why we're, we're bringing it back and why we're doing what we're doing. The credentialing fee that we talked about yesterday is actually \$95. We looked that up. We had an opportunity to look that up. And according to the testing website, the examination fee is \$53. What we're doing here is we're ask-- all we're doing is asking a person to prove that they worked 300 hours over the last 5 years. And if you work Monday through Friday, eight hours a day, they would be able to complete this requirement in about seven and a half weeks. I don't view this as a barrier to enter the profession. We're offering unlicensed workers the opportunity to bypass the cost of the schooling as well. We're allowing for greater education opportunities in this bill by allowing the creation of nail technology apprentice salons where individuals do not have to come to the city with the school to be trained. So in other words, I think in the, in the testimony in my opening, we talked about Gothenburg, and rural settings like Seward and they don't have to come all the way to Lincoln to get tested. [INAUDIBLE] to get tested, but they, they don't have to get their training, they don't have to come to a school and spend \$4,000. We're also allowing people to test in their first language because that's one of the biggest barriers facing the practitioners that come to our state. So at the request of the Cosmetology Board, we've, we've, we've made this in the language of-- also we've included Vietnamese, as well as Spanish. I would, I would reiterate the fact that was stated yesterday, we're the only state with this exception for natural, for natural nail. All other states licensed to service. And that gives us the-- if you have a license that gives you the ability to market ourselves better and to provide more services and at the, at the end of the day make-- potentially make more money. The other nice thing about a license is there's no reciprocity with other states because they won't recognize a registry if a person were to move. I would say we're willing to work with committee to come to an agreement on this. But we looked-- we actually looked at a registry. And the thing is, if you look at a registry, be aware that other registries established by statute have education requirements and examination. If you were, if you were to look at a registry, it has some sort of education requirement regarding skill and sanitation. It would also-- the bill

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would also have to be redrafted in such a way that it would require [INAUDIBLE] to be subject to random inspection. That's the most important aspect of this bill, I believe. I, I would also recommend that we require those registered to obtain liability insurance, provide the protection against claims that we've had in the last year since, since this bill didn't get put into law. At the end of the day, I guess the question in my mind comes up, the Governor, the Governor vetoed this bill because he said it was, it was unaffordable. And we don't want to, you know, we don't want to close that gap and make it harder for people to get into the profession. But at the same time, I have some question about, you know, if, if we have a Cosmetology Board that's appointed by the Governor and they do this work every day, wouldn't they know firsthand better than the Governor or wouldn't they know firsthand better than the Platte Institute what challenges are out there? I guess more than anything, the Legislature makes the laws and they have to administer the law. And I-- this bill passed the Legislature-- passed through the Legislature, and it had 31 votes on Final Reading. I could have brought this bill back with many changes to it. But the reality is there were 31 of us legislators that decided that this was good legislation. But because it was a pocket veto, I didn't have the opportunity to even bring the bill back. So I'm willing to bring the bill back if you'll give me the opportunity to, to debate it on the floor of the Legislature. I'd have to go through the three steps that we go through every day where, where we have General File. You know, Select File and Final Reading. I'm willing to take that chance because I think safety is more important than-- and, and I don't look at the bureaucratic red tape type of deal. We've done everything we can to make this a bill that was accessible to as many people as possible. And at the end of the day, I said this on the floor of the Legislature last year when I only got 31 votes, I thought we should have more. This is a public safety issue. And, and if you heard the, the lady that-- Pam Rowland that talked yesterday, she said this is more of a safety issue than anything in the hair business. The fact that you can cut somebody's finger or cut somebody's toe and they can get MRSA and they might end up losing a limb like we've had happen since, since the bill has been [INAUDIBLE]. Those are important things to me, so I would hope that you would see fit to advance this bill to General File. Again, if you think that it needs to be improved, I'm willing to work with you. But on the other hand, public safety is the utmost importance to me. And with that, I'd like to, again, thank all

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of you for letting me do this remotely. I really appreciate Senator Arch's willingness to cooperate on that. And I would be open to any questions you might have.

ARCH: Thank you, Senator Kolterman. Are there questions from the senators? Senator Walz.

WALZ: Thank you, Senator Arch. Hi, Senator Kolterman. How are you?

KOLTERMAN: I'm good.

WALZ: Good.

KOLTERMAN: No symptoms by the way.

WALZ: No symptoms.

WILLIAMS: No symptoms.

WALZ: Oh, good. That's good to hear. I have a question. If this bill was enacted and we had an individual who was working currently but was not licensed, but they were going to, you know, have to work on their license in that seven and a half weeks or, or whatever the timeframe is, are they allowed to continue working while they go through the training to get licensed?

KOLTERMAN: Absolutely, yes. And, and if they've worked over 300 hours and that they can prove that in a five- year period, they can continue to do that and then take the test.

WALZ: All right. Thank you.

ARCH: Any other questions from the senators? I don't see any, Senator Kolterman, so thank you very much for your closing and take care of yourself. And this will conclude LB19.

KOLTERMAN: Thank you again. I appreciate it.

ARCH: We will now open the hearing for LB495. And I assume you'll be introducing the bill for Senator Hilkemann.

KATE WOLFE: Yes, sir. Good afternoon, Chairman Arch and members of the committee. I am Kate Wolfe, K-a-t-e W-o-l-f-e, appearing before you on

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behalf of Senator Robert Hilkemann, who represents and is currently in quarantine in Legislative District 4. LB495 would increase contractual payments to foster parents and foster care agencies to ensure continued stabilization of the foster care system in Nebraska. The bill would require the Division of Children and Family Services of the Department of Health and Human Services to implement increased foster care reimbursement rates as outlined in the Foster Care Reimbursement Rate Committee report dated June 22, 2020. The changes in LB495 ensure that foster care reimbursement rates accurately reflect the cost of raising a child in the care of the state and that fair foster care reimbursement rates continue into the future. These are important steps to stem attrition of foster parents and to recruit, support, and maintain high-quality foster parents. Senator Hilkemann believes that when it comes to the welfare of children placed in the care of our state, it is imperative that we are diligent on every level. He appreciates the work of the foster care reimbursement rate committee, the Nebraska Children's Commission, and others who work to ensure we are adequately providing for the children in our care and accurately reimbursing the agencies who support and the families who open their homes and their lives to these children. Peg Harriott, who serves on the Nebraska Children's Commission and is the cochair of the Foster Care Reimbursement Rate Committee, will be testifying today and is the ideal person to answer any questions you might have. So with that subtle hint of not asking questions of me, I appreciate your time and will waive closing on the bill.

ARCH: Thank you for your testimony. We could invite the first proponent for LB495. Welcome to the HHS Committee.

PEG HARRIOTT: Thank you. I feel so short. I think I'm going to be big and then down here. Good afternoon, Senator Arch and committee members. My name is Peg Harriott, P-e-g H-a-r-r-i-o-t-t. And I'm testifying today in support of LB495 on behalf of the Nebraska Children's Commission. I am cochair of the Foster Care Reimbursement Rate Committee and have been in the role with the committee since its inception. It may also be helpful to know that I'm the CEO of Child Saving Institute, an agency that provides foster care support. The Foster Care Rate Committee, which I'll refer to as the Rate Committee, is one of five statutory committees that fall under the umbrella of the Commission. The Commission provides three branch leadership and commit-- community resource experts-- expertise to support transparent

