

Transcript Prepared by Clerk of the Legislature Transcribers Office
Business and Labor Committee January 30, 2023

RIEPE: I'm going to-- for those of you who have just come in, I want to introduce the senators that are here and the ones that show up, we will come back and I'll pick them up. So the tall and handsome gentleman to my right here, Senator Halloran, would you introduce yourself, please?

HALLORAN: I thought you were talking about Senator McKinney.

RIEPE: Well, him too.

HALLORAN: Good afternoon. Senator Steve Halloran, representing District 33, which is Adams County, Kearney County, and Phelps County.

McKINNEY: Good afternoon. Senator Terrell McKinney, representing District 11, north Omaha.

IBACH: Good afternoon, I'm Teresa Ibach. I represent District 44, which is eight counties in southwest Nebraska.

RIEPE: I'm Merv Riepe, I'm Chairman of the committee, and Micah Chaffee is our legal counsel and Cole Lumsden, going to get that right, is our clerk for the day. So thank you very much. With that, we're going to hear the nomination for, I'm sorry, Commissioner of the Labor Department. So, John, would you go ahead and introduce yourself and give us your position?

JOHN ALBIN: Good afternoon, Chairman Riepe, members of the Business and Labor Committee. For the record, my name is John Albin, J-o-h-n A-l-b-i-n, and I'm appearing here today, this afternoon to ask for your support in recommending my confirmation as Commissioner of Labor to the full Legislature. As most of you know, I served as Acting Commissioner of Labor under Governor Heineman starting in 2014. I was then appointed as Commissioner of Labor by Governor Ricketts in 2015. I'm grateful to Governor Pillen for giving me the opportunity to continue to serve the citizens of the State of Nebraska as the Commissioner of Labor during his administration. By way of a quick personal background, I grew up in rural Richardson County, near Humboldt. I received both my undergraduate and law degrees from the University of Nebraska-Lincoln. I'm widowed with four grown children that I'm immensely proud of and who blessed me with two grandsons. I worked for the Legislature while attending law school and for the Government Committee and Bill Drafters Office following my graduation. I was in private practice for seven years before going to work for the Department of Labor. In my 33 years with the department, I was employed as a hearing officer, attorney III, and general counsel

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before being appointed commissioner. A lot has changed over the last eight years, but some things have not. The department is still primarily federally funded, with approximately 90 to 95 percent of the department's funding coming from the United States Department of Labor. As you might expect, the federally funded programs carry an additional layer of statutory and regulatory compliance provisions with them. During my tenure as commissioner, the pandemic presented unprecedented challenges to NDOL with historic levels of unemployment claims and benefit payments. In calendar year 2019, 41,727 initial claims were filed with NDOL. In 2020, between the state and federal pandemic claims, 298,793 initial claims were filed with the department. NDOL received approximately 1,000 initial claims a week in late March 2020. By the week ending April 4, 2020, it received just under 28,000 initial claims. To give some further context to the immensity of the increase in workload, in calendar year 2019, NDOL paid \$63.4 million in unemployment benefits. In 2020, NDOL paid \$1.2 billion in unemployment claims. I'm very proud of the work that the NDOL team did to process those claims. Because of the hard work that those women and men did, NDOL is in a position to address the next recession, whenever that might come. And it was not just the benefit adjudication team that stepped up. It was a team effort. Workforce coordinators, labor standard specialists, and labor market analysts became UI adjudicators almost overnight. Sister agencies loaned us employees to process claims. The NDOL IT, human resources, legal and financial teams worked days, nights, and weekends to keep everything working, and we succeeded. The pandemic has made the unemployment program the most publicly visible program at NDOL, but unemployment is not the only important program at NDOL. Every unemployment claimant permanently separated from their previous employment is required to meet one-on-one with a job coach who assists them in finding a new job. NDOL has partnered with DHHS to create the SNAP Next Step program. DHHS refers SNAP recipients to NDOL, and NDOL assists the SNAP recipient in finding new or higher paying employment through job training and work search assistance. NDOL has recently partnered with DHHS and Blue Cross Blue Shield to help launch the Ignite Nebraska program, which helps underemployed and unemployed individuals to find jobs in the IT field. This program is particularly exciting because as part of the program, an individual who successfully completes the program is guaranteed employment by the sponsoring employer. Jobs for America's Graduates, JAG, is a national program that assists students with barriers to high school graduation. Through the placement of in-school JAG specialists, the students not only receive credit for the JAG class, but are exposed to career and postsecondary educational opportunities. In January 2019, we stood up our first three Nebraska

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JAG programs with about 100 students. In the '23-24 school year, the program will expand to 34 schools serving 1,530 students. Over the short history of the program, JAG students have achieved a 99 percent graduation rate. The department is faced with many opportunities in the near term. Although the reemployment SNAP Next Step, Ignite, and JAG programs have achieved a great deal of success, I believe that we can expand upon those successes in the coming years. Nebraska is the first state to consolidate all of its unemployment and workforce software systems onto a single software platform. The consolidation effort began with the workforce and labor market information systems in 2020 and then the UI benefits system in 2019. The final step was the launch of the new tax-- UI tax system in December 2021. The need to create new federal unemployment pandemic programs delayed the implementation of the UI tax system and the fine tuning of the benefits software system. The first order of business in 2023 is to do the finishing work on those programs. NDOL has secured two large federal grants to improve the unemployment benefits system. NDOL will be spending approximately \$2.3 million to make its forms and software system more accessible to the average citizen. In addition, NDOL will spend approximately \$1 million to implement fraud detection and prevention software recently purchased from LexisNexis. Process improvement requires a constant review of existing systems and processes to ensure that they perform as intended and at maximum efficiency. It's my intent that NDOL will continue down that process improvement path in the coming years. Thank you for your time. I would be happy to answer any questions you might have.

RIEPE: Thank you. Senator McKinney.

McKINNEY: Thank you, Senator Riepe. And thank you, Commissioner Albin. I got a couple of questions. The first, do you think it's good practice to have individuals from your department come and testify for and against bills?

JOHN ALBIN: I believe it's appropriate. We're expected to administer the program so I think we should. If we're administering a program, it's appropriate for us to appear and testify.

McKINNEY: So you don't see a problem with that?

JOHN ALBIN: No.

McKINNEY: OK. What are your goals for the next three to five years for the Department of Labor?

JOHN ALBIN: Well, one, as I mentioned in my testimony, the first goal is to get the fine tuning done for the UI tax and benefits systems so that those are completely, all the fine or rough points are hammered out and smoothed out before the next recession. The second one that's been a high priority, at least if you'd ask my staff by the number of times I asked them about is it done yet, is the implementation of the LexisNexis fraud detection systems. We need to get that in place. The world has changed in terms of the fraud that we face. When I started with the department, even up until just prior to the pandemic, the basic fraud that we faced was people who went back to work or took a side job and didn't report if and claimed fraudulent benefits. There was nothing equivalent to the organized crime efforts to get into the claims now and file the false-- totally false claims. So we've had to increase our sophistication a lot. That's why we went with the LexisNexis product. We thought we did good during the pandemic, but we felt like we needed to do a much better system because the fraudsters evolve constantly. And so as an agency, we need to evolve constantly in terms of, of protecting the system from that fraud. The third thing is just-- and maybe it's probably number one in a lot of people's estimation, and that's just the workforce issues, things that we can do to attract workers, to retain workers in Nebraska, things we can do to build that workforce. JAG is a good example of the workforce development issues in the sense that the JAG program takes kids that have barriers to employ-- or to graduation. And we all know that high school graduation is an important part of your resume for getting that next job or getting on in your educational career. And it takes those kids and helps guide them through to some career exploration, some self-awareness, and helps them to get graduated and in the process also exposes them to postsecondary and workforce options or career options that they might have. In addition, with our RESEA program, we work very hard to try and get people who are permanently separated from their employment back into employment as quickly as possible. It has-- also has a component in that, that if there are-- is training that would really benefit that person in terms of their future employment that we need to get in, we need-- make referrals within that program. SNAP Next Step doesn't have huge numbers, but we would love to expand it. We started out with three pilot city-- or locations. We're now statewide with it to help SNAP recipients as part of that process. I think the number that the Department of Health and Human Services put together for me said that of those who complete the program, which is over 50 percent, which is good for any program of that sort, the average increased income is \$25,000 per year, which is a big number. And of course, that allows many of them to be completely free of the need for government assistance. Ignite Nebraska that

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started in Omaha, we're hoping to take that out later as another alternative workforce area where we can take people, work with other people with barriers to employment, provide them training, provide them assistance. The employers provide most of the training in this case, although they get some educational training as well right now through Bellevue University, but it's going to expand to other places when we get done. We provide support services through the WIOA program and our partners like the city of Omaha's WIOA program, city of Lincoln's WIOA program to get those people into these permanent jobs. In our first Ignite class, the graduates, I think their jobs that they moved into were \$50,000 to \$60,000 a year. So those sorts of workforce development issues in addition to our traditional employment exchange. But those-- we've also created a position for a reentry coordinator, someone whose primary-- only job is to work to try and help released offenders or persons about to be released to get employment. We work very closely with RISE, in fact, out of Omaha and, in fact, we're funding them to the tune of about \$200,000 this year to help coordinate that job for the offenders, their release so that they have a job and don't have any need to return to crime or in the bad past they were before, so. Sorry, that's a little long-winded, but.

McKINNEY: No, I think that's good you're trying to help incarcerated individuals. I do find it hard to understand that you want to grow the workforce and the labor force in our state, but your department comes opposed to family medical leave of absence. And when you survey young professionals across the country and in a state that is something high on our priority list, so how do you manage that?

JOHN ALBIN: Well, one, we raised all the same issues on the bill this year that we raised last year and--

McKINNEY: So why didn't your department work with Senator Cavanaugh over the interim and why didn't you send information or try to correspond with her sooner than Saturday?

JOHN ALBIN: Well, I guess the question is, since we adjourned last April, we had zero contacts from Senator Cavanaugh's office about how we would improve the bill to make it workable. So I guess-- the phone lines run both ways or cell lines run both ways. No one contacted us. The bill was dropped on the second legislative day. That was the first we had seen of the bill this year.

McKINNEY: The second legislative day?

JOHN ALBIN: I think that's when she dropped it.

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McKINNEY: So how many days did you have to respond to it and reach out to say, hey, this is something we would oppose, but here are some suggestions to get us to maybe neutral or support?

JOHN ALBIN: I guess we were never asked for that input. We gave our fiscal note to LFO.

McKINNEY: But you wasn't asked to oppose either.

JOHN ALBIN: I'm sorry?

McKINNEY: You weren't asked to oppose the bill either.

JOHN ALBIN: We think there are flaws in the bill. And you got to remember, I don't just-- it isn't just the Department of Labor is often a free agent. We're a part of an administration. And the administration has every right to take positions on legislation as it goes forward. The Legislature-- the Governors have always been a part of the legislative process. They have the right to veto bills, to introduce bills. So I don't, I don't think it's fair to say that the administration has no right to take a position on legislation and--

McKINNEY: I didn't say they don't have a right. I would say that if you-- if a bill is dropped the second day of the session and you look at it on the surface and say we oppose this, and then you waited to basically two days or a day before the hearing to offer, well, you didn't offer no suggestions. Well, you probably did, but then you come to a hearing in opposed. I don't think that's fair to the senator. It's not even just her, across the board, I just don't think agency people should come in for or against bills. I think that should always be neutral. But that's just my stance and thank you.

RIEPE: Are there other questions from the committee? Senator Blood.

BLOOD: Thank you, Chairman Riepe. How are you today?

JOHN ALBIN: I'm good. How are you, Senator Blood?

BLOOD: Good. For once, it's not an interim study with me [INAUDIBLE].

JOHN ALBIN: There you go.

BLOOD: All right. But unfortunately I do have questions, and you did answer one of them. I just want to clarify the Ignite Nebraska, you said that you thought or you're pretty sure that the average starting wage was \$50,000 to \$60,000 or did I hear that incorrectly?

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JOHN ALBIN: In our first class-- yes, it was 50 to 60. I can't remember, Joni Wheeler has been kind of the heartbeat of the program, but I want to say that the average was 52 to 60.

BLOOD: And that didn't include benefits or that included the benefits?

JOHN ALBIN: No, that doesn't include benefits, just salary.

BLOOD: OK. Because I know that's something that can kind of--

JOHN ALBIN: Sure.

BLOOD: --slide in. They're, like, oh, they're making \$60,000, but \$20,000 of that is benefits, so. OK, so--

JOHN ALBIN: Well, in fact, with Ignite all of the partici-- the participants in that first class, they had part-time employment with Blue Cross during the course of that and they're-- and they weren't charged for the hours that they took at Bellevue University so it was-- and then through the WIOA program, they were also provided with other support services, assuming they qualified, which I'm assuming where they came from, most of them would of.

BLOOD: Right. Because you have people that are-- it's their job to steer them in that direction. So I agree with you, by the way, that your staff works very hard. I always have to throw that in. So you're, you're doing \$1 million to implement fraud detection, which, as you know, I've been talking about for several, several years now--

JOHN ALBIN: You have indeed.

BLOOD: --because we gave a lot of money to the Russian mafia and the Nigerian crime rings. And, and I got to say, I've always been a little miffed when I was told during those hearings that, well, it happened to other states, too. I don't care about the other states. I cared about Nebraska. So I was excited when you said that you were looking at a program, but the program that you chose, I have big questions about. You said LexisNexis, right?

JOHN ALBIN: Yes.

BLOOD: You know it's an analytics company and that there's grave concern about the data that they glean. So have you guys signed an opt-out contract on that data? Because they're going to have a lot of data,--

JOHN ALBIN: There are--

BLOOD: --and there's a lot of concerns about that data and where it goes.

JOHN ALBIN: There are provisions in the agreement about the data and the protection of the data and the, and the sharing of data. I've haven't read through the contract lately so--

BLOOD: It, it should be separate. There's a separate opt out. So I, I-- if, if you're not for sure,--

JOHN ALBIN: I'll have to get back to you on that one.

BLOOD: --I strongly encourage you to make that a definite. Because that's their job is to glean data. Right? And we know that most companies that glean data, even though they say that there's not secondary things they do with it, they all do. That's how they make their money. And so I know because I read up on it, that that's been an ongoing issue, that people aren't aware that they can opt out. And here's this big company whose job is to make a profit with a lot of personal data that it's gleaned on your behalf. Right?

JOHN ALBIN: All right. I will look into that issue and get back to you.

BLOOD: OK. I appreciate that. I appreciate you. Also, if you would let me know that indeed we've opted out on that, because I think we're going to have a, a growing concern if we don't. I think we're going to open ourselves up to more fraud while trying to prevent fraud.

JOHN ALBIN: I'll let you know what's in the contract and what we've done.

BLOOD: All right. Thank you.

RIEPE: OK. Thank you. Are there other questions, concerns, questions? Seeing none, thank you very much.

JOHN ALBIN: Thank you.

RIEPE: That concludes the nomination hearing. Oh, you [INAUDIBLE]. What I'd like to do, too, is there a show of hands of who intends to testify this afternoon? OK. OK. I think we will stay with the five minutes and see how that goes. I just want to be consistent. And if we had large, very, very large numbers, we would need to cut down to a

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three minute, but we'll stay with the five minutes and go with that. At this time, I have two bills that I'm going to introduce so Vice Chairman Ibach will be chairing the meeting for my, well, in my presentation, so Chairwoman.

IBACH: We'll wait until you get around. Thank you, Senator. You can go ahead with your opening statement.

RIEPE: Thank you, Chairwoman Ibach. And good afternoon, members of the Business and Labor Committee. For the record, my name is Mervin or Merv Riepe, M-e-r-v, last name is Riepe, R-i-e-p-e, and I represent the 12th District, which consists of southwest Omaha and the city of Ralston. Nebraska currently requires all contractors registered with, with the Nebraska Department of Labor in order to do work in the state. As part of that registration, there's a fee for all contractors. In addition, nonresident contractors pay an additional \$25 fee should their project exceed \$10,000. LB427 intends to do away with this additional fee for nonresident contractors. Existing policy is not enforceable. This additional fee does not cover the administrative cost of the program, hence the need to eliminate. For the past three years, the total fees collected have been under \$25,000 per year. Thank you for your time and attention. I would be happy to answer questions. Representatives of the Department of Labor will be following me and will be able to answer more detailed questions.