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policy change at the state level. The Commission also provides staffing support to the Rate Committee to help fulfill its statutory requirements. The Rate Committee includes Governor-appointed foster parents, foster care agencies, advocates, as well as DHHS and Probation representatives. The Rate Committee in the work charged to it are products of LR37 from 2011, a legislative study created to review, investigate, and assess the effects of child welfare reform. LR37 found foster parent compensation in Nebraska was inconsistent and lacking in a statewide standard. These findings indicated a need to create a basic statewide rate for compensation. The Rate Committee was established by LB820 in 2012. At that time, Nebraska foster care rates were found to be among the lowest in the nation. The Rate Committee was charged with developing a statewide standardized level of care tool to use the USDA cost to raise a child in the Midwest to set base rates and to separate foster parent rates from rates of agency support services without having an adverse impact on the agencies that provide foster parent support. This work was completed by the Rate Committee. LB550-- sorry, LB530 in 2013 accepted the standardized tool developed by the Rate Committee and the recommended increased rates to foster parents and foster care agencies. LB530 also required the Committee to make recommendations every four years, starting in July 2016, to assure that rates remain current and meet the needs of recruit-- to recruit and retain quality foster parents. The Rate Committee made recommendations to the standardized tool in 2016, but did not find a need to make any recommendations to increase rates after reviewing the USDA cost to raise a child. In June of 2020, the Rate Committee submitted its required report to the HHS Committee making recommendations in four areas: to increase foster parent and agency support rates, to add a fourth level of caregiving, to create Treatment Family Care with Medicaid to provide wraparound treatment services, and to provide guardians with the ability to request an increase in their assistance payments. LB495 addresses the first of those recommendations to increase the foster parent and agency support rates to reflect the chart attached to the handout you received. In the midst of all the changes, one thing has remained the same: foster parents are foundational to child welfare system and juvenile justice. Fair reimbursement rates for foster parents and foster care agencies are critical in ensuring that children in out-of-home care receive quality care in a home where they can heal and thrive. From doctor's appointments, court hearings, therapy sessions, appointments at

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school, and working to support biological families, foster parents are committed to providing individualized care for children in their homes. The essential rate recommendations are made using census data found within the USDA expenditures on children and families, as well as the Bureau of Labor Statistics' inflation calculator to update reimbursement rates. Additionally, foster parents were surveyed as part of the research conducted by the Rate Committee. For the agency rate, surveys were conducted for child placing agencies across Nebraska to revalidate the previously developed tool. The tool considers the cost to recruit, train, and to support foster parents and children placed in foster homes. Survey responses were compared and adjusted based on the 2019 Nonprofit Association of the Midlands salary and benefit survey for reasonableness of cost. LB495 validates foster parents and agencies through maintaining fair rates that accurately reflect the costs of raising children, as well as the costs of providing essential support services. Thank you, Senator Hilkemann and the HHS Committee for the leadership and support on behalf of children and families in Nebraska. On behalf of the Commission, I urge you to support LB495. You also received-- you would have received earlier, but you also received the full Commission report so you wouldn't have to go find it if you wanted to research the full Commission report.

ARCH: Thank you. Thank you for your testimony. Questions from the senators? I have, I have one question. Have you seen the proposed budget from the Governor?

PEG HARRIOTT: I have gotten into that and tried to find if there's--

ARCH: OK.

PEG HARRIOTT: --any rate increases and I have not been able to find it.

ARCH: OK.

PEG HARRIOTT: In years past, I have been able to find whether there's a rate crease-- increase or not. But I--

ARCH: OK, that was my-- yeah, that was my question.

PEG HARRIOTT: Yeah, I looked. I tried to find it.

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ARCH: All right. Thank you. Seeing no other questions, thank you very much for your testimony. Next proponent for LB495. Welcome to the HHS Committee.

JESSICA HUSTAD: Good afternoon, Senator Arch and committee members. My name is Jessica Hustad, J-e-s-s-i-c-a H-u-s-t-a-d, and I am testifying today in support of LB495 on behalf of my foster children and all current and future foster families in Nebraska. My husband and I became licensed foster parents a little over four years ago. We took our first placement in April of 2017 and have had a young sibling set in our care for the majority of the past four years. It may be helpful for you also to know that I work full time outside of the home. While foster care stipends are used for clothes, food, diapers, educational items, as well as transportation needs, it is important to know that this list leaves out one of the biggest commodities a foster parent has, time. The current structure does not account for time. When we accepted our first placement, it was a whirlwind, smack you in the face, learn everything as fast as possible experience. We were thrown into a team, including a county attorney, a guardian ad litem, a CASA, a HHS case manager, foster care specialist with our agency, mom and dad's attorneys, and, of course, our foster kiddo's parents. What no one tells you is that as a foster parent, you're expected to communicate regularly with all of these individuals, build relationships about biological family members, support a reunification plan and all court orders, attend all court hearings, prepare caregiver reports, communicate the details of the child's growth, learning, education to the team in writing, and verbally, allow these team members into your home once a month for a home visit, attend all other team meetings, plan out visits with the visitation worker, parents, case manager. Then once the visit actually happens, you ensure that the kiddos have what they need while they're away from your care communicating with mom and dad when their child last ate, slept, pooped, spit up, and how they've been feeling and what they've been doing since they last saw them. Parenting is already a full-time job. However, when parenting children in foster care, even the simplest tasks require additional time. I spend hours each week researching and reading about trauma, attempting to educate and equip myself to be a competent parent, foster parent, adoptive parents, supporter of birth families, and a mentor to current and future foster parents. I have spent significant time away from my full-time job

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trying to cope with the turmoil that is the foster care process. I have grieved the failures of the system, the destruction that is addiction, the pain that is termination, all while trying to parent these young children and walk them through their own private stories. Accurate cost of living are important when calculating the cost of raising a child. Those costs change regularly, and it's important that foster care rates are updated accordingly. Fair foster parent rates help ensure that foster parents like me can continue fostering as long as we're able without worrying about how we're going to provide for each child. Foster parents willingly bear a significant emotional load, pouring their hearts into these children, responding to trauma, and providing a safe place for our children to heal. We should not have to face and bear a similar financial burden in order to provide care for children in need. When foster parent reimbursement rates do not adequately meet the needs of the foster children, we create a system where only certain families can provide foster care. We are thankful that we can cover the additional costs incurred by our foster children without worrying about going into poverty ourselves. But we recognize that that's not the reality for every family. I was able to take a maternity leave away from my full-time job when we brought our foster son home from the NICU because he wasn't healthy enough to attend daycare. That was financially difficult for us, but it didn't keep us from being able to say yes to that child who needed us. Many families could not take on that financial burden at the, at the current reimbursement rates. We are effectively pricing otherwise qualified, loving families out of being able to be utilized by the state to provide foster care services. When only upper middle-class families can afford to be foster parents, we create an economic gap between families that typically find themselves involved in the child welfare system and the families who want to help them. When we provide fair reimbursement rates, we allow families with a diversity of life experiences to be involved in the process, which is a benefit for everyone involved. LB495 supports foster parents like me and my husband through maintaining fair rates that accurately reflect the cost and time commitment involved in raising these children from hard places. Thank you, Senator Hilkemann and the HHS Committee for your leadership and work on behalf of children and families. On behalf of my family and all Nebraska foster families, I urge you to support LB495. Thank you.

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ARCH: Thank you. Thank you very much. Do we have questions from the senators? Senator Hansen.

B. HANSEN: Thank you, Chairman Arch. And thanks for coming to testify.

JESSICA HUSTAD: You bet.

B. HANSEN: Appreciate your enthusiasm and thank you for being a foster parent. And after two and a half years, this is the first time I heard the word poop in a testimony. You'd think on the HHS Committee, I would have heard it sooner, but, so-- congratulations, it's my first experience with that.

JESSICA HUSTAD: I'm glad, I'm glad to be the first.

B. HANSEN: And an actual question. With this rate adjustment, do you think, like, it's a good step in the right direction? Is it somewhat appropriate? Would you like to see it more or is this a pretty good start?

JESSICA HUSTAD: You know, I think every, every dollar helps a foster family. I think of my-- when we brought my-- our foster son home from the NICU, he was so little I had to get a specialized car seat. It was \$250. I think about kiddos who come into foster care and they want to play on the basketball team and they need a new pair of basketball shoes so every dollar counts. We've got a long ways to go when we want to think of it. But I think Peg did a great job of explaining the history of rates. And Nebraska has been one of the lowest. And my peers who are foster parents all come from the same-- a very similar economic upper middle class. Our low-income families can't do this. They can't get away from work to go run to the therapist whenever their child needs. They can't-- a doctor's appointment for most parents takes you, you know, five minutes to make a phone call and get it scheduled, 15 minutes in the doctor. But that doesn't include all the phone calls we as foster parents have to make to make sure it works for mom and dad, etcetera. Time is such an important thing. The hours away from work are pretty impressive. So thank you for that question.

B. HANSEN: Yeah, thank you. Appreciate it.

ARCH: Senator Cavanaugh.

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M. CAVANAUGH: Thank you. Thank you for being here.

JESSICA HUSTAD: Yes.

M. CAVANAUGH: I just wanted to note one of the things that you left out in all of this is now you also are an advocate for your children.

JESSICA HUSTAD: Yes.

M. CAVANAUGH: And so--

JESSICA HUSTAD: Thank you. Yes.

M. CAVANAUGH: --just, just additional time.

JESSICA HUSTAD: Yes.

M. CAVANAUGH: And, and the, the, the rates that you're receiving, that's to cover the basically the essential needs of the child, correct?

JESSICA HUSTAD: Right.

M. CAVANAUGH: And everything else is volunteer on your part like your time is, is given as, as volunteer. There's no compensation.

JESSICA HUSTAD: Correct.

M. CAVANAUGH: So this is like a third job.

JESSICA HUSTAD: Correct. Transportation can get reimbursed in arrears. Right. So it could take weeks, months before you see a reimbursement. And so for families who are struggling financially already, what my testimony also doesn't point out is I have two biological children as well. And so we're caring for four children under our roof. And so there's a lot of, a lot of balls in the air with raising a family. And time obviously doesn't get compensated.

M. CAVANAUGH: Well, thank you to you and your family for taking care of our children.

JESSICA HUSTAD: You bet.

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ARCH: Thank you. Other questions? Seeing none, thank you very much for your testimony.

JESSICA HUSTAD: Thank you.

ARCH: Other proponents for LB495? Welcome.

JEANNE BRANDNER: Thank you. Good afternoon, Chairman Arch and Health and Human Services Committee members. My name is Jeanne Brandner, J-e-a-n-n-e B-r-a-n-d-n-e-r, and I am testifying today in support of LB495 in my capacity as deputy probation administrator of the Administrative Office of the Courts and Probation. I also currently serve as chair of the Nebraska Children's Commission and I'm a past member of the Foster Care Reimbursement Rate Committee. Peg did a really good job today talking about the history. And as she pointed out, Nebraska foster care rates historically were the lowest in the nation. It should also go without saying that Nebraska has a responsibility to ensure that foster care rates must remain current, taking into consideration the cost of caring for children in the Midwest in order to meet the needs of youth and recruit and retain quality foster homes. This is equally applicable for both child welfare and juvenile justice youth. In June of 2020, the Foster Care Rate Reimbursement Committee submitted its report to the HHS Committee making recommendations, including one of which is increasing the foster parent and agency supported rates. This bill addresses that recommendation, specifically. Fair reimbursement to foster care is critical to ensuring that needs are met for our youth and that those homes can be retained. The Foster Care Rate Reimbursement Committee has completed comprehensive research, as you heard from Peg today, as to what constitutes that fair reimbursement. Currently, Juvenile Probation pays the enhanced daily rate for court ordered foster care placements. And that recommendation from the Committee provides this rate move from \$33.15 to \$44.73 per day. That's the rate that goes to the foster parents to care for an individual child. Additionally, the administrative rate paid to foster care agencies that support these homes is recommended to increase from \$39.54 to \$41.73 per day. If this bill should be sent to the floor, it is imperative that Juvenile Probation be added so that we are not left without resources or funding to implement foster care rate increases for youth that are under court ordered probation supervision. Thank you to Senator Hilkemann and the HHS Committee for your leadership and work on behalf

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of youth and families in Nebraska. And I'm happy to answer any questions that you might have.

ARCH: Any questions from the senators? Seeing none, thank you for your testimony.

JEANNE BRANDNER: Thank you.

ARCH: Other proponents for LB495? Seeing none, are there any opponents for LB495? Welcome back.

STEPHANIE BEASLEY: Thank you, Senator. Good afternoon, Chairperson Arch and members of the Health and Human Services Committee. My name is Stephanie Beasley, S-t-e-p-h-a-n-i-e B-e-a-s-l-e-y, and I serve as the director for the Division of Children and Family Services within the Department of Health and Human Services. I am here to provide opposition testimony regarding LB495, which would establish rate increases for current foster care rates, resulting in an increase outside of the Governor's proposed budget, as well as the timeline CFS would be unable to meet. CFS appreciates the work of the Foster Care Reimbursement Rate Committee has completed throughout the years. LB495 requires an increase in the reimbursement rates for foster parents and the administrative rate for child placing agencies. The proposed rates under LB495 are those recommended by the Foster Care Reimbursement Rate Committee in its June 2020 report. The Department recognizes there is a gap for youth with challenging behaviors and treatment needs and substitute care. As a result, the Department believes there remains an opportunity to explore and set additional tiers and rates that provide for a wide array of youth needs, ages, and related caregiving requirements. The legislation, as written, would prevent the Department from establishing a range of specialized rates with identified supports for both the children in care and caregivers. To ensure that the tiers and rates allow for diverse needs of children and support to caregivers, the Department seeks an-- seeks to explore additional tiers based on the individual needs of youth and care. In essence, the Foster Care Rate Reimburse Committee has identified and provided a recommendation to address a gap in foster care services currently being filled with single case agreements within the Department. The Department would appreciate the opportunity to identify additional tiers that may be needed rather than adopting a singular specialized rate. CFS is concerned about the proposed July 1,

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2021 implementation date. Implementing the changes recommended in the Foster Care Reimbursement Rate Committee report would require CFS to make numerous changes in a very short amount of time, including updating the rates in Nebraska Caregiver Responsibility Assessment Tool in N-FOCUS. CFS would also have to make changes to policies and contracts. Additional time would be necessary to ensure the appropriate changes take place. We respectfully request that the committee consider these factors in moving the legislation forward. Thank you for the opportunity to testify today. I'm happy to answer any questions.

ARCH: Thank you. Are there questions for Director Beasley? Senator Cavanaugh.

M. CAVANAUGH: Thank you. Thank you for being here again this afternoon. OK, so I'm just-- I'm looking at the, the report that we got and it is dated June 22, 2020, and I'm just wondering if the Department took that opportunity, and I, I appreciate that you have been very busy with a pandemic, but has there-- was there any time taken to review the recommendations and to discuss them with, with the Children's Commission and the Rate Committee--

STEPHANIE BEASLEY: Yes.

M. CAVANAUGH: --about these issues that you've just mentioned, including the opportunity to create more tiers?

STEPHANIE BEASLEY: So we have discussed. I have met with both Peg and Laura Opfer and we have discussed the opportunity and that gap between the intensive rate and the specialized rate. Obviously, you know, we were in the middle of a pandemic so by the time the report was issued, or the report had already been issued and I had not been here very long at the time.

M. CAVANAUGH: And then Senator Hilkemann, have you discussed with him if there's any interest in, in amending this bill to be something that the Department could support?

STEPHANIE BEASLEY: I have not.

M. CAVANAUGH: OK. I mean, I know that Senator Hilkemann isn't available right now, but his staff is. And I would encourage the

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Department to reach out to them to, to see where there can be some middle ground found because I think we all agree that foster care parents are really important and they probably should be paid a lot more no matter what. But, but I understand we have to operate within constraints. I do have one more question about the fiscal note. I see that in 2023, the fiscal note for the state is double the fiscal note-- the Department's fiscal note for the-- is double what our Fiscal Analysts have put forward. Our Fiscal Analyst said \$2.1 million and the Department said \$4.3 million.

STEPHANIE BEASLEY: Are you asking me where the, where the increase is?

M. CAVANAUGH: Yes.

STEPHANIE BEASLEY: We have had significant analysis of the rates and the intention and the, I'm going to call it from a nonaccounting lens sort of the, the how the-- how it's increased each year, like what the exact rate each year would be. And so if there is opportunity to ask some more questions, I can go back and ask our fiscal team how they got specifically to that. I know we have really evaluated the report in detail to ensure that we understood the rate and rhythm in which the percentage increases were going to go up every year.