IBACH: Thank you, Senator Riepe. Are there questions from the committee? Seeing none, we'll go on to proponents.

RIEPE: Thank you.

IBACH: Are there any proponents for LB425 [SIC--LB427]? Thank you. I thought you were going to come up and give us your statement again.

JOHN ALBIN: Oh, I gave away my speaking cards. Give me the large one back. All right, Vice Chairwoman Ibach and members of the Business and Labor Committee. For the record, my name is John Albin, J-o-h-n A-l-b-i-n, Commissioner of Labor. I appear before you today as Commissioner in support of LB427. I want to thank Senator Riepe for introducing this legislation on behalf of the department. The Nebraska Department of Labor administers the Contractor Registration Act. Under the act, all contractors doing work in Nebraska are required to register with the Nebraska Department of Labor on an annual basis. With each registration, there's a \$25 fee. Currently, out-of-state contractors are charged a one-time additional fee of \$25 when they first register as a contractor. Out-of-state contractors are also

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required to submit a \$25 fee for any project they're working on if the contract price is over \$10,000. These funds are remitted to the State Treasurer for credit to the General Fund. As proposed, LB427 standardizes the fees for in-state and out-of-state contractors and eliminates the additional fee for each additional project assessed against out-of-state contractors under the Contractor Registration Act. Funds from the fees are proposed to be eliminated by LB427 or remitted to the State Treasurer for credit to the General Fund. The project permit fees are submitted by businesses on what is essentially an honor system, as the department has no way of knowing the size and scope of the projects the contractors intend to perform. The funds are not used by our department to maintain or run the program. The contractor registration program is funded solely by the \$25 registration fee, which was recently reduced from \$40. All contractors, regardless of where they are located, must pay the \$25 registration fee. The Nebraska Department of Labor registers approximately 20,000 contractors each year, of those fewer than 1,000 are out-of-state contractors. The funds collected for the three previous years from the state contractors related to these additional fees are fiscal year '22, 22,625; fiscal year '21, 23,025; and fiscal year '20 23,025. This concludes my testimony and I'd be happy to answer any questions you might have.

IBACH: Thank you, Director Albin. Does anyone on the committee have questions for him? Seeing none, thank you.

JOHN ALBIN: Thank you.

IBACH: Any other oppon-- or proponents? Seeing none, any opponents? This is the efficiency of my Vice Chair. Thank you. I'll call you back up. Neutral? Yes. Thank you. I spoke too soon.

KORBY GILBERTSON: Sorry, about that.

_____ : It's all your fault.

KORBY GILBERTSON: I know, story of my life. Good afternoon, Vice Chair Ibach, members of the committee. For the record, my name is Korby Gilbertson. It's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. I'm appearing today as a registered lobbyist on behalf of the Home Builders Association of Lincoln, Metro Omaha Builders Association, and the Nebraska Realtors Association. Both of these organizations initially wanted to oppose this legislation. I talked to Director Albin, they-- and then later they gave me permission to do as I saw fit. I talked to Director Albin about this legislation and realized that it's their

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request. I wanted to give those of you who weren't around when this was initially adopted some of the background of why we have this registration and our concerns with not holding out-of-state contractors liable for what they do. The two, the two purposes of this act was to require a registration so that the Department of Labor could go out onto job sites and make sure that employers are doing things correctly, that they have workers' compensation coverage for their employees and that they're not coming in-- some people will say a hammer and a truck after a big storm and leaving without either (a) not doing any work or doing shoddy work and leaving the state before anyone knows what happened. So that's the initial reason why we have always supported this and hope that it can continue. Their reasoning that they don't need that extra funding and wanting to treat everyone the same, we understand, but we hope that the Legislature will continue to support this registration to protect Nebraskans.

IBACH: Thank you very much. Are there questions from the committee? Senator Blood.

BLOOD: Thank you. Thank you for testifying. I thought for sure you would be in opposition. That's why I was kind of wondering where you went, now you're neutral. And that, that was my concern as well. So what are the ways we have to track these ne'er do wells? Who do, they, they prey upon Nebraskans every time we have a storm, roofers, especially, by the way.

KORBY GILBERTSON: Yes.

BLOOD: No offense to-- it's out-of-state roofers I'm talking about not our in-state people. So how-- well, how else can we track this and do we track this?

KORBY GILBERTSON: I think unfortunately, it's very hard to track because, you know, the, the ones most likely to comply with the law are the ones that are here doing things correctly. Obviously, we are very concerned about it. I know the insurance industry consistently tries to figure out ways--

BLOOD: Right.

KORBY GILBERTSON: --to take care of this because you will have bad actors come in and have contracts assigned to them, do bad work and leave. I don't know what we do. I think it's a problem that all of us have recognized for years. And right now we, you know, with this, we couldn't get any further than just-- than what this allows. But maybe

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in the future, that's something to continue to discuss if we need to have more teeth in it.

BLOOD: Well, and, and we know that a lot of times they get around permits and stuff by doing the work on weekends. We saw that, especially after storms.

KORBY GILBERTSON: Right. And I think as Director Albin said, it's just very, very hard for them to track because they don't have to-- they aren't aware of the permits that are taken out and things like that. So without working in concert with local municipalities that issue those permits, it gets difficult.

BLOOD: So when we take away this one last safeguard, we really have nothing then?

KORBY GILBERTSON: Well, and this doesn't take that away. It just changes the fees. So I just wanted to make sure the committee, especially those of you that are new, understood the reason for the law in the first place.

BLOOD: OK.

KORBY GILBERTSON: OK.

BLOOD: Thank you.

KORBY GILBERTSON: Great. Thank you.

IBACH: Thank you very much.

KORBY GILBERTSON: Thanks.

IBACH: Are there other testimonies in the neutral position? Seeing none, I don't think we have a record of letter submitted as well. Do we Cole? Think there are any letters? OK. Then, Senator Riepe, we'll ask you to close. And he waives so that concludes the hearing on LB427. Thank you all very much. We'll move on to LB426.

RIEPE: Get a new marquee again.

IBACH: Please state your name and spell it for us.

RIEPE: Thank you, Vice Chairwoman Ibach. And good afternoon, members of the Business and Labor Committee. For the record, my name is Merv Riepe, M-e-r-v R-i-e-p-e, and I represent the 12th District, which consists of southwest Omaha and the city of Ralston. I have introduced

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LB426 on behalf of the Workers' Compensation Court. As its annual caseload continues to decline, the need for seven judges is not required. Rather, six will be able to continue the work. According to the court, a current sitting judge is planning on retiring in the spring, and the need to replace that judge is not warranted based on declining caseload trends. Other factors attributing to the declining workload include statutory changes, declining litigation, and reduced-- reduction of workplace injuries. This reduction will promote the efficiency of administration of justice and will reflect the reduced workload of the adjudicating branch of the court. Thank you for your time and attention. I would be happy to take questions. A presiding judge of the Nebraska Workers' Compensation Court, Judge Daniel Fridrich, as well as Corey Steel, the court administrator of the Nebraska Supreme Court, will be following me and will be able to answer more detailed questions.

IBACH: Perfect. Thank you for your testimony. Any-- or for your opening comment. Any questions? Senator Hunt.

HUNT: Thank you. When you talk about efficiency, could having an even number of judges instead of an odd number end up hampering efficiency if there's a split decision?

RIEPE: I will have to yield to the judge in terms of if they come down to a vote and if the-- with six if one is serving as chair then does he or she then have to break that tie. I don't know how that works.

HUNT: OK.

RIEPE: But-- well, I think we'll find out in just a couple of minutes.

IBACH: Thank you. Thank you, Senator Hunt. Any other questions from the committee? Seeing none, thank you very much.

RIEPE: Thank you.

IBACH: OK. Any proponents? If you could please state your name and spell it for us.

DAN FRIDRICH: Thank you. My name is Dan Fridrich, D-a-n, last name, F-r-i-d-r-i-c-h. Thank you, Senators, members of the Business and Labor Committee. I'm the presiding judge of the Nebraska Workers' Compensation Court. I've been a judge for ten years now, and I've had the honor of being the presiding judge of this court for three and a half years. I'll just start off by answering your question right away. The, the quick answer is no, it shouldn't create any inefficiencies.

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The only time we vote is at our public hearings, where we vote as a group. In order for us to pass rule changes, we do take a vote on those rule changes and it does require a majority. So when we had-- if we-- at seven, it was easy to have a 4-3, but four is still a majority. If, if we have only six judges, a 3-3 would be a tie and it wouldn't be a majority at that, at that point. So the, the rule change would simply fail. But that's a once a year activity for us. Usually our votes are 6-1, 7-0. We're generally pretty unanimous on, on any rule changes. So I don't see that being a big problem. Otherwise, as trial judges, we try cases individually. So I hear a case, no one else, none of the other judges are hearing it with me. So in our day-to-day activities, the things we do, 99 percent of the time, it doesn't matter what other judges think. I get to decide the case and I'll go into that in a little bit more detail. As I continue with my presentation, if you have any questions, feel free to interrupt. The Nebraska Workers' Compensation Court was established in 1935 by the Legislature, and at that time there were only three judges on the bench. In 1986, the court grew to seven judges so over 30 years ago. I'm here asking you to reduce the number of judges from seven to six, and I'm sure you must be asking yourself why. And I'm here to explain that to you. In 2001, a series of changes started that has led to a reduced workload for the judges on our court. This reduction in work has caused this court as stewards of public resources to seek a reduction in the number of judges on this court from seven to six. There have been three major changes that have resulted in fewer litigated cases and therefore a reduced workload for our judges. The first one is a reduction in the number of injuries. In 2001, fiscal year 2001, there were about 67,000 injuries in the State of Nebraska on an annual basis. Now since that time, we've seen a 50 percent reduction in injuries. So over the last four fiscal years, we've had on average about 35,000 injuries annually. So with fewer injuries, there is fewer lawsuits and then fewer trials for we judges to litigate. The second major change came about in 2009 with LB630. What that basically did was change the way settlements are done in our court. So it made it actually easier for parties to settle their cases so they can now settle their cases in an easier fashion that results in fewer cases for us judges to try. And I won't go into the details as to why it made it easier to settle cases. I can certainly do that, but I, I don't know that it's necessary. But I will say it's generally universally accepted as talk among judges and lawyers that the changes in LB630 made it easier to settle cases. And in fact, that was the whole point of the legislation, was to make it easier. And then lastly, in 2011, we had LB151 eliminate the three-judge panel of the Workers' Compensation Court. And that was the last time we actually

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heard cases as a panel, Senator Hunt, was before 2011. We actually did some work together, but LB151 eliminated that. So if I could just talk about that for a moment. Before LB151, there would be a trial before a single judge and if any of the litigants didn't like that decision they would appeal that decision to the three-judge panel of the Workers' Compensation Court. So three of our judges would act as an appellate level court, like the Court of Appeals or the Supreme Court, and they would review that single judge's decision and then they would decide whether that single judge got that decision right or wrong. LB151 eliminated that. They got rid of it. And so now when someone is dissatisfied with a single judge's opinion, say, I rule on a case, they appeal it to the Supreme Court or the Court of Appeals. That three-judge panel is, is gone. It doesn't exist anymore. And one judge on our court estimated that that was about 15 percent of each judge's daily workload was working on three-judge panel work. So we've seen three things really lead to a reduction in, in our work.

IBACH: I'm going to, I'm going to tell you that the red light is on, but I'll open it for questions.

DAN FRIDRICH: Yeah, I'm sorry. I see I had my time run at 5:40. I apologize. Questions?

IBACH: Senator Halloran.

HALLORAN: Thanks for your testimony. So this is a very serious question. I want you to understand. So how do you choose which judge goes?

DAN FRIDRICH: Yeah.

HALLORAN: Short straw?

DAN FRIDRICH: I'd like to-- I skipped this part. Thank you, Senator Riepe, for introducing our bill. But as Senator Riepe alluded to in his opening statement, we do have a judge who is going to retire in May, end of May and, and there is an emergency clause on this bill that coincides with, with that judge's retirement date.

HALLORAN: Well, it's really good news that the injuries have come down so substantially. Again, it's about half?

DAN FRIDRICH: About half.

HALLORAN: So the next question is, why aren't you cutting the judges in half?

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DAN FRIDRICH: Well, because not every injury leads to litigation, right, some, some injuries are minor. They don't even-- they stitch them up and go back to work that same day. I stepped on a nail at work one day when I worked at Kmart and I was back to work that same day. So--

HALLORAN: Good for you.

DAN FRIDRICH: Yeah. Got a tetanus shot and get back to work. But yeah, that's the reason is not everything leads to litigation. And even if it does, it doesn't necessarily mean it goes to trial.

HALLORAN: And they're not equally complex or simple, so it's hard to average out.

DAN FRIDRICH: Not at all. Not at all.

HALLORAN: Thank you.

IBACH: Thank you, Senator Halloran. Any other questions? We're a tough bunch because if you give us one, we want four.

DAN FRIDRICH: We'll start with one and we're willing to talk on anything after that.

IBACH: Thank you very much for your testimony.

DAN FRIDRICH: Thank you for your time.

IBACH: Other proponents?

COREY STEEL: Thank you, Vice Chair Ibach. My name is Corey Steel, C-o-r-e-y S-t-e-e-l. I am the Nebraska Supreme Court state court administrator for the Administrative Office of the Courts and Probation. And I'll be brief, as Judge Fridrich has really listed the reasons behind the court, the Workers' Compensation Court coming to this realization that six judges is enough to handle the current caseload and the projected caseload into the future versus seven. And as Judge alluded to, it is statutory bound. It's unlike any other trial court judge with our court system. It is statutory that seven judges must be in the Workers' Compensation Court versus our other process with our trial court judges, where we go through that vetting process with the Judicial Resources Commission and the nomination commission and so forth, and then the appointment of the Governor. This is an automatic and that's why there's the emergency clause on this bill as well. Judge Fridrich came to the Supreme Court probably

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about October or November and talked with the full Supreme Court and they're in support of this legislation and the reduction of a judge, which, as was alluded to, is odd because usually the judiciary, we come in and ask for more judges, but here we are being good stewards, seeing that the caseload has diminished over time and this has been tracked for several years to show that there isn't a need for a seventh judge and now is the time in order to make that reduction. So I thank Senator Riepe for introducing this bill on behalf of the Workers' Compensation Court and the Supreme Court. And I also want to thank Senator Blood, she also will be carrying some Workers' Compensation Court legislation this year for the Workers' Comp Court, so. I'd be happy to answer any questions that you may have.

IBACH: Thank you. Are there questions from the committee? Seeing none, thank you very much.

COREY STEEL: Thank you.

IBACH: Other proponents?

KRISTEN HASSEBROOK: Good afternoon, Vice Chairman. I'm Kristen Hassebrook, K-r-i-s-t-e-n H-a-s-s-e-b-r-o-o-k, and here today in support of LB426 on behalf of the Nebraska State Bar Association. Just want to echo the comments previously stated and just let you know that the Nebraska State Bar Association, which represents attorneys across the state, supports the Workers' Compensation Court and their request to reduce their, their judges, judge numbers from seven to six. Happy to answer any questions.

IBACH: Thank you very much. Are there questions from the committee? Seeing none, thank you very much. Good afternoon.

ROBERT J. HALLSTROM: Good afternoon, Vice Chair Ibach, members of the committee. My name is Robert J. Hallstrom, H-a-l-l-s-t-r-o-m. I'm here in support of the LB426 today on behalf of the National Federation of Independent Business and the Nebraskans for Workers' Compensation Equity and Fairness. I'll try to be brief. I think it's important when you look at the fiscal note that there's some administrative savings from cutting the judge and as long as there are justifiable reasons for doing so, which I think have been shown to the committee that those savings can hopefully accrue to the benefit of both employers and employees. With regard to the reduction in the number of injured workers over time, that is good thing overall. And I would hope that the workplace safety committees that have been in place since, I think, about the mid-1990s have played a, a factor in that. And, and

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finally, Senator Halloran, I, I would suggest you were a little bit harsh. This would reduce the number of judges by one rather than cutting the judges in half. So--

HALLORAN: It would be hard.

ROBERT J. HALLSTROM: --I think we should just stick to the number. So anyway, with that, I'd be happy to address any questions.

IBACH: Great. Thank you very much. Are there questions from the committee? Seeing none,--

ROBERT J. HALLSTROM: Thank you.