M. CAVANAUGH: Yeah, because this is like in the immediate two years, it is doubled and that's quite a discrepancy of math. So if you could find out--

STEPHANIE BEASLEY: I can.

M. CAVANAUGH: --what, what is causing that, that would be very helpful.

STEPHANIE BEASLEY: I would also say when rates increase, the one thing I am confident that we have been evaluating what it would do to our B2I rates, what it would do to our adoption subsidy rates, and what it would do to, you know, really this, this tier that happens or this trickle down effect when rates are impacted, there are subsequent rate increases that would happen the following year because of shifts that would occur in our other programming areas. I think they've highlighted some of that in [INAUDIBLE].

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M. CAVANAUGH: I appreciate, I appreciate that. But when we're talking about the fiscal notes, it, it usually-- it should pertain explicitly to the program at hand. And so if this is somehow wrapping in additional program projected rates changing, then that should be clear.

STEPHANIE BEASLEY: So in the state fiscal note, it does outline the Bridge to Independence, the adoption subsidies, and the guardianship subsidy shifts.

M. CAVANAUGH: Yes, those are also outlined in the, the Fiscal Office. We have Bridge to Independence, adoption subsidies, and guardianship subsidies are also outlined there. So if you can just get that for us that would be helpful.

STEPHANIE BEASLEY: OK, perfect.

M. CAVANAUGH: Thank you.

ARCH: Other questions? Senator Williams.

WILLIAMS: Thank you, Chairman Arch. And thank you, Director Beasley. Just a quick question. You reference in your remarks that this increase would be outside the Governor's budget request. Do you know if the Governor's budget request includes an increase for this area of foster care?

STEPHANIE BEASLEY: I do not believe it does. It does not.

WILLIAMS: OK, so those rates would be flat under his budget. There's not a decrease, I'm hoping.

STEPHANIE BEASLEY: I do not believe there's a decrease, but I can confirm that, so.

WILLIAMS: OK, thank you.

STEPHANIE BEASLEY: But, no, it is-- it would be-- the increase is not included. It is outside the Governor's proposed budget.

WILLIAMS: OK, thank you.

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ARCH: Other questions? Senator Williams.

WILLIAMS: Let me be sure I understood what you just said then, is, is there a proposed increase in the Governor's budget?

STEPHANIE BEASLEY: I can confirm that. But no, I do not believe there is.

WILLIAMS: OK, thank you.

ARCH: Thank you. Other questions? Senator Cavanaugh.

M. CAVANAUGH: Sorry, that sparked a question that I probably could have asked somebody earlier. We-- we've heard from a few of the testifiers that we are not-- we're one of the only states that hasn't increased. Do you know how we stack up next to Iowa as far as our rates go?

STEPHANIE BEASLEY: I can find out for you.

M. CAVANAUGH: OK, thank you.

ARCH: Thank you. Other questions? Seeing none, thank you very much for your testimony today. Are there other opponents for LB495? Seeing none, is there anyone that would like to testify in a neutral capacity? I don't see any and I would mention that we had three written testimony submitted this morning, all proponents: Felicia Nelsen; Amber Bogle from Children and Family Coalition of Nebraska; Chris Jones from Nebraska Children's Home Society. And three letters of record were submitted, three in support. And with Senator Hilkemann not present, with that we will close LB495 hearing. And we will now open the hearing for LB541 as introduced by Senator Walz. Welcome, Senator Walz. You may proceed.

WALZ: Thank you, Senator Arch. Good afternoon, Chairman Arch and members of the Health and Human Services Committee. My name is Lynne Walz, L-y-n-n-e W-a-l-z, and I'm here today to introduce LB40-- 541. I want to make sure I get the right bill this time. This bill would adopt the Foster Care Reimbursement Rate Committee's Treatment Family Care and specialized level care recommendations. This recommendation would require that the Department of Health and Human Services adopt a specialized level of caregiving for foster parents and foster care

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agencies. This specialized level of care would be the fourth tier in the Treatment Family Care structure, which is illustrated for you in the handout that's just been passed around. Treatment Family Care is a service in a home-like environment intended to divert children and youth with high-treatment needs in an effort to decrease group and out-of-state placements. Treatment Family Care occurs in the home by caregivers or specially-trained foster care parents to provide consistent behavior management programs, therapeutic interventions, and clinical services as part of a multidisciplinary team and under the direction of a supervised professional. Treatment is provided within a family environment with services that focus on improving the child, youth, and family's adjustment emotionally, behaviorally, socially, and educationally. This should be available to children and youth who have co-occurring developmental or intellectual disabilities, or who are medically fragile. This fourth tier would be created by LB541. And it would be for children who have exceptional medical, behavioral, or developmental needs which require around-the-clock caregiving responsibilities for families. This very top tier of care is currently being implemented in a nonstandardized way through letters of agreement between the foster parents and organization. This has created barriers to permanency for children entering adoption and guardianships because without an established rate structure, families cannot afford it. LB541 would implement it in a way-- in a standardized way to ensure that children and families that qualify receive accurate reimbursement for that level of care. Additionally, we are aware of and have some thoughts on the fiscal note, and I would encourage you to ask Lana who will be testifying on behalf of the Children's Commission about it. The ability to provide for these families is invaluable and of the utmost importance. This system is optimal for children because it is focused on outcomes. We all understand that there is no one, that there is no one-size-fits-all model to serve children and families of Nebraska and passing LB541 will ensure that current barriers for the well-being of children within the foster care system are eliminated. I hope the committee will heed the advice of the Nebraska Children's Commission and support this bill. Thank you. And with that, I would be happy to answer any questions.

ARCH: Thank you. Any questions for Senator Walz? I have one. The bill that we've just heard, LB495, would that-- if, if that bill were to

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pass, would it include the provisions of your bill? In other words, the fourth tier or, or would those mutually--

WALZ: I, I don't believe so. I think it's different. But--

ARCH: OK.

WALZ: --you can clarify that with someone behind me.

ARCH: OK.

WALZ: But it doesn't sound like it does.

ARCH: All right. Thank you. Welcome the first proponent for LB541.

LANA TEMPLE-PLOTZ: Hello.

ARCH: Welcome back.

LANA TEMPLE-PLOTZ: How are you?

ARCH: Good.

LANA TEMPLE-PLOTZ: Thank you. And I can answer your question after I give my testimony.

ARCH: Sure. Sure.

LANA TEMPLE-PLOTZ: Perfect. So good afternoon, Senator Arch and committee members. My name is Lana Temple-Plotz, L-a-n-a T-e-m-p-l-e P-l-o-t-z, and I am testifying today in support of LB541 on behalf of the Nebraska Children's Commission, or the Commission. I am vice chair of the Commission and have been a member of the Foster Care Rate Reimbursement Committee since its inception. In addition to these roles, I also serve as the CEO of Nebraska Children's Home Society. In previous testimony, you heard about the history of the Foster Care Reimbursement Rate Committee. Since 2012, the Rate Committee has spearheaded many components of foster care rate reform, including standardized levels of care, direct payment to foster parents, and assessment tools. LB541 proposes two recommendations found in the Rate Committee's June 2020 report to the Health and Human Services Committee. Since 2016, the Rate Committee and the Commission

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identified the need for the development of a higher level of caregiving reimbursement for children with exceptional medical, developmental and/or behavioral health needs, and the need for an in-home wraparound Treatment Family Care model to maintain family-like settings and prevent residential treatment placement. This higher level of caregiving reimbursement for children with exceptional needs is referred to as specialized, and the Treatment Family Care model being proposed is called Treatment Family Care. The diagram in your handouts illustrates the current levels of care in Nebraska, and those are the bottom three that are listed on your handout as well as the proposed additions through this bill. Extensive research was conducted in order to create the Treatment Family Care Service definition, as well as the rate structure. Representatives from DHHS, Medicaid, the provider community and foster parents were involved in the process at various stages. This specialized level of care exists in the continuum of foster care services available in Nebraska already. However, there is a lot of variation in the rates, implementation, and outcomes. This variation was seen with the previous contractor in the ESA, PromiseShip, and currently with Juvenile Probation, and the Department use individual Letters of Agreement to reimburse caregivers and agencies to, to support exceptional or specialized caregiving needs of children outside the current rate. The specialized rate was developed to standardize responsibilities and rates for both caregivers and providers across systems. The use of individual Letters of Agreement outside the established Nebraska Caregiver Responsibility Tool and rate structure limits IV-E penetration rates. Additionally, this inconsistency has in some cases created a barrier for permanency. So according to federal regulation, the Adoption and Guardianship Assistance Program may provide a monthly maintenance payment for eligible children, but only if the payment is consistent with the established foster care maintenance rates. Therefore, a family receiving a rate outside of that established NCR rate may not be able to provide the same level of support without the consistency in rates for the children. The family may also decide not to pursue permanency due to the significant change in reimbursement rates. Children and youth in the child welfare and juvenile justice systems with complex needs are often served in congregate care settings, which are costly and delay permanency and community reintegration. Treatment foster care programs serve children in family homes at a lower cost to taxpayers and typically with better outcomes. LB541 proposes Treatment

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Family Care, a service provided in a home-like environment intended to allow children and youth with high-treatment needs to stay in their communities. Specially-trained caregivers or foster parents provide consistent behavior management, therapeutic interventions, and clinical services as part of a multidisciplinary team and under the direction of a supervising practitioner. Treatment Family Care provides families with a seamless system of care through braided funding from Medicaid and Children and Family Services. LB541 standardized specialized caregiving reduces barriers to permanency and increases our state's ability to receive IV-E funding and expands our continuum of care through Treatment Family Care. Thank you, Senator Walz and the HHS Committee for your leadership and work on behalf of children and families in Nebraska. And on behalf of the Commission, I urge you to support LB541.

ARCH: Thank you.

LANA TEMPLE-PLOTZ: And I'm happy to take any questions because I know it's rather complex.

ARCH: If you could answer the question that I asked previously, how this bill relates to the one we heard before.

LANA TEMPLE-PLOTZ: Right. So for the bill we heard before, it was an increase in rates for the current three existing levels. And for this bill, it would be adding an additional level and Treatment Family Care.

ARCH: Thank you.

LANA TEMPLE-PLOTZ: Yes.

ARCH: At the proposed rates from [INAUDIBLE]?

LANA TEMPLE-PLOTZ: Yes. Yeah, from the Commission. Yeah, the, the report and the Commission would outline those proposed rates.

ARCH: Other questions from senators? Senator Murman.

LANA TEMPLE-PLOTZ: Hi, Senator Murman.

MURMAN: Thank you, Senator Arch. And thank you for coming in.

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LANA TEMPLE-PLOTZ: Thank you.

MURMAN: So the bill would just establish another rate, it doesn't-- or another level, it doesn't say what the rates would be?

LANA TEMPLE-PLOTZ: Yeah, so the, the bill would establish an additional level. That's-- requires more responsibility on the part of the foster parent. And there's a rate attached to that additional level.

MURMAN: OK. Did, did you say what that rate was? I must have not heard you.

LANA TEMPLE-PLOTZ: I cannot remember what it is. And I feel really bad because I probably should know that. But I can't remember. It should be in the report, the Commission report.

MURMAN: Thank you.

LANA TEMPLE-PLOTZ: Yes.

ARCH: Any other questions? Seeing none, thank you very much.

LANA TEMPLE-PLOTZ: Thank you.

ARCH: Thank you for your testimony. Other proponents for LB541?

JEANNE BRANDNER: Good afternoon, Chairman Arch and Health and Human Services Committee members. My name is Jeanne Brandner, J-e-a-n-n-e B-r-a-n-d-n-e-r. I am testifying today in support of LB541 in my capacity as deputy probation administrator of the Administrative Office of the Courts and Probation. I also currently serve as the chair of the Nebraska Children's Commission, and I'm a past member of the Foster Care Reimbursement Rate Committee. LB541, as you've already heard, proposes the development of a higher level of reimbursement referred to as specialized for youth with exceptional needs: medical, developmental, behavioral health, and the need for in-home wraparound Treatment Family Care model in order to maintain family-like settings and prevent residential placements. I am here today to remind the committee that it is not just child welfare youth that access foster care placements. This is also important court-ordered service for youth under the supervision of Juvenile Probation. In particular, due

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to not having the specialized foster home rate, Probation has worked with our providers to develop what we refer to as a professional foster care rate. The service that we currently provide, provides an alternative for youth in the juvenile justice system with complex needs that might otherwise be served in congregate care or group home like settings. This professional home is supported by a licensed agency and is responsive to the youth's needs throughout the day, is prepared to intervene in crisis situations, and collaborate with the youth's parent or caregiver to provide effective parenting in order to support sustainable success. I think you heard a lot about that from the foster parent that testified earlier today. Youth in professional foster care require highly skilled caregivers to maintain consistent behavior management, supervision, and support. If this bill should be sent to the floor, it is imperative that Juvenile Probation be added so that we are not left without resources or funding to implement the Specialized Foster Care or Treatment Family Care for youth under court-ordered probation supervision. Thank you to Senator Walz and the HHS Committee for your continued leadership and work on behalf of youth and families in Nebraska. And I am happy to answer any questions you might have.

ARCH: Thank you. Are there any questions from the committee? Senator Williams.

WILLIAMS: Thank you, Chairman Arch. I just wanted to be sure about that last comment. So as drafted, Juvenile Probation is not covered?

JEANNE BRANDNER: I think some-- Senator, thank you for the question. There-- sometimes there's a lot of confusion about who provides what services. Probation provides a lot of the same services as HHS. And so I think sometimes there's an overlook of the funding streams. And so we obviously need to remain consistent with all other sources that are providing funding. So as I read the bill currently, it looks specifically at HHS and did not mention Probation.

WILLIAMS: Got you. Thank you.

JEANNE BRANDNER: Thank you.

ARCH: Thank you. Other questions? Seeing none, thank you very much.

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JEANNE BRANDNER: Thank you.

ARCH: Any other proponents for LB541? Seeing none, any opponents for LB541?

STEPHANIE BEASLEY: Hello, again. Good afternoon, Chairperson Arch and members of the Health and Human Services Committee. My name is Stephanie Beasley, S-t-e-p-h-a-n-i-e B-e-a-s-l-e-y, and I serve as the director for the Division of Children and Family Services within the Department of Health and Human Services. I'm here to testify in opposition of LB541. CFS appreciates the work of the Foster Care Reimbursement Rate Committee has completed, has completed through the years. In its most recent report, the Foster Care Reimbursement Rate Committee has recommended the development of a fourth tier of reimbursement to provide specialized caregiving for children who require more intensive caregiving responsibilities. The Department recognizes there is a gap for youth with challenging behaviors and treatment needs in substitute care. While this fourth tier addresses the needs of some youth, the Department believes there remains an opportunity to set additional tiers and rates that provide for a wide array of youth needs and ages and relative-- and related caregiving requirements. The legislation, as written, would prevent the Department from establishing a range of specialized rates with identified supports for both the children in care and the caregivers. To ensure that the tiers and rates allow for diverse needs of children and support to caregivers, the Department seeks to establish additional tiers based on the individualized needs of youth in care. In essence, the Foster Care Reimbursement Rate Committee has identified and provided a recommendation to address a gap in foster care services currently being filled with single case agreements within the Department. The Department would appreciate the opportunity to explore and potentially identify additional tiers that may be needed rather than adopting a single specialized rate. The increase in reimbursement rates for foster parents and the administrative rates for the child placing agencies under LB541 would have an fiscal impact on the CFS foster care program, as well as extended foster care, adoption, and guardianship programs, as payments in these programs are tied to those foster care rates. Additionally, CFS is concerned about the proposed July 1, 2021 implementation date. Implementing the changes recommended in the Foster Care Reimbursement Rate Committee report would require CFS to make numerous changes in a very short

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amount of time, including updating the rates in the Nebraska Caregiver Responsibility Assessment Tool in N-FOCUS. CFS would also have to make changes to its policies and contracts. Finally, the Department is supportive of the goals of Treatment Family Care, but would recommend a different implementation plan than what was proposed in the Foster Care Reimbursement Committee report from June of 2020. This is a new service and the Department first must design a person-centered care structure. A project of this size will take resources and time. The capacity to provide Treatment Family Care depends on recruiting and training providers willing and able to meet the special need for youth and families. As a result, an implementation date of July 1, 2021 is not feasible. In summary, the Department appreciates the efforts of the Foster Care Reimbursement Rate Committee to address important needs for children in care. The Department seeks to address those gaps in current services within reasonable timelines and build on the person-centered care goals in Treatment Family Care. At this time, we respectfully request that the committee not advance this legislation as written. Thank you for the opportunity to testify today. I'm happy to answer any questions.