IBACH: --thank you for your testimony. Other proponents? Seeing none, we'll move to opponents. Are there opponents of this bill? Seeing none, is there anybody in the neutral? Got one.

BRODY OCKANDER: Good afternoon, Vice Chair, members of the Business and Labor Committee. My name is Brody Ockander, B-r-o-d-y O-c-k-a-n-d-e-r, and I'm a lawyer practicing in Lincoln. I'm here on behalf of the Nebraska Association of Trial Attorneys. In that respect, we're here to take a neutral position on LB426. But we do have some concerns, and I am hoping that the committee may be able to discuss those regarding this bill. The first of our concerns would be how this changes access to justice for injured workers. Will they be, will they be able to get into the courtroom the same as they are today? The second issue that we have is the judges don't have access to clerks to do their legal research and writing. Will having one fewer judge delay the judges in issuing decisions in a timely manner? And with regards to that, to give you a little bit of background on how that works, if you have a trial in the Nebraska Workers' Compensation Court, you don't get a decision instantly like you would maybe with a jury or something, you know, within a day or two even. Oftentimes, these things take anywhere from one to six months after the trial has occurred. Now in years past, I've waited even as long as-- these are past judges, but maybe even a year, possibly. Now, Judge Fridrich, who testified earlier, he's quite efficient in getting that back, but we're just concerned that possibly increasing their workload could decrease the inefficiency of that, all that while our injured workers are waiting for the decision, potentially waiting for further treatment, potentially waiting for money benefits, indemnity benefits. The third concern we have is that all the judges live in, in Lincoln and Omaha areas and members of our organization are lawyers also outside and up in greater Nebraska. And at times potentially the,

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the reduction of judges might mean that there will be less judges willing to travel out to Nebraska. Now all seven judges currently, and will be six if this, if this measure passes, they all travel outstate, even though they live in Lincoln and Omaha. And we just are concerned that to make sure that this isn't an issue where folks and, and injured workers in greater Nebraska still have that same access to justice as well. In summary, we, we do take a neutral position, especially because the court is the one bringing this bill. We trust that the court knows their caseload and what they can handle. But at the same time, we just had those concerns as, as an organization, so. Thank you for your time and I'd be happy to answer any questions.

IBACH: Thank you for your testimony. Are there questions from the committee? Senator Hansen.

HANSEN: Thank you. I don't know what they call it, I don't know what they call it in the judicial world, but like not telemedicine, what do they-- is a judge able to kind of communicate with somebody in western Nebraska via video or--

BRODY OCKANDER: We, we do have the ability to have trials via video conference and hearings that-- as well. I think, generally speaking, the, the judges aren't necessarily fond of that. I know a lot of my clients prefer to, to have trials in person. That is potentially a concern is that maybe, again, those people in greater Nebraska, they don't want that to be a slippery slope in order to-- they don't get access to a live judge as opposed to maybe someone in Lincoln and Omaha. But I, I don't think that that will be an issue. The judges generally only grant those motions when you, you show that there's a hardship that your client might not be able to make it to a live trial.

HANSEN: OK. I was just curious. Thank you.

IBACH: Great. Are there are other questions from the committee? Seeing none, thank you very much for your testimony.

BRODY OCKANDER: Thank you.

IBACH: Are there others in the neutral position on LB426? Seeing none, that will conclude our hear-- unless you want to close, Senator. Thank you.

RIEPE: I'm going to make a brief comment and that is in consultation with the judge, the judges, the six that will be remaining prefer live trials as opposed to video telemedicine type of trials. And so they

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will travel and agree to travel around the state. They're not going to concentrate it down to the Lincoln and Omaha only. That's not the intent. So that's all I have.

IBACH: Very good. Thank you very much for your attendance. That concludes our hearing on LB426. Thank you.

RIEPE: Thank you. We're now going to move to LB282. Instead of my presenting on this as is listed on the agenda, it's such a technical and procedural bill that Micah Chaffee, the research analyst and law grad and part of the Business and Labor Department, or my department, my office will, will introduce. Following his introduction, the order of speakers will be representatives from the Department of Administrative Services, Office of Risk Management, a representative from the Attorney General's Office, and representatives from each state agency requesting their respective write-off, write-off request. With that, I will turn the floor over to Mr. Chaffee, and please go ahead.

MICAH CHAFFEE: Good afternoon. Thank you, Chairman Riepe. My name is Micah Chaffee, M-i-c-a-h C-a-h-- sorry, C-h-a-f-f-e-e, research analyst for the Business and Labor Committee. I'm here to introduce LB282. LB282 are claims against the state that have been approved for payment after review by the State Claims Board. LB282 includes tort claims, miscellaneous claims, insurance claims, workers' compensation claims, and agency write-off requests. Here to, here to testify for those claims as Chairman Riepe had said, we have representatives from the Department of Administrative Services, the Nebraska Press Association, Nebraska Attorney General's Office, and finally various state agencies requesting their respective write-off requests. Here today is Mr. Allen Simpson, Risk Management for the Department of Administrative Services. He will speak in more detail about the state claims process and will be able to answer any additional questions regarding these claims. He will also speak to the amendment, AM89, which includes four additional claims. Thank you, Chairman Riepe. This concludes my testimony.

RIEPE: Thank you. Are there any questions for Mr. Chaffee? OK. Hearing none, we'll proceed forward. Welcome.

ALLEN SIMPSON: Welcome, sir. Chairman Riepe, members of the Business and Labor Committee, good afternoon. My name is Allen Simpson, A-l-l-e-n S-i-m-p-s-o-n, and I am the Risk Manager for the State of Nebraska. LB282 and AM89 provides for the payment of claims against the state. I briefly referenced the claims within the bill and provide

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an overview of the claim process. Tort, miscellaneous, indemnification, and line of duty and contract claims are filed with the Office of Risk Management. Claims in the amount up to \$5,000 can be approved directly by the Risk Management Office. Any claim over \$5,000 and up to \$50,000 must be approved by the State Claims Board. Claims totaling more than \$50,000 must be approved by the Legislature and thus are added to the claims bill. Agency write-off requests for uncollectible debt and the payment of workers' compensation settlements and judgments must be approved by the Legislature and are also included in this claims bill. That's a quick summary of how the claims make it to the claims bill. I will now go through the process and provide a brief description of each claim and settlement process by the Attorney General's Office. In 2021, the Legislature enacted LB255 to adopt the In the Line of Duty Compensation Act that created a benefit for first responders who die in the line of duty. Last year, the Legislature passed LB717 raising the amount of compensation to \$250,000. Included in this claims bill are the first beneficiaries of the line of duty claims. The State Claims Board reviewed and approved the claim of the beneficiaries of four respondents who passed due to the line of duty death. These first responders are Elwood fireman Darren Krull, Lincoln fire investigator Donald Gross, Saunders County Deputy Sheriff Jeffrey Hermanson, and Purdum firefighter Michael Moody. Senators, if there are no questions on the line of duty claims, then Dennis DeRossett will speak on the first miscellaneous claim 2023-22334 for the Nebraska Press Advertising Services. After Mr. DeRossett, Phoebe Gydesen from the Attorney General's Office will speak on claims settled by the Attorney General's Office. Once Phoebe Gydesen has finished, we have a representative to speak on the agency write-off requests. Thank you for your time. And if there are any questions, I'm here to answer.

RIEPE: Thank you very much. Are there questions from the committee? Yes, Senator Hunt.

HUNT: Thank you, Chairman Riepe. I want to say for the record, I will probably have questions, but we haven't been able to see this amendment. So I just wanted to state that for the record.

ALLEN SIMPSON: I do have copies.

HUNT: You have copies for everybody?

ALLEN SIMPSON: Yes.

HUNT: Great. That would be awesome. Thank you.

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RIEPE: Legally things, this means that this was sent out to all the members of the committee on January 26 so we have had some advance notice. Are there additional questions, though? Senator Hunt, did you have any? I'm not trying to catch you off--

HUNT: No, you're fine. I'm, I'm really struggling to find the amendment. But thank you for saying that you sent that out.

RIEPE: Thank you.

VIOLET SPADER: I'm not Dennis DeRossett. But the Business and Labor Committee, my name is Violet Spader, V-i-o-l-e-t S-p-a-d-e-r. I'm the sales and marketing director of the Nebraska Press Advertising Service, and I am here to speak to and answer any questions regarding LB282. Specifically, miscellaneous claim number 2023-22334 in the amount of \$71,483.44. This claim represents the publishing cost to-- excuse me, fulfill the constitutional and statutory publishing requirements for the constitutional amendments and the initiative, initiative measures that were in the ballot in November of 2022. One was the constitutional amendment, the proposed amendment number one, and two initiative measures proposed by the people, measures 432 and 433. These notices were published in all 152 legal newspapers in Nebraska for three consecutive weeks in the month prior to the election. The weeks of publication were October 17, 24 and 31, 2022. In seven of those newspapers, the constitutional amendments and initiative measures were also published in Spanish. NPAS compiled actual tear sheets, which is the physical page containing the notice from each of the three weeks of publication from each of the 152 newspapers, along with notarized affidavits of publication from each newspaper. This ensure-- this ensured that full legal publishing requirements were met. All documents were then indexed, boxed, and delivered by NPA staff to the Office of the Nebraska Secretary of State as required, which completes the legal process for the proof of publication and fulfillment of state statutes. Through this process, the full ballot language for each constitutional amendment and initiative measure was made available to citizens across Nebraska, which made for a better informed electorate on issues important to them and to the future of the state. Thank you and I would be happy to answer any questions.

RIEPE: Are there any questions, Senators? Hearing none, thank you very much.

VIOLET SPADER: Thank you.

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RIEPE: Welcome. Please state your name, spell it, and who you represent.

PHOEBE GYDESEN: Thank you, Chairman Riepe, members of the Business and Labor Committee. Good afternoon. My name is Phoebe Gydesen. That is P-h-o-e-b-e G-y-d-e-s-e-n, and I'm an Assistant Attorney General for the State of Nebraska in the Civil Litigation Bureau. I also serve as the legal adviser to the State Claims Board. I'm here to provide a brief description of the indemnification, tort, workers' compensation, and State Insurance Fund claims listed within the bill and in AM89. All of which constitute settlements by the Attorney General's Office on behalf of the State of Nebraska, its agencies and employees. Section 2 of the bill covers tort claims. The first is tort claim 2019-18570. This is a settlement entered into by the Attorney General's Office on behalf of the Nebraska Department of Correctional Services in Lancaster County. Jason Galle filed a lawsuit against NDCS pursuant to the State Tort Claims Act asserting claims of common law negligence and medical malpractice related to NDCS's alleged failure to provide timely medical treatment for his right leg. The total amount of the settlement was \$95,000, \$50,000 of that has been previously paid, and the remaining amount of \$45,000 has been placed into LB282 for approval and payment. Section 3 of the bill covers indemnification claims owing by the State of Nebraska. Claim CI 21-3860 [SIC--21-3850] is a settlement entered into by our office on behalf of the Nebraska Department of Veterans Affairs. Adam Koenig originally filed claims of employment discrimination, failure to accommodate and retaliation against the NDVA for label to his disabled veteran status. The claims were heard by an NEOC officer who determined they were substantiated and entered an award in Mr. Koenig's favor for back pay and attorney fees. The department appealed the determination to the district court under the Administrative Procedures Act, but entered into a settlement prior to the hearing. The total amount of the settlement is \$99,500, \$50,000 of that has already been paid and \$49,500 is in the bill for approval and payment. Section 4 of this bill covers workers' compensation claims. The only claim in there is-- was a settlement entered into by the Attorney General's Office and which has been approved by the Nebraska Workers' Compensation Court. It was filed by Stacie Brown, who filed suit against the state after sustaining an injury while repositioning a patient at the Beatrice State Development Center. This compromise settlement is a full and final settlement, resolving all claims for indemnity and past medical expenses, but leaving future medical expenses open. The total amount of the settlement was \$125,000, \$100,000 of that has been previously paid and the remaining \$25,000

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has been placed into LB282. Section 5 of the bill covers tort claims to be paid from the State Insurance Fund. The first claim is claim 2019-18631. In that claim, Jeannet Anderson filed a lawsuit against the state and its employee pursuant to the State Tort Claims Act for injuries sustained in a motor vehicle collision with a member of the Nebraska State Patrol, which occurred on February 4, 2018. As a result of the collision, Ms. Anderson sustained injuries to her head, back, right knee and right shoulder, which required hospitalization and additional treatment. The parties entered into a settlement following mediation of \$202,500, \$50,000 of that has been previously paid, and the remaining \$152,500 has been placed into LB282. Claim 2019-18641 is a settlement entered into by the Attorney General's Office on behalf of the Department of Transportation. Elizabeth Champion filed suit under the Tort Claims Act for injuries sustained in a motor vehicle-- excuse me, a motor vehicle collision with a motorized broom that was owned by NDOT that occurred on August 1, 2018. She suffered a broken femur as a result of the crash and also claimed damages for medical expenses, lost wages, pain and suffering, and future medical expenses. The parties entered into a settlement in the amount of \$150,000, \$50,000 has been previously paid, and the remaining \$100,000 is-- has been placed into LB282. AM89, which my understanding is that it is potentially not in front of you, is-- includes a claim that was recently settled by our office, claim 2019-19477 was a settlement entered into on behalf of the Nebraska Department of Game and Parks in Cheyenne County. The claimant in that was Rachael Rufenacht. She filed suit against Game and Parks under the Tort Claims Act for injuries also sustained in a motor vehicle accident. As a result of the crash, Ms. Rufenacht sustained a fractured wrist, which required two surgeries to correct and claimed that she suffered a permanent aggravation of preexisting migraines and chronic headaches. The total amount of that settlement was \$200,000, \$50,000 has been paid and the remaining \$150,000 has been placed into AM89 to LB282 for approval and payment. This claim will also be paid from the State Insurance Fund. That is all I have for you this afternoon unless there are any questions, I'm happy to answer those.

RIEPE: Are there any questions? Hearing none, thank you very much. Any other testifiers on this technical question?

RYAN McINTOSH: Good afternoon, Chairperson Riepe, members of the committee. My name is Ryan McIntosh, M-c-I-n-t-o-s-h. I'm here today as a registered lobbyist on behalf of the Nebraska State Volunteer Firefighters Association and the Nebraska Fire Chiefs Association. As you heard included in the claims for LB282, our two line of duty deaths were volunteer firefighters in Nebraska. The first is to Cheryl

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Krull, the surviving spouse of Darren Krull. Elwood Fire Chief Darren Krull was killed in a motor vehicle collision on Nebraska Highway 283, approximately eight miles north of Arapahoe, Nebraska, while responding to a large wildfire which burned over 35,000 acres. Also included is payment to Cheryl Moody, surviving spouse of Mike Moody. Mr. Moody passed away following the Bovee fire near Halsey, Nebraska. Also included in LB282 are the two additional line of duty death payments to Donald Gross of the Lincoln Fire Department and Jeffrey Hermanson of the Saunders County Sheriff's Office. Thank you for your consideration and support.

RIEPE: OK. Thank you. Are there any questions? Hearing none, thank you.

RYAN McINTOSH: Thank you.

RIEPE: Other presenters?

REGINA SHIELDS: Good afternoon, Chairperson Riepe and members of the Business and Labor Committee. My name is Regina Shields, R-e-g-i-n-a S-h-i-e-l-d-s, and I am the agency legal counsel and legislative liaison for the Nebraska State Fire Marshal Agency. I'm here today to testify on LB282 and ask for a write off of \$6,289 of debt that has been deemed uncollectible. This amount comes from our boiler and convenience certification and registration fees that were unpaid due to a variety of issues, including bankruptcy, business closures, and ownership transfers. These fees were from 2017 through 2019. The agency's efforts to collect these amounts include sending multiple letters requesting payments, past due notices, and numerous phone calls. It has been determined that the cost of additional collection efforts would exceed the amounts owed so the agency respectfully requests that these amounts be written off. Thank you for the time and I'm happy to answer any questions.

RIEPE: Are there any questions? Seeing none, thank you very much.

REGINA SHIELDS: Thank you.