ARCH: Thank you. Are there questions? Senator Cavanaugh.

M. CAVANAUGH: Thank you. Thank you for being here. I, I have a lot of questions. I apologize. Start with July 1, 2021. What date would this be feasible for the Department?

STEPHANIE BEASLEY: So we've looked at what it will take. There are changes in N-FOCUS, there are-- there's a reassessment of our current NCR tools. I really hate to shoot off the cuff, but I, I can tell you at least fall of 2021.

M. CAVANAUGH: So--

STEPHANIE BEASLEY: For the, the fourth tier implementation, for that change in N-FOCUS, for the rate changes. Treatment foster care, the implementation timeline would be further out than that.

M. CAVANAUGH: So the, so the date-- we could find a date in 2021 that would be workable?

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STEPHANIE BEASLEY: For the changes to N-FOCUS. I believe the changes in N-FOCUS can be done in 2021.

M. CAVANAUGH: OK.

STEPHANIE BEASLEY: Relative to the, the changes in the NCR tool that have to do with our programming for our platform, those could be done. Again, unique to the changes in the, the addition of the fourth tier or the changes in that current within those three, which is essential, enhanced, and intensive, those three tiers we already have established.

M. CAVANAUGH: And then you said that this would prevent the Department, as written, from establishing a range of specialized rates. So if, if we took no action on this bill, then you'd be able to establish those specialized rates?

STEPHANIE BEASLEY: We can. I-- the, the-- this, this range, there is a-- when you move to the specialized rate, we are hoping to have an opportunity to explore the gap between-- you have three rates, you have the essential, the enhanced, and then you have the intensive, and then it jumps to the specialized rate. And as we have looked at the shift that happens and the level of intensity from that third rate to what would become the fourth rate, we are asking for the opportunity to really explore is there a rate within there between those two rates, maybe two rates within those two rates, but really the opportunity to explore, to say, you know, as you step down from the higher the fourth tier back down to the intensive rate, would they be-- would someone be able to step down in the level of care needed all the way to intensive, or would they need to drop to an in-between rate? But as written, we do not believe that we would have the authority to do that.

M. CAVANAUGH: Are you currently doing that?

STEPHANIE BEASLEY: Are we currently exploring that?

M. CAVANAUGH: Yes.

STEPHANIE BEASLEY: We have been doing both things. The first is that we've been exploring what treatment foster care would look like as well as, you know, what that range is between those two. We have spent

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quite a bit of time with our foster care program staff really trying to understand and analyze, you know, what, what would the gap be and which kids would need this? It is-- we are-- we do know that this fourth tier addresses a gap for us, but we are-- there, there is-- it's a broad range from the intensive to the more specialized rate.

M. CAVANAUGH: I have one more question. If you are exploring this and you recognize that there is a gap that this would address, what is your Department's timeline on enacting something?

STEPHANIE BEASLEY: So our team has been looking for the opportunity to implement it by fall of 2021 or by the first of 2022.

M. CAVANAUGH: And I'm sorry, I apologize to Senator Arch, because I said that was one more but I got to follow up.

ARCH: Please.

M. CAVANAUGH: If, if you're doing it in the fall of 2021, how are you funding it? Because we won't be in session, we won't be able to appropriate those funds. And you-- there seems to be a concern in your testimony over our role as the appropriators to begin with. So is there going to be a-- is there a request in the budget to fund this?

STEPHANIE BEASLEY: There is not. So we are currently-- it doesn't change the number of kids who are in care. We are currently funding our-- I'm going to call-- we use single case agreements to address these what is now fourth tier. We also believe that the development of treatment foster care assist in, in really serving that population. And we think that, that having that array with the fourth tier, having that array of services, the cost, not that it would be neutral, I mean, obviously if there's a cost to increase in adding tiers, but we believe that you would also have youth who are stepping down out of the more specialized rate to a lower rate over a period of time. So it-- you are-- it's a great acknowledgment that, you know, there is this, this need. We're filling the need with single case agreements, giving us the opportunity to develop tiers and rates within this range. I don't think we'll really shift. You know, if we have-- I don't know that it's going to shift it at the rate that's going to be as problematic if we've already identified this fourth tier.

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M. CAVANAUGH: Thank you.

ARCH: Thank you. Other questions? Senator Murman.

MURMAN: So into adding another tier, we are talking about children with disabilities, correct?

STEPHANIE BEASLEY: Children, children with special needs, they tend-- it might not be a disability. Sometimes some of our kids who have the higher needs have complicated behaviors that need some more specialized care and our caregivers need more specialized support in order to ensure their safety.

MURMAN: And you're talking about adding more than one more tier.

STEPHANIE BEASLEY: We are wanting to have the opportunity and the flexibility to explore it and to see if it is-- if there is a potential for a tier or two in the middle of one, two, three-- I refer to it as the 3.5 tier and the 3.7 tier that is there an opportunity for us to really assess and look at tiers in the middle. And that is separate from the Treatment Family Care, which really is where we work closely with Medicaid to do just as Lana had described, which is a broader-- and those are for some of our kids with-- who are more medically frail or, you know, have more serious medical challenges.

MURMAN: So the, the tiers that you would add wouldn't necessarily be above the three tiers that exist now. One would be, I assume, and the others may not be?

STEPHANIE BEASLEY: So there is a-- in, in the report, there is a, a significant jump in the level of need from what we currently have are these three established tiers and within the tiers, there are age ranges. So at the highest end it's called intensive. And then it jumps from really almost, not quite double, but there's a significant jump in there to that more specialized. And our-- you know, I just want to make sure that there isn't a, a further need for this middle tier for an assessment for kids who would not necessarily need that specialized rate of between \$75 and \$80 a day for the maintenance rate for the foster care provider, and then nearly the same for the agency. I wonder if there is a, if there is a need and really having the

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opportunity to understand where would our kids, where might our kids fit who, who would be somewhere in between those two tiers?

MURMAN: Well, the reason I'm asking, you know, there is a wide range of disabilities and I was assuming you were talking about two or three tiers above the three tiers that exist now because of the range in disabilities. I mean, for instance, I've got a disabled child and-- well, she's not a child anymore, but I don't know if this is the right term to use, but she could be called profoundly disabled. So that would take-- a, a child like that would take a much higher tier than the ones that exist, exist now. So this--

STEPHANIE BEASLEY: We do ensure that our children-- thank you, Senator, are-- who are, who are-- who have more complicated, even profound needs, we ensure that they are taken care of. We do that again through the single case agreement process. I think the benefit for us in really looking at and exploring the tiers are that there's objective ways to, to categorize this is-- these are the needs and the caregiver responsibility that would have this level of tier. I think putting a structure together that the, the committee has done really yeoman's work in designing and thinking through what this would look like. I, I think we do have a range and, and you're never going to be able to fit every tier. But I do think we have the opportunity to see if there are not a couple more that would allow that and then address the more medical or even our profound needs, either with treatment care-- Treatment Family Care or continue. We, we will always have some single case agreements for our youth who just really need some more special care beyond anything that is typical. Sometimes it looks things like maybe even a one-on-one 24 hours a 7-- or 24/7 or even two-to-one staffing for a kiddo to make sure that they're well and safe 24/7. And so those are the ones that I think we can continue to address in our more unique.

MURMAN: So if I understand you correctly, they're, they're single case agreements with certain individuals that--

STEPHANIE BEASLEY: Yes, with our kids, you--

MURMAN: --might not fit in a tier.

STEPHANIE BEASLEY: Yeah.

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MURMAN: OK, thank you.

ARCH: Thank you. Other questions? Seeing none, thank you very much for your testimony. Are there other opponents to LB541? Is there anyone that would like to testify in a neutral capacity? If not, Senator Walz. As you're coming up, I would say that, that we received five written testimonies this morning, all proponents: Rachael Folds; Felicia Nelsen; Amber Bogle, the Children and Family Coalition of Nebraska; Monika Gross, Foster Care Review Office; and Chris Jones, Nebraska Children's Home Society. And we also received two letters of record: two in support; no neutral; and no opposed. Senator Walz, you may close.

WALZ: All right. Thank you for listening today and thank you to all the testifiers who came in to share why this bill is so important. I also want to thank the Department for coming in and sharing their concerns. I understand their position, but when it comes to specialized level of care, DHHS is already paying for it through individual Letters of Agreement or as Stephanie referred them to specialized agreement process with foster families. Because they are currently implementing in a nonstandardized way, it does not allow them to tap into the IV-E funds for the amounts that they're paying for above the third-rate tier. I think the Department would agree that these services are vital and essential for families, which is why they're already paying for them. If anything, LB541 would make it easier for the Department financially because the fourth tier would be standardized across the state and it would then qualify for federal funding. I would also like to say I appreciate the Department's willingness to instill or install other tiers in the future, and we would be happy to help and support those additional tiers. But we feel that because this is such a big need, implementing this fourth tier would be a really good place to start. And then we could continue to work with the Department on additional tiers or the gap in between. So with that, I thank you for your time and if you have any questions, I'd be happy to try and answer them.

ARCH: Thank you. Are there any questions for Senator Walz? Seeing none, thank you very much. And this will close the hearing on LB541. And we will open the hearing on LB127, Senator Cavanaugh.

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M. CAVANAUGH: Thank you, Chairman Arch and members of the Health and Human Services Committee. Our last one of the week. Yay. I-- an amendment is being passed out. OK, I'm going to try and read without my glasses fogging up. I am Machaela Cavanaugh, M-a-c-h-a-e-l-a C-a-v-a-n-a-u-g-h, representing District 6, west central Omaha and Douglas County and I'm here to introduce LB127. The Guardianship Assistance Program in the Department of Health and Human Services helps to reimburse certain expenses of a child that is a former state ward who has been placed with a guardian. The current program sets an negotiated reimbursement rate at the beginning of the guardianship for the child's expenses. However, there's no current way to change the reimbursement if the child's expenses change or the family's situation changes. LB127 would allow a mechanism for a guardian to apply for a change of reimbursement and present supporting documentation. Health and Human Services would consider the application and approve or deny. Recently, the Department proposed a similar change through regulation. I commend the Department personnel for recognizing there is a problem with never being able to recalculate the reimbursements. However, the proposal included language limiting applications by the amount of time the guardianship has been in place and the age of the child. That limitation presents a concern. The limitation was subject-- was a subject of communications from the Nebraska Children's Commission to the Department during the comment period for the proposed rule. Laura Opfer, policy analyst from the Nebraska Children's Commission, will follow me in testimony to explain their concerns. I communicated with the Department about concerns with the proposed rule change and held off introducing this bill until after Department meeting had a chance to address this concern. I had hoped the Department would change the proposed rule and remove the time frame and age limitations. That did not happen so we are here now to discuss concerns about supporting children and guardianship no matter their age or the length of time the child has been in a guardianship agreement. I understand the Department is opposing this bill on the grounds that they want to encourage adoptions and discourage guardianships. How is encouraging adoptions a reason to oppose this bill to support guardianships? I'm unclear. Supporting children in guardianship does not discourage adoption. I also have a question about the fiscal note. The Department's fiscal note estimated two additional staff positions, a program specialist and a social service worker would be needed to implement this bill. Those positions are going to be needed when the

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new rule goes into place, irregardless of whether this bill passes, I would assume. I think that they probably are. State supported guardianships are just as important to the child in the guardianship as an adoption is to the child who is adopted. It's a home and a bed to sleep in at night and someone who cares about them. If the state funding needs to support that guardianship to make that happen, then we should be happy to provide it. I ask for your support of LB127. I will try to answer any questions that I can, but I would ask the expert after me.

ARCH: Thank you, Senator Cavanaugh. Are there any questions? Senator Walz.

WALZ: Thank you, Senator Arch. I just have a quick question. I, I heard you say that they need extra staff, but can you repeat that?

M. CAVANAUGH: Oh, sure. I'm going to go to my notes to say it correctly. So they're making-- they made a rules change and the rules change is-- it-- it's putting a restriction on how long you've been in the guardianship as to whether or not you can apply for this so the extra staff would be needed regardless of if this bill passed. Because of the rules change, they would still-- they've made the rules change. It's just the number of people that can apply.

WALZ: Right. Was it two extra staff?

M. CAVANAUGH: Oh, yes, I'm sorry. It was two additional staff positions, a program specialist and a social service worker. Maybe they can help with the energy bills, too.

ARCH: Any other questions from committee? Seeing none, thank you very much.

M. CAVANAUGH: Yeah.

ARCH: First proponent for LB127.

LAURA OPFER: Good afternoon.

ARCH: Welcome.

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LAURA OPFER: Good afternoon, Senator Arch and committee members. My name is Laura Opfer, L-a-u-r-a O-p-f-e-r, and I'm the policy analyst with the Nebraska Children's Commission, or Commission. On behalf of the Commission, I'm testifying today in support of LB127. As you've heard through earlier testimony today, in June of 2020, the Foster Care Reimbursement Rate Committee submitted its required report to the HHS Committee making recommendations in four areas. LB127 addresses one of those four areas providing guardianships with the ability to request an increase in their assistance payments. The Nebraska Administrative Code 479 outlines a process for adoptive parents to request and receive an increase in their adoption assistance amounts when necessary. The increase requests are subject to an appeals process in accordance with the Administrative Appeals Act. According to DHHS, most requests for an increase in adoption assistance maintenance rates are approved. On the other hand, the Nebraska Administrative Code does not outline a process for guardians to request and receive an increase of their state-funded guardianship assistance amount. The majority of guardianships in our state are state funded and thus they are not functionally available for increases, nor are they able to have access to the administrative appeals process. This is concerning for children achieving permanency through guardianship, especially those in Tribal Court as adoption is not culturally appropriate. Incentivizing adoption over guardianship disproportionately affects Native American children. When families experience a change in their child's medical, behavioral or mental health needs, it is crucial that they have access to additional resources. Increased financial assistance can help families meet their child's unique needs. Many families experiencing a change in their child's needs require significantly more time for things like doctor's appointments, psychiatric evaluations, physical therapy or psychotherapy. Additionally, a child may need more structured supervision, educational support in the home or implementation of assistive therapies. A child experiencing a change in their physical or mental health can also be at greater risk of disruption, both when in foster care and at times even after permanency is established. Providing families with access to additional financial support is one of several tools that can help prevent further disruption. Children in guardianships who are former state wards of the state have already experienced trauma and are often at greater risk of mental health and substance abuse disorders. It is crucial that families have access to

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a full range of supports in these times of crisis to help reduce additional trauma to the child and ensure the family has necessary resources to meet the child's needs. Due to the gap in the Administrative Code, the Rate Committee, the Rate Committee recommends clarifying in statute that all guardianships with former state wards may be eligible for an increase regardless of the child's age, length of the guardianship, or funding source. LB127 provides guardianship families access to necessary resources and can help ensure children are supported and maintained in their family home, preventing further disruption in their lives. Thank you, Senator Cavanaugh and the HHS Committee for your leadership and work on behalf of children and families in Nebraska. On behalf of the Commission, I urge you to support LB127.