RIEPE: Mr. Daley, you've been here before so--

FRANK DALEY: I have indeed. Good afternoon, Mr. Chairman and members of the Business and Labor Committee. My name is Frank Daley, D-a-l-e-y. I serve as the executive director of the Nebraska Accountability and Disclosure Commission and I'm asking for the Commission to write off the sum of \$4,175. This sum represents late filing fees assessed against individuals or committees or corporations

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for failure to timely file reports required under the Accountability and Disclosure Act. The late fees involve two political committees that have been dissolved and have no assets. One corporation that's been dissolved by the Secretary of State and has no assets, and three individuals, one of whom is deceased, one of whom we haven't been able to locate in over 20 years, and one of whom owns-- owes a very, very small amount, has left the state, has not responded to informal inquiries to try and get the matter paid. We believe there's no reasonable possibility of these being collected. Thank you for the opportunity to talk with you today.

RIEPE: Thank you. Good to see you again.

FRANK DALEY: Thank you.

RIEPE: Are there any questions? Seeing none, thank you, Mr. Daley.

FRANK DALEY: Thank you.

JEFFERY SCHROEDER: Good afternoon, Chairman Riepe and members of the Business and Labor Committee. My name is Jeffery Schroeder, J-e-f-f-e-r-y S-c-h-r-o-e-d-e-r, and I am chief legal counsel for the Nebraska Department of Transportation. I appreciate having this opportunity to testify in support of the department's write-off claim in LB282. The department respectfully requests your approval of the write-off request totaling \$193,971.08. The Department of Transportation has the duty and responsibility to protect and maintain the 10,000-mile state highway system and NDOT's numerous maintenance yards and other facilities across the state. From time to time, that infrastructure gets damaged due to the action of others. Most of the items that make up the write-offs involve motor vehicle crashes that damage highway guardrails, traffic signs, right of way fences or state vehicles. NDOT has a detailed process it follows to estimate the damages and collect the cost to repair, reconstruct or replace state property damaged by the public. NDOT works hard to attempt to collect every dollar of damage caused to state property. NDOT's efforts include letters from the state property damage coordinator, as well as phone calls and letters from our agency legal division. NDOT's attempts to collect for this damage are sometimes unsuccessful for multiple reasons, including, but not limited to, the responsible party cannot be identified or located, the party has no insurance or insufficient insurance amounts, the party has insufficient assets to pay off the indebtedness or sometimes the responsible party is in bankruptcy. The items deemed uncollectible in this bill have been reviewed and approved for write off by our legal division, by the

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traffic engineering division engineer or by, by the deputy director for operations, depending on the dollar amount. Accordingly, NDOT believes these amounts are now uncollectible, and NDOT recommends that they be written off as a part of LB282. Thank you again for this opportunity to testify. With that, are there any questions for me at this time?

RIEPE: Are there any questions from the committee? Seeing none, thank you for being here.

JEFFERY SCHROEDER: Thank you.

MICHAEL GREENLEE: Good afternoon, Chairman Riepe and members of the Business and Labor Committee. My name is Michael Greenlee, M-i-c-h-a-e-l G-r-e-e-n-l-e-e, and I'm an attorney with the Department of Health and Human Services. I am here to testify in support of LB282, specifically Section 6, which would permit DHHS to write off certain debts owed for fiscal and accounting purposes and to provide information as needed. The total debt for which the department is requesting write-off authorization is the amount of \$875,459.89. The requested write-off amount relates to debts owed to the department by way of assistance provided through 14 different programs this year. The debts are due to overpayments made or services provided which we have not been reimbursed. Prior to submittal of these debts for write off, the agency pursued recovery through one or more of the following efforts: first, regular billing statements; secondly, recruitment; third, demand letters signed by the program, by one of the agency's directors or by one of the agency's attorneys, usually that would be myself; and litigation. Nearly 100 percent this year, or \$875,112.13 of the debt being submitted for write off is being submitted because the debtor has either passed away with no probate being filed, because the debtor had the debt discharged in bankruptcy, or because the applicable statute of limitations has passed to include money owed from persons who remained on needs-based assistance. The majority of this year's submission, nearly 92 percent falls within the third category, debt that is uncollectible as is past statute limitations. Again, much of the debt that is owing is from persons who were on needs-based assistance at the time their debt went past limitations period. By way of example, the largest number of accounts included in this year's request involved debts that came from-- came about due to overpayments made to recipients of Aid to Dependent Children, otherwise known as ADC. That's pretty consistent just about every year. Over half of this year's submission involves debts owing from ADC recipients, 451 accounts at all, with the average account owing \$659.41. Of these accounts, nearly 98 percent involve debts where it

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has been at least five years since the last payment was made and, thus, the statute of limitations has run. The remaining 1.79 percent of this year's total write-off request involve 15 individual accounts of less than \$100, averaging approximately \$23.18 each, where we have sent billing statements, mailed demand letters, and have made telephone calls to no avail. We respectfully request that the committee advance LB282 to the General File. Thank you for your-- thank you for the opportunity to testify today. I'd be happy to answer any questions. Thank you.

RIEPE: Are there any questions from members of the committee? Senator Halloran.

HALLORAN: Thank you, Chairman Riepe. Michael, I'm just curious, of the \$875,000, what would that be a percentage of the total benefits given out by the Health and Human Services?

MICHAEL GREENLEE: Well, that's really hard to say because a lot of these debts span a number of years. So would you be looking at, you know-- and not only that each program could span a certain different number of years as well. Because some programs, for instance, submit every single year. Other programs will submit every four or five years because they just have less accounts receivable that are deemed uncollectible.

HALLORAN: OK. I appreciate it. Thank you.

RIEPE: Are there other questions? If not, thank you very much.

MICHAEL GREENLEE: Thank you, everyone.

RIEPE: Are there other presenters?

TERESA ZULAUF: Good afternoon, Chairperson Riepe and members of the Business and Labor Committee. My name is Teresa Zulauf, T-e-r-e-s-a Z-u-l-a-u-f. I'm the controller of the Nebraska Public Employees Retirement Systems, Agency 85, and I'm asking for permission for an agency write off of \$12,844.70. The need for these write-offs stem from retirement benefits that were paid out to six deceased members in subsequent months after the members passed away. The agency had not received timely notification of death so the payments continued. Member's retirement benefits cease following the month the member passes away. These payments were made in succeeding months after the member had passed and were therefore not due to the member. NPERS staff and the agency legal counsel have made multiple attempts to correspond and collect the money from the beneficiaries without any

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success, any success. Copies of documentation and the attempts to collect the overpayments have been submitted with the request for the write-off forms. NPERS feels that all options have been exhausted to collect and believes the overpayments to be uncollectible. I respectfully ask permission to write off these debts. Do you have any questions?

RIEPE: Are there any questions from committee? Seeing none, thank you very much.

TERESA ZULAUF: Thank you.

DENNIS NELSON: Good afternoon, my name is Dennis Nelson. That's spelled D-e-n-n-i-s N-e-l-s-o-n. I'm the finance manager of the Nebraska Lottery, which is the division of the Nebraska Department of Revenue. I'm here to present the lottery's miscellaneous claims seeking permission to write off an account that is uncollectible. The lottery sells scratch tickets and lotto tickets and is our regular course of our business. We sell lottery products through a network of about 1,200 retailers, which are located throughout the state. Sales for the last fiscal year were about \$202 million. Occasionally, a retailer does not have sufficient funds in their account when we do the electronic funds transfer. We refer to this as EFT sweep. We are then notified by the State Treasurer and the sweep is returned to us unpaid. We then work with, work with these retailers to collect the money, which sometimes may take a long time to complete. In this case, the retailer ultimately declared bankruptcy and went out of business. We are requesting permission to write off this retailer account. The total of the account is \$14,398.30.

RIEPE: Are there any questions from the committee? Seeing none, thank you very much.

NICOLE ZIMMERMANN: Good afternoon, Chairperson Riepe and members of the Business and Labor Committee. My name is Nicole Zimmermann, N-i-c-o-l-e Z-i-m-m-e-r-m-a-n-n, and I'm the finance director for the Nebraska Department of Veterans Affairs.

RIEPE: OK, we might ask you to speak up just a little bit.

NICOLE ZIMMERMANN: Oh, sorry.

RIEPE: You have a really soft voice.

NICOLE ZIMMERMANN: I'm here to discuss our agency's write-off request. These debts are from two members who resided at state, state veteran

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homes who passed away without any estate from which to pay their member contribution fees that remain due and owing after the member's death. Member contribution fees are the cost that members pay for their care while living in veterans homes. Efforts were made to collect these sums but were unsuccessful. Further efforts would not be fruitful because neither member has an estate or assets from which to recover the amounts owed. One member lived at the Central Nebraska Veterans Home in Kearney and the other member lived at the Norfolk Veterans Home in Norfolk. The total of these two outstanding debts is \$7,240.03. We respectfully request that the committee advance the portion of this bill, which includes our request to write off these claims as they are uncollectible. That concludes my testimony and I will answer any of your questions.

RIEPE: Are there any questions from the committee members? Seeing none, thank you very much. Welcome.

CHRISTINA PETERS: Hello.

RIEPE: Please state your name and spell it.

CHRISTINA PETERS: Thank you. Good afternoon, Chairperson Riepe, Senators, and Counsel. For the record, I am Christina Peters, C-h-r-i-s-t-i-n-a P-e-t-e-r-s, and I'm an accountant for the Nebraska Game and Parks Commission. Our write-off request is comprised of transactions from calendar year 2021 totaling \$2,142.25. The submission includes three types of collection issues. The first group comes from 28 insufficient funds or uncollectible checks received at various parks throughout the state totaling \$1,530. These checks range in size from \$6 for a daily park permit up to \$175 for a multi-night camping stay. The second issue totals \$454.75 from group activities at Mahoney State Park. Lastly, \$157.50 was due from two external permit vendors that did not make their final payment for permits they sold on the agency's behalf. Multiple attempts are made to collect these debts, either by park staff at the original purchase locations or by budget and fiscal staff in the Lincoln office. Documentation of these attempts are maintained and were submitted with our claim. None of the claims presented here were deemed sufficient enough to warrant involvement of the, of the agency legal counsel or assistance of the Attorney General. We would respectfully request your approval of the submitted write-offs. Thank you.

RIEPE: Are there any questions from the committee? Senator Hansen.

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HANSEN: Thanks for coming to testify. Thank you, Chairperson. What's-- I, I know-- what's group activities at Mahoney State Park?

CHRISTINA PETERS: Well, you can rent out the activity center. You can rent to have a birthday party under a picnic shelter, and it's all gone through their group events, division, or office.

HANSEN: OK. They didn't, like, trash a house?

CHRISTINA PETERS: No, no, no, no. No.

RIEPE: OK. Senator Ibach.

IBACH: I just have one question.

CHRISTINA PETERS: Sure.

IBACH: I'm just curious. What's the minimum amount that you would use a collection process to collect? Do you have a minimum?

CHRISTINA PETERS: What we look at is-- everything goes to the parks, we, we-- or, or the office location. We send everything back out to them to attempt to make collection. Once they send it back to our office, we do look at the dollar amount. We also look to see if they're in state or out of state. And then we also look to see if there was-- and there's a little bit of-- I don't want to say skip tracing, but we do research the people a little bit online to see, you know, we found people that have been incarcerated. And also if it's a potential fraud, could be a potential fraud, we also don't try to collect those. Typically, it's anything over \$30 we'll try to collect. But there, there's various things we look at.

IBACH: Thank you.

RIEPE: Do you have a blacklist for the people that don't, don't pay?

CHRISTINA PETERS: Some of our parks will maintain that on their own. We do not have one statewide.

RIEPE: OK. Senator Halloran.

HALLORAN: Are there any state senators on that list? [LAUGHTER]

CHRISTINA PETERS: I'll have to ask the parks.

RIEPE: If they're on this committee, don't mention the names, please.

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IBACH: Please don't.

RIEPE: OK. Thank you very much.

CHRISTINA PETERS: Thank you.

RIEPE: Appreciate it.

JOHN ALBIN: Good afternoon, Chairman Riepe and members of the Business and Labor Committee. My name is John Albin, J-o-h-n A-l-b-i-n, Commissioner of Labor, appearing on behalf of the Nebraska Department of Labor. I'm appearing here today in support of LB282. The Nebraska Department of Labor has two separate claims for write-off uncollectible debt this year. NDOL is seeking to write off both unemployment insurance benefit and tax debt. As some of you may recall, NDOL first started writing off debt in 2018 and promised to go forward on an annual basis and we continue to honor that promise. For claim number 2023-22261, the Department of Labor is seeking to write off \$17,003.96 in unemployment-- unpaid unemployment insurance taxes and payments in lieu of contributions, otherwise known as reimbursements, and \$18,865.87 in penalties and accrued interest. Unemployment tax debts accrue at 18 percent interest. The total write-off is \$35,869.83. This number consists of seven separate employer accounts that the department has determined to be uncollectible. For claim number 2023-22262, Department of Labor is seeking to write off \$600,654.08 in unemployment insurance benefit overpayments. This consists of 525 individual claimants and 685 total overpayments the department has determined uncollectible. There's no statute of limitations on any of the aforementioned debt so the Nebraska Department of Labor is seeking to write off this uncollectible debt. All the unemployment debts proposed for write off have been the subject of multiple collection efforts. NDOL is seeking to write off all debts over five years old that have not had repayment of any kind in the last three years, debts that have been written off through bankruptcy and debts of businesses that have closed. NDOL actively pursues delinquent tax payments. When a business fails to pay unemployment taxes, NDOL makes several attempts to collect on the overpayment. NDOL has statutory authority to collect through civil actions setoff against any state income tax refund and setoff against federal income tax refunds. Further, NDOL may place a state tax lien on the business and personal liabilities established, may pursue personal liability of an individual employer, partner, corporate officer, or member of limited liability company or limited liability partnership. To put the unemployment tax write off of \$35,869.83 in perspective, in 2021 alone NDOL collected \$80,090,935.93 in UI taxes,

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of which \$28,658,928 was delinquent. NDOL goes through similar lengths for unemployment insurance benefit overpayments. Before an unemployment insurance benefit debt is determined uncollectible, the overpayment has gone through several collection efforts. NDOL has statutory authority to collect through civil action, offset against future benefits, setoff against any stated income tax refund, and setoff against federal income tax refunds if the overpayment is due to fraud or misreported earnings. If the claimant has filed for benefits since a debt was established, the department has attempted to recoup the overpayment. Some may have had levies placed on their wages. Of the 625 overpayments proposed for write off, collection for all debts has been attempted through the Nebraska Department of Revenue state income tax offset program and 236 of the debts are run through the IRS income tax refund offset program to attempt collection against federal tax refunds. Twenty-five of the debts were discharged in bankruptcy. NDOL makes every effort to collect all outstanding debts and has litigated collection efforts in both state and federal courts to put the benefit write off of \$600,654.08 in perspective, in 2021 alone NDOL collected \$10,138,861.05 in benefit overpayments. This concludes my testimony and I'm happy to answer any questions you may have.

RIEPE: Are there any questions from the committee? Seeing none, thank you very much.

JOHN ALBIN: Thank you.

RIEPE: If there are others that are going to speak, please come forward.

CHAR SCOTT: Good afternoon, Chairman and members of the Business and Labor Committee. My name is Char Scott, C-h-a-r S-c-o-t-t, and I'm, I'm the treasury management director for the Nebraska State Treasurer's Office. I'm here to request a write-off for \$600 for a state treasury warrant that was paid in error. Collection efforts have been exhausted as the claimant is out of state and not responding to letters or phone calls. We have taken action within our office to retrain staff and put additional procedures in place to ensure this doesn't happen again. I will note that this is the first time this division has to go before the claims committee to request a write-off in over 25 years. Thank you for your consideration and your time today.

RIEPE: Thank you. Are there questions? I have a question.

CHAR SCOTT: Yes.

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RIEPE: On all these write-offs that we've been talking about, do those go against our credit score?

CHAR SCOTT: I don't think so.

RIEPE: [INAUDIBLE]

CHAR SCOTT: No.

RIEPE: They don't?

CHAR SCOTT: No, no, no.

RIEPE: OK. Any other questions? Hearing none, thank you very much.

CHAR SCOTT: Thank you.

KIM JUILFS: Hi.

RIEPE: Welcome.

KIM JUILFS: My name is Kim Juilfs, K-i-m J-u-i-l-f-s, and I'm with the Nebraska Child Support Payment Center. I work in the collections department. We are requesting to write off \$16,616.81. These items are results of returned checks and ACH payments that we were unable to recoup for various reasons listed in paperwork that we previously submitted. The money is already out the door by the time we are notified of these items, and additional items include payments that errantly paid out to incorrect recipients. We follow our collection and write-off procedures in our attempt to collect these items. We also take steps to prevent this debt, such as holding identified offender payments to make sure they clear before providing the credit and then dispersing the money out. It is also important to note that we are not requesting additional funds to write off. This is all going to be self-funded. Any questions?