ARCH: Thank you. Are there questions? Seeing none, thank you very much for your testimony.

LAURA OPFER: Thank you.

ARCH: Next proponent for LB127.

LANA TEMPLE-PLOTZ: I'd like to, to thank the committee for giving me the opportunity to not be on a Zoom call and to see people face-to-face today. That's very much appreciated. Hello. Chairperson Arch and members of the Health and Human Services Committee, my name is Lana Temple-Plotz, L-a-n-a T-e-m-p-l-e P-l-o-t-z. I'm the CEO of Nebraska Children's Home Society and the board chair of Right Turn. I'm here on behalf of NCHS and Right Turn to testify in support of LB127. Nebraska Children's Home Society, or NCHS, uses 127 years of experience to put children's needs first through an array of statewide services designed to build strong, supportive families and nurture children. Our core services include foster care, adoption, and family support. We support children and caregivers across the lifespan, including, including grandparents raising grandchildren and families of all configurations. In collaboration with Lutheran Family Services, we provide Nebraska's post-adoption and guardianship support service through Right Turn. For those of you who are not familiar with Right Turn and post-adoption services, the program was put into place by the Legislature in 2009 following the Safe Haven situation. Of the children dropped off at safe haven sites across Nebraska, 75 percent were formerly in Nebraska's foster care system and in adoptive or

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guardianship homes. Safe Haven made it clear that many adoptive and guardianship families were struggling, frustrated, and facing difficult behavioral or emotional challenges with their children. They did not know where to turn for help, so they were making their adoptive children state wards again. Today, Right Turn continues to provide services to stabilize and maintain these adoptive and guardianship families formed following foster care. A majority of families come to Right Turn needing help navigating the process of requesting an increase in their maintenance payment through DHHS. Right Turn permanency specialists have the opportunity to develop a relationship with that family and connect them with critical services such as adoption, competent therapists, training and case management. Because requesting an increase is the initial contact with Right Turn, less guardianship families are served than adoptive families. When guardianship families aren't able to request and receive an increase, that also makes it less likely for them to connect to other supportive services like Right Turn. During 2020, Right Turn served 304 adoptive families compared to 30 guardianship families. The Department's regulation for guardianship subsidy does not outline a procedure where a guardian may request an increase in maintenance if the needs of the child change over time as was previously mentioned. There have been recent efforts made by the Department to make changes to those regulations, however, their proposal includes additional criteria that would still shut the door on too many families unlike adoptive families who currently receive assistance by DHHS. We believe guardianship families formed through foster care face challenges like adoptive families and should be given the same opportunities to meet their children's needs with increased assistance from HHS. LB127 would provide additional resources and support to guardianship families like that of adoptive families. Thank you, Senator Cavanaugh and Health and Human Services Committee. And I'd be happy to answer any questions that you might have.

ARCH: Thank you. Are there any questions? Seeing none, thank you for your testimony.

LANA TEMPLE-PLOTZ: OK. Thank you.

ARCH: And thanks for coming in person and not Zoom.

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LANA TEMPLE-PLOTZ: I know, like a full outfit and everything, not just the top. It's great.

ARCH: Are there other proponents for LB127? Are there opponents for LB127?

STEPHANIE BEASLEY: Last time today. I promise. Good afternoon, Chairperson Arch and members of the Health and Human Services Committee. My name is Stephanie Beasley, S-t-e-p-h-a-n-i-e B-e-a-s-l-e-y, and I serve as the director for the Division of Children and Family Services within the Department of Health and Human Services. I'm here to testify in opposition of LB127, which establishes the eligibility criteria for and the class of individuals eligible to receive an increase in maintenance payments under all guardianship assistance agreements. The Department recognizes that there are times when guardianship is appropriate and ongoing support may be needed for the child and guardian once the guardianship is finalized. Under current regulations, guardianship assistance agreements are not eligible for an increase in the monthly maintenance payment. However, based on feedback from community stakeholders, DHHS has elected to allow increases in the maintenance payment in some guardianship assistance agreements. This change is included in proposed regulations currently undergoing the rules promulgation process. These proposed regulations would allow guardians who have a guardianship assistance agreement with DHHS to request that DHHS review the agreement and provide an increase when the child reaches 13 years of age or has been in a guardianship for 5 years. These proposed provisions differ from current regulations, which do not allow state-funded guardianship assistance agreements to be increased once the guardianship is finalized. LB127 expands the class of individuals that would be eligible to request an increase. This could incentivize guardianship rather than adoption because it would permit guardians to request assistance adjustments in circumstances when adoptive parents cannot. Specifically, LB127 would permit guardians to request adjustments based on changes and expenses for the child. Adoptive parents, by contrast, cannot request an increase based on an increase in the child's expenses. They may only receive per 479, Chapter 8 of the Nebraska Administrative Code, when there is a change in family circumstances. A change in family circumstances could include a change in the child's diagnosis, a parent losing a job, or a change in a child's treatment, to name a few. Generally, this would not encompass

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any change in expenses for the child, such as typical food and clothing expenses. If LB127 were to be enacted, caregivers could opt to remain guardians because of financial incentives rather than adopt the child. This would be contrary to DHHS goals, which include providing permanent homes for children in care. Guardianships can be terminated at any time, whereas adoption is intended to be a lifetime commitment. Under LB127, all requests for guardianship increases would have to be reviewed and processed if criteria are met, leading to a fiscal impact on the agency. Per introduced legislation, all guardians who provide satisfactory documentation would appear to be eligible to receive an increase upon request, even if the increase is based only on the child's increased expenses. Finally, as written, the bill does not take into account the Title IV-E requirement that guardianship assistance payments can be no greater than if the child remained in foster care with DHHS. The Department needs the authority to deny an assistance increase request to ensure it does not exceed a maximum foster care rate. We respectfully request that the committee not advance this legislation. Thank you for the opportunity to testify today. I'd be happy to answer any questions.

ARCH: Thank you. Are there, are there questions from the committee? I have, I have one. I go back to the-- your testimony regarding proposed regulations. Your proposed regulations would not include increased expenses. Is that correct?

STEPHANIE BEASLEY: No, but it would include changes in the circumstances or the, the level of need for a child.

ARCH: OK, so changes in circumstances?

STEPHANIE BEASLEY: Right. Like a parent losing their job, one of the parents being diagnosed with cancer or the child's diagnosis, when the family's circumstances have changed.

ARCH: If the circumstances change again and person's employed, would you go back and reduce payment for guardianship under these proposed regs?

STEPHANIE BEASLEY: I don't know that we do that, Senator, but I can ask. I do know that we do annual reviews to see if the change in

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circumstances have-- has changed again. But I am not sure that we reduce. But I can find out for you.

ARCH: OK, thank you. Any other questions? Seeing none, thank you very much for your testimony today.

STEPHANIE BEASLEY: Thank you.

ARCH: Are there other opponents for LB127? Is there anyone that would wish to testify in the neutral capacity? Seeing none, Senator Cavanaugh, while you're coming, I will indicate that we received two written testimonies this morning, both proponents: Felicia Nelsen; Amber Bogle for the Children and Family Coalition of Nebraska. We also received three letters of support, letters of record, no neutral, and no opposition. Senator Cavanaugh, you may close.

M. CAVANAUGH: Thank you, Chairman Arch. So the, the bill and the amendment, the bill is one page. The amendment is a sentence inserted in. The intention here is to ensure that all children that are in a guardianship are-- their families are, are that they are with have the opportunity, if needed, to apply for these increased benefits. They have-- as the bill states, they have to provide documentation satisfactory to the Department supporting the need for an adjustment. So I, I would hope that we could have the Department in support of us doing everything we can to help families that are caring for children in these types of situations. And I am disappointed by the fiscal note, but that seems to be a theme today. So I will take any questions that you might have.

ARCH: Any questions for Senator Cavanaugh? Seeing none, thank you very much.

M. CAVANAUGH: Thank you very much.

ARCH: This will close the hearing on LB127. And we'll close the hearings for the day for the committee.