RIEPE: Are there questions? Senator Hansen.

HANSEN: Yeah. Who are you with again? Sorry.

KIM JUILFS: The Nebraska Child Support Payment Center.

HANSEN: Are you under the Department of Revenue?

KIM JUILFS: No.

HANSEN: You're not are you? OK

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KIM JUILFS: No, State Treasurer's Office.

HANSEN: The State Treasurer. Yes, that's what I meant.

KIM JUILFS: Yes.

HANSEN: Yeah, that's what I meant. Yeah. Yeah. OK, just making sure. Thanks.

KIM JUILFS: Yep. Anything else?

RIEPE: Any other questions? Thank you very much for being here.

KIM JUILFS: Thank you.

RIEPE: Are there other presenters? OK. With that-- yes, sir, Senator Halloran.

HALLORAN: So unless I missed it and I may have, but I'm disappointed the Legislative Council wasn't here for their request for \$33.63.

HANSEN: Yeah.

RIEPE: That was your salary for last month. [LAUGHTER]. They just haven't gotten to it yet. We will note that disappointment. Thank you. OK. With that, that will conclude the hearing of LB282. Thank you all for being here who are. And we will declare that as a fair and full hearing. We will now move on to LB283, and I will be presenting that from the chair here. The purpose of LB283 is to introduce claims filed against the state that were denied by the State Claims Board. At this time, there are no denied claims by the State Claims Board. Therefore, we may close LB283 and we will move to LB249, which is Senator Briese's bill. So with that, we close out on LB283. Thank you. Do we have Senator Briese here? Is someone here to talk on behalf, present on behalf of Senator Briese? Do we need to do a mini call of the house on Senator Briese?

HALLORAN: Someone should call his office or something.

BLOOD: One of your pages.

RIEPE: Can you call him? OK. We will take a five minute recess if you want to get up, move around a little bit.

[BREAK]

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Speaker 6: Start a fire on the sirens, start a fire on the side of the room.

Speaker 1: And give it some time.

Speaker 7: Once we have seen.

RIEPE: Oh, Senator Briese is on his way, so.

Speaker 6: So it's a medication that if I get really cold, I get. That was very cool.

Speaker 7: Yes. No, I think that was.

Speaker 6: More it's just not.

Speaker 7: More. Why don't and I I'm sure since that time. I think. Give me the Lambs as well. Well, we'd both be. Yeah. Yeah. So I think one time.

Speaker 6: Been hearing.

Speaker 7: This, senator.

Speaker 6: And he's careful as.

Speaker 7: Far as the Senate comes back up. And I looked. And before me, you would think. I think that we are.

Unidentified: We need to get through.

Speaker 7: So. She is here. Oh, no, I'm happy to.

Speaker 6: I just. Yeah, I. He made 103 minutes and 53 seconds.

Unidentified: And I also.

Speaker 6: Encourage.

Speaker 7: You to.

Speaker 6: Hear some.

Speaker 7: Of your.

Speaker 1: Favorite.

Speaker 6: People. I think.

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Speaker 1: I'm a firm.

Speaker 2: Believer.

Speaker 1: That I did okay. All right.

Speaker 7: Yeah, just senators.

Speaker 6: And.

Unidentified: Thank you. I.

RIEPE: Senator Briese, welcome, and we invite you to open on LB249.

BRIESE: Thank you and good afternoon, Chairman Riepe and member, members of the Business and Labor Committee. I'm Tom Briese, T-o-m B-r-i-e-s-e. I represent the 41st District and I'm here today to introduce LB249, a bill that would revamp the Rural Workforce Housing (Investment) Act and appropriate funds for the respective housing development program in the act. The changes and investment-- excuse me, the changes in this bill are necessary because the success of our state depends on solving the housing crisis we are currently experiencing. Rapidly increasing home sales and rental prices and issues with the quality and quantity of available housing inventory have become a barrier to job growth, community development, talent attraction and retention, and overall quality of life for Nebraska and its communities. To grow our rural areas, we need enough, enough housing, which is simply not the case in our state. The reality of inadequate housing gets very personal to me. When my son and his family wanted to move back to the local community, no houses were available to accommodate him and his family. He ended up, ended up having to build his own home in the area and we were grateful he was in the position to do so. And my family's not alone. Many families find themselves in this position, which is a problem, but the Legislature should prepare to take dramatic action to fix. If we don't, we risk losing out on billions of dollars economically and risk the viability of entire communities. Because I, I really think that the lack of available housing really curtails economic growth across our state in rural Nebraska in particular. The proposed changes in this bill have been brought to me by the nonprofit developers, stakeholders, and affordable housing coalition members who have benefited from the Rural Workforce Housing Fund and developed in our rural areas. In addition, the Department of Economic Development, the department in charge of these funds has been consulted. The changes also align with the recent Nebraska 2022 Strategic Housing Framework,

developed by the Strategic Housing Council, and signed off on by the Governor's Office. And getting into the meat of the bill, the first policy change would remove the current limit of one application per organization per funding cycle. This change would allow high capacity developers to accelerate the production of workforce housing. In rural areas, only a select few organizations can build the larger projects required to meet the need for affordable housing development over the next ten years. They need the opportunity to leverage more dollars for the various workforce housing projects they develop. Secondly, to further align with the Middle Income Workforce Housing (Investment) Act and hasten the completion of projects, this bill would also increase, increase the grant maximum from \$1 million to \$5 million. Lastly, the bill strikes language prohibiting the stacking of state grants and tax credits. As it is currently written in the bill, this provision proves to be a significant barrier to financing and completing workforce housing developments. This problem is particularly acute in rural areas as a construction cost in rural communities can be substantially higher than the cost of that same development elsewhere. Some of the testifiers today will be able to give you more specific examples of why more flexible state funding is necessary. If we make these changes to the Rural Workforce Housing (Investment) Act, it will result in fewer barriers and more housing development. That is why we're also suggesting adding \$20 million to this program to double the program's capacity for the next biennium to launch more rural workforce housing. If we fail to take significant steps toward solving Nebraska's housing crisis, we will lose the people who call it home. As new housing remains unavailable and unaffordable, rural communities will decline. Struggling to attract and retain a spectrum of employees from CEOs to frontline workers, Nebraskans will move to other states, businesses won't locate or expand here. Veterans, people with disabilities or other conditions older adults, essential workers, low-wage single parents and those experiencing extreme poverty will face increasingly severe long-term consequences. Our grown children will be unable to return home to raise their own families. However, we're confident that these fixes, plus other initiatives currently in the Legislature around investing in the capacity and amount of construction workers in rural areas will take considerable strides towards creating more vibrant and economically thriving rural communities. And with that, I'd be happy to try to answer any questions. I know I have several folks behind me who are experts in these areas, but I'd be happy to answer what I could. Thank you.

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RIEPE: Thank you very much. Are there questions from the committee? I have a couple of questions that,--

BRIESE: You bet.

RIEPE: --you know, we heard a lot, we hear a lot about public-private partnerships. And my question gets to be at times is some of the manufacturers or small companies or other things, they have a vested interest in workers as well.

BRIESE: Yes, they do.

RIEPE: They shouldn't necessarily be the exclusive responsibility of the state.

BRIESE: Very true.

RIEPE: So I like the-- I always like to have partnerships with somebody else have some skin in the game, if you will.

BRIESE: Yes. Good thought.

RIEPE: And second question I have, what's, what's the definition of rural? Because I have a follow-up question to that.

BRIESE: In this context, it entails counties less than 100,000 population. So I believe it excludes Lancaster, Douglas, and Sarpy.

RIEPE: OK. So the little town of Ralston in Douglas County wouldn't qualify--

BRIESE: Wouldn't quite qualify here, yes.

RIEPE: --for the question here. Do you feel that the Rural Workforce Housing Investment Act will avoid a legal challenge that it discriminates against nonrural communities?

BRIESE: I hadn't considered that, but interesting concept. I don't see that as being a problem.

RIEPE: OK.

BRIESE: I think, I think we can target the communities we want to with the things like this.

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RIEPE: Well, where there's a pause, there's an attorney. Oh, excuse me, you're an attorney, aren't you? Thank you. OK. Are there other questions? Thank you very much.

BRIESE: Thank you.

RIEPE: Those speaking as proponents.

ANDY HALE: Good afternoon, Chairman Riepe, members of the committee. My name is Andy Hale, A-n-d-y H-a-l-e, and I am vice president of advocacy for the Nebraska Hospital Association. We were called to bring an example of a, a situation and we had Patrick Avila, P-a-t-r-i-c-k, Avila, A-v-i-l-a. He was here earlier to testify and had to go back, but he is the CEO of Merrick Medical Center, which is in Central City, and he tells a story of how he came from Kansas, was unable to find housing, in fact, had to make four trips to Central City and drive roughly about five hours roundtrip each time and was unable to find housing. Finally had to settle on a really tiny two-bedroom house, in fact, couldn't move his family from Kansas City area and so decided to build, which wasn't easy as well, and had to be separated from his family for well over a year because of the situation. And he has four out of his five members of his leadership team live in, in Grand Island and do not have housing in Central City. And many of his employees really are under the same pressure. As you can imagine, as the main employer in the community, the employees really want to live and be immersed in daily life of their own town, maintaining and establishing trust, being visible in the community that they serve. And this is just difficult in, in many of the areas that the-- not only in Central City, but we represent 92 hospitals across the state and we hear the same from our rural communities as well. There's always issues with logistics of dropping kids off at school, attending kids' activities and appointments, whether it's healthcare and those and so those all need to be considered. As you've heard in this committee before and other committees of the issues with our workforce, it's very cumbersome to allow them to commute. It is just not feasible if we do not have housing. And so we are very thankful for the opportunity that Senator Briese has introduced this bill and I know it is important to the community as we look around there and I will ask that you support LB249 and take any questions.

RIEPE: Thank you. Are there questions from the committee? Senator Blood.

BLOOD: Thank you, Chairman Riepe. How are you today, Andy?

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ANDY HALE: I'm doing well, thank you, Senator.

BLOOD: Andy, aren't you guys concerned though as NHA? I mean, you asked for a 10 percent increase in the budget. And I know it's a different pot of money that we're talking about because of Medicaid, because half the hospitals in Nebraska are operating in the red right now.

ANDY HALE: Correct.

BLOOD: So, I mean, as these small towns start losing healthcare facilities, which we're going to do because the budget reflects that, so it's going to happen. Will we even need housing?

ANDY HALE: That is a, a concern. I think you've heard, and you know this story, we've had these conversations before, but we are usually the, the largest employer in the area.

BLOOD: Right.

ANDY HALE: And if we do not get those Medicaid reimbursement rates that are so much needed right now, we're, we're looking at having to make some difficult choices. I testified in another committee this morning that without those increases in rates, that we're going to have to make difficult choices in, in services. What services we cut, those have impacts on the committee. And to your point, there's some of our facilities that might have to really look at, at closing their doors within the next couple of years if, if Medicaid reimbursement rates don't increase.

BLOOD: And they won't be the first, we've already had facilities close.

ANDY HALE: We've had, yes, we, we had Oakland Hospital close, but we've seen many of the nursing homes and long-term care units close. It is a dire warning for hospitals and, and healthcare systems across the state. We, and I know this is a different committee and a different bill, but we've asked for a 9.6 increase in Medicaid expansion rates this year and 7.7. And the numbers we got from our CFOs would just keep us really at the level of costs. And so right now, it appears with the Governor's budget that, that we're going to be held flat.

BLOOD: Maybe that's the plan. Maybe the plan is to knock you guys out of business to open up some housing. I don't know. So thank you for answering that.

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ANDY HALE: Thank you, Senator.

RIEPE: Mr. Hale, I have a question. You mentioned between hospitals, nursing homes came in. So you're representing the hospitals only not the nursing homes?

ANDY HALE: Correct. And some of our hospitals do have nursing homes.

RIEPE: Yeah, currently, maybe things have changed since I got out of the hospital business. But at one time, critical access hospitals were on a cost-plus basis.

ANDY HALE: Correct, cost reimbursement. That is still true.

RIEPE: OK. So if they're on a cost basis then that would, would challenge the 10 percent or the, the threat of going out of business because if you're on cost plus your [INAUDIBLE] are guaranteed for a lifetime.

ANDY HALE: The way they're reimbursed, and we actually have a bill this year and also in another committee that deals with that, is the state holds on to that money from anywhere from 18 to 24 months until the cost reports are settled. And so we are trying to move that to get it into the, the pocket of the hospitals. And so as Senator Blood mentioned, we have probably 55 percent of our hospitals are underwater right now.

RIEPE: OK. I guess that leads me to what my initial question with Senator Briese is, if the hospitals are the largest employer and they're in the greatest need of manpower, because I think the report says a shortage of 5,000 nurses over the next few years, it would seem to me like the hospitals as an operating cost would have some motivation to want to build housing as well.

ANDY HALE: I think we would absolutely work-- and many of our facilities do have housing on their own. But that idea of a public-private partnership is something we would definitely explore with you in the state.

RIEPE: OK. And it seems that that extends the hand of trying to be partners and do it together and not just depending upon someone else. So thank you very much.

ANDY HALE: Yeah, we'd be absolutely willing to do that. Thank you, Senator.

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RIEPE: We'll write that down. Thank you.

ANDY HALE: Thank you.

RIEPE: Are there other questions from the committee? Seeing none,--

ANDY HALE: Thank you.

RIEPE: --thank you. More proponents, please.

SHANNON HARNER: Good afternoon, Senators. My name is Shannon Harner, S-h-a-n-n-o-n, Harner, H-a-r-n-e-r. I'm the executive director of the Nebraska Investment Finance Authority, the State of Nebraska's housing finance agency. And I'm pleased to be here today to testify in support of providing additional funding to the Rural Workforce Housing Fund. First and foremost, let me say that the Rural Workforce Housing Fund has been a considerable success in the past, and it's been responsible for the creation of many much needed housing units across the state, more than 800 units since it was enabled in 2018. The flexibility of the Rural Workforce Housing Fund has been a primary feature of this funding source, and that is very different from other grants because the individual projects funded are selected at the local level and each project in each community can look a little bit different as the nonprofits become those fund administrators and keep-- then keeps those funds. When NIFA provided in the first round match for many of those funds, we don't have the funding ourselves to do additional match, but we ask that the funds that were matched with NIFA funds would become revolving funds. So these are things that will continue over time to help those communities build housing. It's not a one and done type of a project, which is a great use of state funding. The one provision of this bill removes the prohibition against use of rural workforce housing funds with home funds or with low-income housing tax credits. NIFA is the allocator of low-income housing tax credits for the state. We understand that there may be some concern regarding that revision because those programs serve people that have specific income limits, which the rural workforce housing does not currently have income limits for people. It has purchase price limits, but not income limits. What I would urge the committee to ensure is that we get rural workforce housing funds funded regardless of whether those changes come in or those changes don't come in because of the importance of these funds. I would also point out that merely authorizing the use of additional program funds with rural workforce housing doesn't require their use with work-- workforce housing. What it does actually is open up to those communities who are making the decisions with their individual funds, what funds they want to put into those projects. The

low-income housing tax credit projects, our qualified allocation plan, incentivizes mixed-income projects and the rural workforce housing money could come in to help subsidize the market rate units in those mixed-income projects across the state. There was additional discussion earlier about healthcare, about hospitals being large employers, which is true. We're seeing across the state a very large willingness by employers, not just healthcare, not just healthcare entities to come to the table to create housing because it's important for their businesses. It's important across the state for places that want to grow their businesses without moving them as well as just to retain people coming in into those, those places. We have a significant number of elderly who live in rural places that would like to be able to downsize to more appropriate housing. And they're not able to do that because the senior housing in their communities isn't available and they don't want to move out of their communities. If they were able to have places in their communities to move to, that opens up those larger houses for new families to come in and support so that it's a great use of these funds. So in short, we are very much in support of the Rural Workforce Housing Fund and would, would urge you to continue funding this important program. If there are any questions?

RIEPE: Senator Blood.

BLOOD: Thank you, Chairman Riepe. I'm going to-- and thank you for coming day. I'm going to ask you a question because I think I heard it but when you turned your head I couldn't always hear the rest of the sentence. So one of my concerns is the fact that we do remove the definition of home funds from it. Doesn't that then preclude them from, from emphasizing affordable housing? If I heard you correctly, you're like, it's OK because we can still put the money in. We still have housing, but not necessarily affordable housing. Did I hear you right?

SHANNON HARNER: No. So what I said was that removing the prohibition against use of home funds or low-income housing tax credits in conjunction with the rural workforce housing funds doesn't create an income limit on the rural workforce housing funds unless those funds are paired with those programs that already have income limits. And it would be up to each fund that's giving us money to determine are we investing those proceeds into a project that is income limited or isn't income limited. So they're not required to put it into a program that, that is income limited.

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BLOOD: So we don't know that-- again, hopefully I'm hearing you correctly, we don't know if there's going to be affordable housing or not. We just know there's going to be housing. That's--

SHANNON HARNER: Well--

BLOOD: --[INAUDIBLE] in other rural areas and this is what concerns me, where I see people tell me we're going to do housing. We need workforce housing, which is a way to say if we're not doing affordable housing, they build these, these buildings, these houses, these condos, these apartment complexes, and it's still more of a person's income than housing should be, like, they're not, they're still not affordable. That's my concern is that--

SHANNON HARNER: OK. Yeah, I understand.

BLOOD: --we keep building in these rural areas. And it's not the workers, the workers are either forced to live in a house they can't afford or they end up moving to a smaller town, even smaller where they can get an affordable house. So I, I feel like we're creating a secondary problem by not putting in better guardrails.

SHANNON HARNER: So the guardrail actually by allowing use of home funds and low-income housing tax credits with the rural workforce housing funds, you'd actually be creating more affordable housing.

BLOOD: If.

SHANNON HARNER: If, if you were blending those sources--

BLOOD: Right.

SHANNON HARNER: --together. But the other, the other thing is that you do have a cap on the price of a house under the rural workforce housing program. And so by, by most definitions, you can look at what that cap is. I don't off the top of my head know what it is sitting here, I'm sorry, but that--

BLOOD: Well, what do you think it is?

SHANNON HARNER: I think it is 300 and-- no, I think it's in the 200s. Does somebody know?

BLOOD: So do you, do you think that in a small--

SHANNON HARNER: 275.

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BLOOD: --town that that's affordable?

SHANNON HARNER: Will this, this is a great question, Senator, and it depends on the income of the person who's trying to get into that house. This is why other-- but from a, from a realistic standpoint, if you're, if you're trying to target a community and you know what those people-- what the median income of the people there is, hopefully those funds are trying to build houses that meet those needs. But to build a house for \$275,000, I just have to say is difficult. So you've got to provide additional subsidies or down payment assistance or some other mechanism to get people into a house at that 30 percent or less of what their gross income is, because that's the definition of, of affordability. It's, it's not a simple problem to solve. But the rural workforce housing funding at least helps with creation of the housing stock. And then we have to help, how do we get people into those houses in a manner that they're not paying more than is affordable for each of them?

BLOOD: And I'm, I'm not sure we're hitting it on the head. I keep looking at-- I traveled all over Nebraska this last year and I saw a lot of people with, again, workforce housing not affordable housing and having to move further away from their jobs--

SHANNON HARNER: Yes.

BLOOD: --because they couldn't afford to live in the town where they built housing so they could stay in that town.

SHANNON HARNER: This is a particular problem for teachers.

BLOOD: Um-hum.

SHANNON HARNER: Yeah.

BLOOD: Definitely. And, and medical workers.

SHANNON HARNER: Medical workers, yeah.

BLOOD: Thank you.

SHANNON HARNER: Any other questions?

RIEPE: Are there other questions from the committee? I have a question.

SHANNON HARNER: Yes, sir.

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RIEPE: If you have a town you built two of the affordable houses, what prevents another citizen-- does, does this have to be a new, new person to town? Or if it's an existing person, then you have a bit of a challenge who gets the, quote unquote, two new houses. And so you've really haven't maybe increased livable, affordable housing. You've simply taken a couple of homes that were in total disrepair. You see where I'm coming from. So it becomes a net subsidy for maintaining little towns that maybe aren't sustainable in the long run anyway. And I don't mean for that to be offensive, it's just-- it's, it's, it's, it's just economics.

SHANNON HARNER: I mean, there are certainly towns that are on the decline, but there are a, a significant number of rural towns that if, if you look at the last census did have an increase and there are some towns that would have an increase if they had housing stock that could allow it. But what they've got are dilapidated houses that should be knocked down and infilled in, in order to make it possible for people to, to live there.

RIEPE: But that's true in parts of Omaha as well.

SHANNON HARNER: It's absolutely-- the, the problems that we have in housing are similar in rural and urban, specifically blighted urban and rural are very, very similar problems. Thank you.

RIEPE: Do any of the-- I'm sorry, I have one.

SHANNON HARNER: Oh, that's all right.

RIEPE: Warren Buffet, I think owns Clayton housing--

SHANNON HARNER: Yes.

RIEPE: --the prefabs.

SHANNON HARNER: Yep, manufactured housing.

RIEPE: Is that part of the idea that these would be prefabs, because I know it's hard to get laborers out into more rural areas?

SHANNON HARNER: They certainly could be. And Senator, that is one of the-- the statewide housing framework that was recently released, use of manufactured housing in rural areas is in fact one of the strategies in order to, to create affordable housing.

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RIEPE: Maybe you could strike a deal with Mr. Buffett and call it "Buffettville". If you changed the name of the town, he might give you 50 new houses.

SHANNON HARNER: We can certainly look into that.

RIEPE: Think about that. OK, thank you for being here. Are there other questions of the committee? Hearing none, thank you for being here.

SHANNON HARNER: My pleasure.

RIEPE: Welcome, sir. If you'd be kind enough to state your name, spell it, then you're-- and who you're associated with, and then you're free to go.

ROGER NADRCHAL: Sure. Good afternoon, Chairman Riepe and members of the Business and Labor Committee. I am Roger Nadrchal, spelled R-o-g-e-r, last name, Nadrchal, spelled N-a-d-r-c-h-a-l. I'm here as the CEO of NeighborWorks Northeast Nebraska. Our offices are based in Norfolk and Columbus, and I'm here to, to share some information about the rural workforce fund and let you know that we are in full support of LB249. And thank you, Senator Brieese, for introducing this legislation. Our organization has been in business since 1994. We are a nonprofit housing development organization. Like I said, we have an office in Norfolk and Columbus. Since 1994, we've developed close to a thousand housing units in our 7-- excuse me, eight-county service area, which is Colfax, Cuming, Madison, Pierce, Platte, Stanton and Wayne Counties. And we recently expanded to Butler County. The Rural Workforce Housing Program has been a great program for the communities that we serve. In 2017 and 2020-- in 2017 was the first round of the rural workforce housing funds and in 2020 was the second round. At that time, we applied for the Rural Workforce Housing Fund grant for the city of Columbus and was successful in obtaining those two awards in those two years. As well as we worked with the city of Schuyler to help them apply and were successful in receiving those funds as well. With those two communities, we've been able to develop 180 multifamily units, 68 townhomes for sale. And I guess I should correct myself, we didn't develop them, but we provided below market rate loans to developers to use for the development of those units. In process today in Columbus, we have additional 60 units that we've provided below market rate loan to a developer to add 60 more multifamily units. And there's another project of 80 townhome units that are being developed or are being planned to be developed in Columbus for rent. And to address the question earlier, there is a maximum value of those units for single family homes that are for ownership is 325,000. If it's our

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rental units, the maximum value could be 250,000. So there's two different levels depending on ownership or rental. Over those years, we've gained a great amount of experience maintaining and administering the \$3.5 million loan fund in Columbus. So we're excited that to see some changes in LB249 to make it a more efficient program. We support the removal of the statement that does not allow other funds to be used with the Rural Workforce Fund, that was just discussed earlier. But I understand there's some concern about how that might work and we're willing to, you know, talk about that, and maybe if there's some changes in negotiations on that, we're open to that. The other three parts of the legislation is to allow an organization to submit more than one application per round. And from one application now, and being a regional organization like we are, we serve almost 30 different communities. So in order for us to work with different communities and try to obtain some of these funds for that, we can only work with one community per round. And with-- there is a current cycle open right now that we are preparing a grant application and we're going to be applying for the city of Norfolk and get a fund started there in Norfolk. At the same time, we've been asked by the city of David City to apply for the funds. We have a subdivision, we're starting there, but they're looking for rural workforce housing funds for the construction of that. As well as the city of Columbus would like to grow their fund there as well. So they asked us, well, can we apply for the workforce funds in this round for Norfolk, for David City and Columbus? We can't because of the limitation of one application per round. So that makes it very inefficient. If we apply for those funds, we just do it for Norfolk. But in David City and Columbus, nonprofit organizations that are just brand new and development corporation made of volunteers are going to be the applicant. And they're not experienced, they don't have staff, so we would administer and be contracted with them to provide the management of that contract. So we're just here to say that we're open to the idea of having the program more efficient, where we can work with more communities rather than just one at a time per round on this funding source. And the additional \$20 million to it, definitely, we'd like to see that so we can keep that program going and expand and bring that to our service area. But basically it's all about efficiency. The program is great, but there's, there are some tweaks that can be changed to it to make it more efficient in our eight-county service area.

RIEPE: OK.

ROGER NADRCHAL: Be glad answer any questions.

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RIEPE: You're right on the button [INAUDIBLE].

ROGER NADRCHAL: All right.

RIEPE: Are there questions from the committee? I have two questions. One, are you a 501(c)(3)?

ROGER NADRCHAL: Yes, we are.

RIEPE: You are. OK. And my second one is, what's the demand in housing? Three bedroom, four bedroom, two bedroom?

ROGER NADRCHAL: It's all over the board. I would say more so one, two and three bedrooms.

RIEPE: One, two or three?

ROGER NADRCHAL: Yes. Whether it's rental or ownership.

RIEPE: OK, any other questions? Hearing none, thank you for being here.

ROGER NADRCHAL: Thank you for your time.

RIEPE: Other proponents?

CAROL BODEEN: Good afternoon, Chairperson Riepe and members of the Business and Labor Committee. My name is Carol Bodeen, and that's C-a-r-o-l B-o-d-e-e-n, and I'm the director of policy and outreach for the Nebraska Housing Developers Association. I'm here today to testify in support of LB249. The Housing Developers Association is a nonprofit organization. We're a membership organization, we have over 70 members throughout the state. And our mission actually says we champion affordable housing. So our organization was founded about 26 years ago when the Affordable Housing Trust Fund was put into place. And so we are all about affordable housing. And our members include both nonprofit and for-profit developers and organizations. And so it's, it's all across the board. Workforce housing is affordable housing. And I agree with what Senator Blood said is that, you know, so much of our, of our workers, they need affordable housing. And I'm going to go off script just a little bit here. I was going to try to be brief, but I do have experience as being a nonprofit housing developer. A few years ago, I was in North Platte and I was the executive director of our Lincoln County Community Development. And so my organization was actually one of the first recipients of the rural workforce housing funds. And to be honest, to begin with, we weren't excited about

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workforce housing as opposed to affordable housing because we knew the need. We were focused on affordable housing. What I found that was the, the saving grace or the, the positive of the Rural Workforce Housing Fund was its flexibility and the different ways that the communities could use it. And so we were able to use the Workforce Housing Fund for affordable housing duplex development. So the thing that with the fund is that communities can use it for the needs that, that they have and being able to also use the Affordable Housing Trust Fund or the other-- the tax credit program that Shannon was talking about just makes the fund more even more flexible, more easy to use, and just a wonderful funding source for the, the, the very many unique housing needs of every community. One of the things I did want to touch on is that the public-private partnership part of the Rural Workforce Housing Fund is, is very key. On the initial round, rounds of funding, there was a 100 percent community match, and so you had many community partners step up and match those funds, such as employers. Such as, out in North Platte, Union Pacific. Their hospital also out there did matching funds. And, and that's just an example of, of banks, other local investors, things like that. So there definitely has been a spirit of of local-private partnership with the program. So just wanted to throw that in. The other thing I wanted to add that the fund can also be used for rehab, so communities can also use it to take a home that's over 50, 60 years old and use it for rehabilitation as well. And so using it, and I know my light is going on, but using it in that manner also can help with, you know, you move-- somebody moves out into a newer home and then they can-- their home becomes available maybe to be rehabilitated so. I know I'm nearing the end, so I'll wrap it up. But we, we support the legislation and we appreciate the changes to make it be used more easily and more efficiently as Roger stated in his. His organization is one of our members, and so he did a wonderful job of, of telling more specifically how his organization was able to use it. So that's all I have.

RIEPE: Thank you for being here. Are there questions from the committee. Seeing none, thank you very much.

CAROL BODEEN: OK.

RIEPE: More proponents.

MARY BERLIE: Hello, Mary Berlie, M-a-r-y B-e-r-l-i-e, representing the Grand Island Area Economic Development Corporation. I do have a slew of other partners here that will follow me. Grand Island has had a steady population increase year over year, and a milestone was reached in 2010 when our community reached a population of over 50,000 and was

declared an entitlement community. This designation required a steep learning curve from our community, but showed a sign of growth and strength and opportunity. The milestone has led our community to establish Grow Grand Island. This is a collaborative partnership approach to business and community development. The Grand Island Area Economic Development Corporation is a core partner and leads the way in housing studies and initiatives. We conduct housing studies every five years. Housing studies done in both 2014 and 2019 reflect a compounding shortage of available housing stock and leaps needed to meet the growing demand for our community. In 2014, the study identified we needed to create 1,700 new housing units, while in 2019, the study identified it would need 1,300 new housing units, bringing our total ten-year goal to over 3,000 housing units. Since 2014, we have added 1,500 housing units, meeting only 50 percent of our housing goal. And today we have 55 homes on the market in Grand Island. The 2019 report also described an aging housing stock with an even lower vacancy rate of 3.1 percent. This includes rising numbers of absentee owners, units that need substantial rehabilitation and units in such poor condition that they need to be demoed altogether. We have got to find ways to increase our housing, because our demand is not slowing down. Grand Island employers, like many rural communities, haven't slowed down either. With agribusiness as our foundation, it is seen, it is seen woven throughout many existing employers and is a unifying theme in the community's manufacturing, transportation, logistics, distribution, travel and tourism business sectors. It represents our community's past, present and future. Grand Island is rural. Grand Island's COVID-related unemployment rate reached 4.9 percent and was the highest the community had seen and is significantly long time. Yet only half of Nebraska's state average of 8.5 percent. Although Grand Island's unemployment numbers seem healthy, many of our employers are struggling to fill their over 10,000 open and expanded positions. Part of that struggle is tied to being able to find attainable, affordable housing for new and existing employees. Grand Island is grateful to be the recipient of rural workforce housing funds in 2020, and our program prioritizes owner-occupied developments and market rate rental homes specific to student and intern housing. We offer 0 percent interest construction loans for as a revolving loan. Those loans are due within 24 months or when the home sells, whichever happens first. When Grand Island first opened our application opportunity to developers, we received ten individual project applications requesting \$13.5 million, when we only had \$2 million in rural workforce housing funds. Had we been able to grant, rather, assist all ten applications at \$2 million per application, Grand Island would have recognized over \$550 million in new capital investment in housing. It is evident that

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rural workforce housing funds cannot solve our community's housing shortage, but it certainly does serve as seed money to spur larger developments in Grand Island. We humbly ask you to support Nebraska Rural Workforce Housing Fund and increase the maximum award ceiling to \$5 million. Grand Island, among-- along with other communities in our state will greatly benefit. Thank you.

RIEPE: OK, thank you. Are there questions from the committee? I see none, thank you very much. Next proponent.

TODD STUBBENDIECK: Good afternoon. My name is Todd Stubbendieck, that's T-o-d-d S-t-u-b-b-e-n-d-i-e-c-k, and I'm the state director of AARP Nebraska. According to AARP Nebraska's 2022 Vital Voices survey, 84 percent of Nebraskans age 45 and older say staying in their homes as they get older is extremely or very important to, to them. To the-- to do this, they need a range of housing options that accommodate their needs as they age. This is why AARP strongly supports the creation of a diverse, affordable housing to meet the needs of our changing demographics. As a state, quite frankly, we're facing a critical shortage of housing options in both our rural and urban communities. According to Nebraska's 2022 Strategic Housing Framework, developed by the Strategic Housing Council, which AARP was pleased to be a part of, quote, There are inadequate, safe and diverse housing options across Nebraska, leading to a limited workforce for employers and less vibrant communities, especially for the lowest income Nebraskans, including seniors. AARP Nebraska supports LB249 because we believe its investments in the Rural Workforce Housing Fund can be leveraged to build more houses, meet the rising demand for housing, and be a part of the solution to create more affordable housing options. However, AARP will support a range of housing bills in the Legislature this year. Just as we need diverse housing options to meet the different needs of Nebraskans, we'll need to look at a diverse set of legislative solutions to address our state's acute housing needs. Thank you to Senator Briese for introducing LB249 and for his commitment to supporting affordable housing. AARP Nebraska encourages the committee to advance LB249 to General File, and I'll be happy to answer any questions.

RIEPE: Are there questions from the committee?

TODD STUBBENDIECK: Thank you.

RIEPE: Does this include-- I have a question. Does this include rehabilitations for making homes wheelchair accessible or-- I think they call them "forever homes"?

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TODD STUBBENDIECK: We would certainly support any effort like that.

RIEPE: I don't know whether that's the original intent of the bill, or is the bill to build, quote unquote, new homes?

TODD STUBBENDIECK: I would refer to some of the more experts that we have in the room that are coming up behind me, I'm sure that will be able to answer that specific question.

RIEPE: OK, then we'll wait for Senator Briese when he closes.

TODD STUBBENDIECK: Yeah, exactly.

RIEPE: Thank you very much.

TODD STUBBENDIECK: Thank you.

TONJA BROWN: Good afternoon, committee. For the record, my name is Tonja Brown, T-o-n-j-a B-r-o-w-n, I chair a collaborative community development organization called Grow Grand Island, whose core partners include our local chamber, economic development corporation and tourism. We also partner closely with the city, the county, Fonner Park, other key leaders and organizations in the community and area. We'd like to express the collective support of Grow Grand Island for expanding accessibility to the Rural Workforce Housing Investment Act. Grand Island received a grant in 2020, and with it we were able to act on three out of ten worthy proposals that were submitted. My testimony today, however, will focus on how the housing shortage in Grand Island impacts talent recruitment and retention, especially for young professionals age 21 to 40. The Grand Island Area Chamber of Commerce has had a young professional program for over 15 years. The program is designed as a retention tool for Hall County. With over 130 members, the program demonstrates that young people want to be successful in Grand Island. This program helps them build relationships as well as establish roots in our community. Grand Island only has an average of about 50 single-family homes on the market at any given point in time. With a continual inability to find housing, these young people, whether they're looking to start a career or start a family, often they shy away from settling in Grand Island due to the lack of available housing. For example, recently a senior from Wayne State College had several job offers in Grand Island but spent weeks trying to find housing. He accepted a lower paying job elsewhere simply because he struggled to find housing in Grand Island. Another recent example was a talented engineer from Kansas City hired by Nova-Tech, it's a large animal pharmaceutical company. This person ultimately

rescinded his acceptance of the position after spending days trying to find a place to live. This was a young family who wanted to move closer to grandparents and enjoy a slower pace of life. Grand Island, like most communities experiencing growth in our state, needs two things to effectively manage and maintain that growth: housing and workforce. Our businesses are innovative and committed to participating in public-private initiatives to help address these issues. Some opportunities for federal funding, such as some ARPA programs, are not available to Grand Island because we do not have a qualified census tract, yet our primary school district has more than 71 percent of students on free and reduced lunch this year. So tools such as the additional funding for the Rural Workforce Housing Investment Act is one important way to ensure that outstate Nebraska has the same funding opportunities as larger communities to grow our housing. And with that, I would be happy to answer any questions you may have.

RIEPE: Are there any questions? I don't see any, thank you very much for being with us.

TONJA BROWN: You're welcome.

RIEPE: We continue with performance. If you intend to testify, if you're at the back, please come forward.

TYLER DOANE: Good afternoon, Senators. My name is Tyler Doane, T-y-l-e-r D-o-a-n-e, I am from Wood River, Nebraska, and speaking on their behalf-- on our behalf. I am speaking in support of Rural Workforce Housing Fund in general, and the proposed amendments to LB249. I have been on a visioning committee in Wood River for the last ten years. Wood River has a population of approximately 1,200 people. We are located 15 miles west of Grand Island, or basically in the middle of the Tri-Cities. This part of Nebraska is growing and there are plenty of jobs currently available. Along with good jobs, thriving communities need good schools, childcare, parks, amenities and a good place to live. Affordable housing has been a longtime problem in Wood River. I continually hear that our teachers and daycare workers have no place to live when they get a job in Wood River. It seems, I guess in our case, the turnover rate within our existing stock of homes is not adequate to meet our needs. The older generation is staying in their homes longer, which prevents new families from moving into those homes. There have been custom homes built in our community. However, typically custom homebuilders build one or two homes a year and do not worry about more affordable housing-type projects. Affordable housing does not mean cheap building materials or poor construction. Instead,

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it typically means smaller homes on smaller lots. Although many developers are following in this idea, many do multi-unit projects or large subdivisions in larger communities in order to turn-- to make a profit on their investment. But you know, rural, rural workforce housing can help incentivize homebuilding in Wood River and other communities like ours. For example, I am personally building a small townhome in Wood River with a couple other partners. The city purchased a dilapidated property in town, demolished the building, provided a clean site for us to build on. We submitted a sealed bid, and in the end we were able to purchase the property at a discounted price. We then worked with South Central Economic Development District to get a low-interest, no-money-down construction loan. These moneys were available to us due to South Central Economic Development receiving a past Rural Workforce Housing Grant. I am certain that we would not have taken on this project without the assistance of the city and the South Central Economic Development District. Another example, our visioning committee is now applying for 2022 Workforce Housing Grant that's due in March, for these funds to be used in Wood River. We are working with longtime-- we are currently working with a longtime resident that owns property in town with a mix of trailers, empty lots and other types of buildings. She and her family have considered using these properties to improve housing in town. However, it has been difficult for them to get a project started. With these potential incentives, our vision group is now able to get some momentum going with her on a project. And if awarded, we will ultimately be able to help her make a housing project a reality. Without this opportunity, I believe those properties would continue to remain unchanged. The bill in front of you includes language to increase the amount you can-- amount of grant you can apply for from \$1 to \$5 million. Increasing the funding to \$5 million seem-- seems reasonable to me since the cost of housing has also gone up. Wood River will likely not be applying for \$5 million, but we do know that success breeds success. Regardless of the community, smaller proj-- smaller projects that are completed successfully give us the confidence to undertake, you know, larger project, larger projects. Thank you for your consideration, I'd be happy to answer any questions.

RIEPE: Thank you for being with us. Any questions? Seeing none, thank you very much.

TYLER DOANE: Thank you.

RIEPE: More proponents. If you would, sir. Your name and spell it, please, and then who you represent.

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AMOS ANSON: Perfect. My name is Amos Anson, A-m-o-s A-n-s-o-n, I'm here representing the Nebraska State Home Builders Association.

RIEPE: OK.

AMOS ANSON: I'm also not only representing the Home Builders today, because everyone else is in Vegas at the, at the home show, so I drew the short stick. But I wear multiple hats. I'm-- I have been the construction manager for Grand Island Area Habitat for Humanity for 21 years. I own a real estate development firm. I do real development downtown, rehabbing old buildings. We're currently in the process of creating a 25 acre, 140 lot subdivision, and I was actually one of the recipients with our downtown project of the rural workforce funds. So I have multiple lenses that I am fortunate to look at this through so. One of the things, we keep using the A-word today. And it's such a, such a contentious word. And it's affordable. I try not to use that word, because what is affordable? Affordable to our Habitat families is different than what's affordable to the workforce housing folks and it's different than what's affordable to a surgeon. You know, everyone has what is affordable to them. So I like to talk about housing affordability. That's one of the things that we, we really focus on with the Home Builders Association, housing affordability, because everyone's different. And I've sat here today and while we're waiting for you guys to get to us, I was watching some of the other hearings and, and I hear a lot of challenges and I hear a lot of need. But as the builder, as the guy that, that is doing, is building the, the housing that we need, the workforce housing, we all-- you know, everyone can sit up here all day long and say, we need housing, we need housing. Everywhere needs housing. It's not anything different than anywhere else. But we do need to put ourselves in a position to, to keep the nurses, to keep all these things. And, and it's, it's, it comes down to a solution. And as the builder, the guy that, that does it, there's only so many ways to make a house more cost-effective. I almost use the word affordable again. And it comes down to tools, so you have to have the right tools to build the house, right? You guys have to have the right-- everyone has to have the right tools to do the job properly. And so we have, you know, tax increment financing, we have all these mechanisms. The nonprofits, they have tools at their disposal that the market rate builder doesn't have. And so with these rural workforce housing funds, it's just another tool in the toolbox. So if I don't have the right jigsaw, if I have a dull blade, if I-- you know, you got to have the right tools to do the job. And this is a, it's a great mechanism. I absolutely love the way Grand Island is using it. It's revolving, 0 percent interest. I'm sure we all hear about interest rates all the time in the news, taking, you know, a 7

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percent construction loan and going to a 0 percent construction loan, that sure is the way to make housing affordability more attainable to, to more folks. I could ramble all day about housing, and I'm hoping some people have some questions because I'm really good at-- I'd much rather answer questions than sit up here and-- they told me I should probably write out my thing, but I knew I, I knew I shouldn't because I just, I would forget what I was doing. But that's kind of my, my-- we are all advocating, all of these groups that I'm here kind of, that I have representation on, asking for some more tools to help us, all of us, whether you're nonprofit or market rate builder. This is a great tool that we can add to our toolbox. So we're in favor of this bill. Questions?

RIEPE: Are there questions from members of the committee?

IBACH: Yeah.

RIEPE: Senator Ibach.

IBACH: So with inflation and the cost of goods going up, labor going up, in a rural setting, what's your average cost of a new home, say-- and just pick one, two bedroom, something middle of the road?

AMOS ANSON: One of the builders that-- one of the other builders that got the funds from this last round, he's building a slab on grade two bedroom house for \$240,000 and that's to purchase. And that's as cost-effective as you can get a house market rate. There's another builder that didn't get the funds because it was above the limit. He wasn't able to use it for workforce housing, \$425, \$450 My houses are going to be in the \$320 and up range.

IBACH: So just to clarify, if, if I wanted to build some workforce housing in a small town, I wouldn't have to spend the entire amount available per house?

AMOS ANSON: No.

IBACH: You could just build a house on slab and be reimbursed that amount?

AMOS ANSON: Yeah, like the builder I was talking about, he's the biggest builder in town, actually. He built two duplexes, so he created four units that we wouldn't have had. And they are far and above more cost-effective than, than we can build. So yeah. And they were only \$250 and he could have went up to like \$325, I think the number was.

IBACH: Thank you. That's helpful.

RIEPE: Are there other questions? Thank you very much.

AMOS ANSON: Thank you.

RIEPE: I have a question. How many-- with a show of hands, how many are here for LB15? OK, OK. What we're going to do in the interest of time, because it's near the hour of 5 and they turn the lights off here at 6, we're going to switch to a three minute time instead of the five minute. We'll do that consistently so that we're fair. But we're going to start that right now, and that was a good suggestion. Thank you. If you could give your name--

EVA ROBERTS: Absolutely.

RIEPE: --and spell it, please.

EVA ROBERTS: Good afternoon, Chairman Riepe and members of the committee. I'm Eva Roberts, E-v-a R-o-b-e-r-t-s, with Front Porch Investments. Thank you for the opportunity. Front Porch is a nonprofit organization investing private and public funds toward affordable housing in the Omaha metro area and on policy solutions that increase affordable housing statewide. As you all well know, lack of access to housing is a statewide problem, and you can rarely pick up a local newspaper without seeing evidence. And I've just included one example in your packet. As we've heard today, our more rural communities face unique housing challenges. I've heard many stories about schools and hospitals struggling to attract and retain teachers and health care providers, and large employers paying to house their employees and their families in hotels because there's nowhere for them to live. And I know you're hearing those stories, too. Thankfully, we now have the 2022 Nebraska Strategic Housing Framework, recently published by NIFA, which provides a moment-in-time snapshot of the state of housing across Nebraska. We know that 44 percent of Nebraska households making less than \$75,000 a year pay more than a third of their income on housing and are therefore housing-burdened and left with less for other necessities and unable to contribute as much to the economy or build personal wealth. The rising housing costs are due in part to housing inventory that has not kept pace with population growth. Construction has increased since 2009 but is yet to reach prepandemic-- pre-2006 levels. And finally, rural communities face unique housing challenges, including older housing stock, higher cost and lack of labor. In preparation for this session, colleagues and I spoke with housing stakeholders across the state and one of the most

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popular existing solutions was the Rural Workforce Housing Program. As noted, it's created more than 800 units in nearly two dozen communities since it was created. LB249 would build on the success and potential of this popular program and advance several key recommendations in the new housing framework and address several of the issues that we've heard from current users about how to make the program even more effective. And I would note, as was noted, that there is that private match component which really does look to employers and others to, to balance out the public funds. I'll just close by noting that LB249 is part of a coordinated package of housing bills that are being introduced this session to accelerate production. And that really speaks to the housing funding ecosystem and that this is just one of multiple funding vehicles to address all communities and income levels, and all are necessary to solve this problem. They all go through the Department of Economic Development and make technical changes to allow funds to flow faster and produce more housing. So together, this and the others in the package support Nebraska's competitiveness, community well-being and economic opportunity and our collective ability to enjoy the good life. Thank you.

RIEPE: Very good. Did that lickety-split, as we say.

EVA ROBERTS: My dad says I speak in data bursts, so it came in handy.

RIEPE: Your dad is a wise man. Do we have any questions from the committee? Seeing none, thank you--

EVA ROBERTS: Thank you.

RIEPE: --very much for being here.

KORBY GILBERTSON: Good afternoon, again. For the record, my name is Korby Gilbertson, it's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n, and I'm preparing today as a registered lobbyist on behalf of the Home Builders Association of Lincoln and Metro Omaha Builders Association Coalition and the Nebraska Realtors Association in support of LB249. I don't want to repeat a lot of what was said earlier, but I think it's important to understand that, that you're hearing lots of different things, especially, Senator Ibach, I feel really bad for you because you're, you're going to be feeling like you're drinking through a fire hose here for a while. But there are a lot of different programs that deal with housing. And I just did a quick count while I was sitting over there. There's 20-some bills that have to do with funding and the parameters under which these different programs, which include rural

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workforce housing, middle-income workforce housing, low-income housing and affordable housing tax credits, things like that. So it's going to be coming at you from all different directions. And I did a quick look, four different committees at least-- or five different committees have bills on them that deal with this exact issue. So the biggest challenge, I think, to you all is going to be to figure out how much to fund, what to fund and what parameters to do. Obviously, any time you have an appropriation in a bill that's in a nonappropriation committee, you'll have an A bill sitting there until the regular budget is taken care of. So I would assume part of the plan might be to use the appropriations process and go to the Appropriations Committee for some underlying funding and then try to look at these different bills that also have some substantive changes in them to look at what changes need to be, be made to any of the projects. With that said, both the Home Builders and the Realtors support whatever the Legislature decides to do, because if you did it all, it would be hundreds of millions of dollars. And we realize that that's not possible. But this is something that has truly shown as a very valuable investment and has returned very good dividends for the state. And Senator Ibach, I'll get some more information to you about projects that have been done in your district, so I'd be happy to answer any questions.

RIEPE: Thank you. Are there questions from members of the committee? Seeing none, thank you very much.

KORBY GILBERTSON: Great, thank you.

RIEPE: Again, proponents. Anyone speaking in favor? If not, opponents. The show is yours.

ROBERT J. HALLSTROM: Chairman Riepe, members of the committee, my name is Robert J. Hallstrom, H-a-l-l-s-t-r-o-m, I appear before you today as the registered lobbyist for the Nebraska Bankers Association to testify in opposition to LB249. Some might find it unusual to see the Bankers opposing a rural workforce housing bill. The NBA has been the major proponent of the Rural Workforce Housing Program and continued funding for that program. Just in terms of a few facts, the Rural Workforce Housing Program has been immensely successful. It was initially funded with a \$7 million transfer of excess funds from the Affordable Housing Trust Fund and subsequent infusions of general funds in the amount of \$10 million in 2020 and \$30 million last session. The program has resulted thus far in the construction of 680 new rental units, 218 new home ownership units, and 32 substantially rehabilitated units in all parts of the state. Virtually all of the

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new housing units resulted from grants awarded under the initial \$7 million infusion of capital. The 20-- 2022 report, which is expected to be issued in the near future, will provide more insight into the new housing units, which have resulted from the 2020 general funding for the program. While there are a number of provisions in LB249 which may enhance the Rural Workforce Housing Program, we have serious concerns with provisions of the bill which would remove the prohibition against using rural workforce housing funds for projects which are also use certain other state and federal grants and credits. I want to make it clear that we're focusing only on removing the so-called anti-stacking provisions. The other provisions within LB249, including continued funding, are positive and should be given consideration by this committee. We would, however, recommend extreme caution in mixing low-income housing funds with rural workforce housing funds for fear that the income restrictions that generally accompany low-income housing programs will adversely impact the effectiveness of the Rural Workforce Housing Program. I think it's interesting to note that the supporters all came up and touted the Rural Workforce Housing Program, they indicated the effectiveness and the efficiency of the program and that they want it to be more efficient and effective. We're concerned that these changes in the mixing will not make the program more efficient. I think there's already mixed use projects that are going on that can accomplish this purpose. But nonetheless, those mixed use housing projects are not combining funds from the two different types of funds. Specifically, we've got federally funded housing programs with income restrictions. Very quickly, the HOME Program has a limit of 60 percent of area median income. National Housing Trust Fund is 30 percent of the area median income. Mr. Chairman, I understand that my red light has come on--

RIEPE: You're running the red light.

ROBERT J. HALLSTROM: Yes. And I would just ask, given the time that was given to the supporters, if I could have just a couple extra minutes here, I would indulge the committee.

RIEPE: [INAUDIBLE] couple extra minutes. How about 30 seconds?

ROBERT J. HALLSTROM: OK. And basically put--

RIEPE: [INAUDIBLE]

ROBERT J. HALLSTROM: --we have situations where a low-income housing applicant, based on these income limitations, may not be able to

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service debt accordingly. And by the same token, if we have a husband and wife with two incomes, they may have excess income if income restrictions apply to qualify for the rural workforce housing. I think all of the individuals, including Mr. Hale's hospital administrator, would not qualify for the program if income restrictions were applied. So in closing, the Rural Workforce Housing Program has provided a great rate of return on the state investment, has and will continue to benefit many, many rural communities across the state. And we would encourage the committee to exercise extreme caution in looking at removing the anti-stacking provisions for the reasons set forth in my testimony. Be happy to address any questions.

RIEPE: Thank you. Does the committee have any questions, members?
Senator Blood.

BLOOD: Thank you, Chairman Riepe. Quick question, Bob. So if we were to remove the stacking part of it, you guys would be cool with it?

ROBERT J. HALLSTROM: I believe we would be perfectly fine with the bill with the removal of the anti-stacking provisions. And if I may, Senator Riepe, you had asked about the private partner-- private-public partnership and the skin in the game. A major underpinning of the Rural Workforce Housing Program from its inception has been a local matching grant requirement. It was originally a dollar-for-dollar matching requirement. And in the last session of the Legislature, to enhance the ability of more rural communities to take advantage of the program, that was reduced down to 50 cents on the dollar. But there is a clear matching component of that, and that helps multiply the impact of the overall program. I might also note, Senator Blood, in response to your comment about the need for affordable housing, we certainly recognize that as well. We think they are two subsets of the same overall state problem. But there is currently \$10 to \$12 million, I think, annually that goes into the Affordable Housing Trust Fund funded by documentary stamp tax. So there is that fund we would suggest, in lieu of the anti-stacking provisions being removed, that if there's clearly a need for additional funding for both rural workforce housing and affordable housing, that they ought to be treated separately, funded accordingly to the extent the Legislature can, can afford it and, and move forward on that basis.

BLOOD: Fair enough. My concern is when I hear the magnitude of children that are on assisted meal supplement in Grand Island, that somehow-- you know what I mean? [INAUDIBLE] their lunches. And then the unemployment rate I thought they said was like 6.1, it makes you

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wonder if they're building the right houses when they have-- you see numbers like that. And that's my concern. I looked at the median income and what the median houses sell for in the Grand Island area, and I'm not sure if that was a really good example for me as far as wanting to compel me to support something.

ROBERT J. HALLSTROM: Yeah. And I think, Senator, the cap on the housing for both rental units and housing in the rural workforce housing is in recognition of, of not wanting to go out and have to build-- you know, the contractors, it's a two-edged sword. The contractors are going out there and in a smaller community they might have to make their money on a really large house. But we're trying to, at least with regard to the rural workforce housing component of it, bring those into the affordability realm in that area. But contractors and getting folks out to the rural parts of the state, it's, it's not as cheap to build a house out there as it is in Omaha or Lincoln. And some of those factors that have been testified to in prior legislative hearings on this issue.

BLOOD: I say they refurbish Conestoga Mall into housing, cause that was looking really sad last time I was out there so.

ROBERT J. HALLSTROM: Thank you.

RIEPE: There's some noise coming up over here. Would you turn that off, please? Thank you. You can continue on. Are there other questions? Senator McKinney.

McKINNEY: Thank you. And thank you, Mr. Hallstrom, for your testimony. I just had a quick question. If we do take away the prohibition, do developers have to stack these credits? Is it-- would they be-- would they have to stack them or--

ROBERT J. HALLSTROM: I don't think that there would be any mandate. I'm not sure whether I'm the expert on that. I can't imagine that there would be a mandate, but to the extent they do, we believe. And, and I think, you know, the people that we've talked to, there's been a lot of the supporters who have contacted us wondering what the nature of our concern is. And we-- when we indicate what the nature of our concern is, I think there's a recognition that, yes, it is true, it is real. It could cause some problems for the program. And I haven't seen anybody come up here today and dispel that notion. So I think it's a real concern. And we met with Senator Briese and told him that we were not for certain that that was the, the final effect of it. But to the extent it is that we had concerns and we've made him aware of those.

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McKINNEY: All right. Thank you.

ROBERT J. HALLSTROM: Thank you, Senator.

RIEPE: OK. Are there other questions? Again, thank you very much.

ROBERT J. HALLSTROM: Thank you.

RIEPE: Appreciate it. Any others and speaking in opposition? Seeing none, is there anyone speaking in a neutral position? Seeing none, Senator Briese, you're welcome to close.

BRIESE: Thank you again, Chairman Riepe and members of the committee. And just very briefly, earlier we talked about rehabbing and yes, rehabbing is an eligible activity under the program to the extent rehabbing involves-- or costs in excess of 50 percent of the value of the property, or secondly, to the extent rehabbing is converting a building to a housing unit. And as far as the stacking business, I'm, I'm kind of flexible on that. And so I, I don't know that I necessarily completely share the concerns of the, the Bankers on this, but I respect their opinion on it. And I do want to make it-- and like I believe it was Ms. Harner said, we do need to make sure and protect this program. And so and I believe in that wholeheartedly so. But I'm willing to work with the committee on that. I think I might leave that up to-- much of that up to the committee's direction and the, and the suggestions of the stakeholders. So anyway, that's all I have.

RIEPE: Are there questions from the committee? One of the questions I would have is, is there any role for the state to be the guarantor instead of being the rough provider of grant funds, to simply be the guarantors?

BRIESE: Well, that would entail a complete change to this program anyway. But yeah.

RIEPE: Question out of curiosity.

BRIESE: Sure.

RIEPE: OK.

BRIESE: Yeah.

RIEPE: Thank you very much. I appreciate it.

BRIESE: Thank you.

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RIEPE: We appreciate it. Let me look and see what we have. I think we had five proponents, zero opponents and one neutral. Thank you all for coming. And with that, I declare a fair and full hearing of LB249. With that, welcome back, Mr. Briese-- Senator Briese, for LB15.

BRIESE: Thank you again, Chairman Riepe, and good evening, Chairman and members of the Business and Labor Committee. I'm Tom Briese, T-o-m B-r-i-e-s-e, I represent District 41, and I'm here to present LB15. In November of 2022, the voters of Nebraska approved Initiative 433, which raised the minimum wage in our state from the previous \$9 excuse me, per hour to a higher rate that will climb to \$15 an hour by 2026. The ballot proposal kept the training wage percentage at 75 percent of the federal minimum wage. LB-- excuse me, LB15 would carve out an exception to the minimum wage provided in the ballot for those workers aged from 14 through 17 years old. Instead of the ballot language stepping up the minimum for these youth workers to an eventual \$15 an hour, LB15 would step up their minimum from \$9 per hour in 2023, eventually climbing to \$10 per hour in 2026. LB15 would also increase the training wage for 18 to 20-year-olds from the current 75 percent of the federal minimum to \$9.25 for 2023 and climbing to \$10 an hour for 2026. So why is this carveout for youth workers necessary? First, we need to do what we can to ensure the economic viability of our small businesses, including our grocers, our restaurants, et cetera across Main Street, Nebraska. Independent businesses make up 99 percent of all employers, and they are already facing things like supply chain shortages and labor issues, fluctuating energy and transportation costs and ever-changing rules and regulations. We can't allow legislation like was on the ballot to force mom and pop stores out of business, a one-size-fits-all approach that treats businesses in urban areas exactly like those in Albion or Oshkosh or elsewhere in rural Nebraska disproportionately hurts small- and medium-sized businesses. Secondly, secondly, we shouldn't be making it harder for employers to hire young folks, people entering or reentering the workforce. This exception to the minimum wage found in LB15 can facilitate the hiring of our youth. It can help many of them get their first jobs, feels what it is like to have the responsibility of being an employee, and that's a good thing. And we need to remember we're not trying to undermine the ballot proposal here. It is the role of the Legislature to iron out details and matters like this. That's what we did with the gambling. We changed some things, we clarified some things, and we did our job. That was our job. And it's all, all-- excuse me, often necessitated after the ballot language prevails. The State Constitution limits how much detail can be included on the ballot, so it is the role of the Legislature to iron out details. And

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in fact, I note that in LB141, we're actually increasing the training wage for 18- and 19-year-olds. And I would like to offer your-- for your consideration AM11, and that would take the youth rate and the training wait-- rate to \$10.50 an hour. This is an effort to prevent a decrease in the rate from what is currently in effect for 2023, which our original language would have done. And so the bottom line here, youth workers typically occupy entry-level positions, and many of our small businesses can't afford to pay the ballot minimum for those entry-level jobs. So it creates financial hardship on our small businesses or it forces youth labor out of the labor market, both of which are bad things, and both of which this bill is trying to address. So I'm certain we're going to have multiple testifiers coming behind me on both sides of this issue and hopefully can relate firsthand some of their knowledge on this. But I'm happy to answer any questions at this point, if anyone has any.

RIEPE: Senator Blood.

BLOOD: Thank you, Chairman Riepe. Getting to know you really well today, Senator Briese. Seeing a lot of you

BRIESE: Sure.

BLOOD: So did you ever read any of the data the last, last time we raised the minimum wage in Nebraska, the benefits that happened for our employees? Have you ever seen--

BRIESE: I haven't seen that data, but I'm guessing there will be folks behind me that may have that.

BLOOD: And it was actually quite positive. They found that when people made-- generated greater incomes, they actually spent their money locally.

BRIESE: Sure.

BLOOD: Which of course helps the local--

BRIESE: Which is a good thing.

BLOOD: --economy, which kind of makes sense, right?

BRIESE: Yeah.

BLOOD: And it didn't result in businesses closing, as everybody predicted. The sky didn't fall.

BRIESE: Sure.

BLOOD: So, you know, of course, now that we've raised the minimum wage or we're raising the minimum wage, we're starting to hear some more of that again, which of course, there just isn't any real truth data behind it. And you know how I feel about data. So the concern that I have, and I am getting to a question, the concern that I have is that I'm 61 years old. And if I decide that I-- say, I've never been in the workforce before and I start bagging groceries, but because I'm 61 years old, I'm going to get paid a fair minimum wage. But as a high school student, they do the same work, they're going to be paid less than me. Does that seem equitable and fair?

BRIESE: Well, in that particular circumstance, it might not be. But as I said earlier, youth employees typically occupy entry-level positions versus adult workers that typically do not occupy entry-level positions.

BLOOD: Not always.

BRIESE: And so you're, you're describing the exception to the rule. Let's be clear here. If someone would approach me about dumping this ballot proposal all the way across and stripping it completely, I would have said heck no, because I respect the will of the voters. But in this particular circumstance, this minor carveout, I think is necessary to preserve and protect the financial viability of our small businesses and to keep our young people in the workforce.

BLOOD: But-- not in general, but yeah, in general, I think aren't most kids that are, are in high school that are working either saving up for a car or saving up for college, which is outrageously priced now?

BRIESE: Sure.

BLOOD: Right? And they'd like to enter the adulthood without having to incur additional debt. Don't we want to protect our young people? I mean, aren't you worried they might migrate to another state--

BRIESE: So you're--

BLOOD: --if indeed we can't present them with opportunities to do better?

BRIESE: I think your question assumes that they're going to be able to get that job and at the, at the minimum wage being-- minimum wage being proposed, they might not get that job.

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BLOOD: Or they might go to Starbucks or, you know, someplace where they're definitely going to get minimum wage.

BRIESE: And we have to be clear here--

BLOOD: Like a chain store.

BRIESE: --employer, employers are welcome to pay any wage that they wish above that minimum.

BLOOD: And what I see, what I see is that when we start trying to do a carveout, they're going to go to the chain stores where the money doesn't stay local, right? We know the money doesn't stay local, that somebody from another state usually that owns that chain or the money from that chain goes to another state or another person where someone gets richer. So we may look like we're helping small business, but I feel like we're doing is we're taking money away from them in the long run because we're going to be directing them to go elsewhere to make more money. And we're not giving them the disposable income they knew to do bet-- need to do better as adults.

BRIESE: OK.

BLOOD: So I mean, that's my concern and we can talk about it more if we ever get back to the floor some time together to talk, but--

BRIESE: OK. Thank you.

RIEPE: Senator McKinney.

McKINNEY: Thank you, Senator Riepe. And thank you, Senator Briese. I have a, think a couple of questions.

BRIESE: Sure.

McKINNEY: Well, the voters spoke in November to raise the minimum wage through a stepped approach, which was take which was done in consideration for the business community. And what I'm thinking about here is limiting the amount a youth can make. I coach wrestling, so I have students that work jobs on the side, and a lot of them are making more than \$10.50 an hour currently.

BRIESE: Sure.

McKINNEY: So if this-- if LB15 was to pass and they're making \$15 now, would the employer be forced to start paying those kids \$10.50?

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BRIESE: Oh, no, no. The employers would be welcome-- employers would be able to pay what amount they would like over and above the \$10.50.

McKINNEY: And another thing I think we should pay attention to is the fact that a lot of youth that are working jobs in high school are working jobs out of necessity. Especially in my district, which is-- has a high poverty rate and those type of things. A lot of the kids don't go to North work because they have to, not only to take care of themselves, but sometimes to take care of them and their siblings in their families. And they're trying to maximize as much opportunity as possible to do those things. And I just think this would discourage youth from doing those things because you're limiting them curre-- this would limit their opportunity to be able to take care of some bills for mom or dad because they're struggling.

BRIESE: Sure. No, that's a fair point. But I also maintain that this carveout for youth workers can enhance opportunity for youth workers to get jobs as well, but--

McKINNEY: McDonald's is always hiring. And they're paying, what, \$15 or \$14--

BRIESE: Sure.

McKINNEY: --right now? Like, I understand small, small, small employers may be concerned with this, but I think we also have to, one, respect the will of voters and, two, understand that are the youth in the state of Nebraska are humans and deserve to get what they deserve and not be limited because an employer views them as a kid. They're doing a lot of work that adults do. During the pandemic, it was a lot of kids still working at McDonald's and Walmart and those type of things. Are they less than the adults that they were still stocking the shells, being in the aisles and all those type of things. So I just think we have to respect our youth because also--

BRIESE: Sure.

McKINNEY: --our youth are not necessarily wanting to stay in Nebraska because we limit their opportunities. This, to me, would discourage more youth from staying inside of our state because--

BRIESE: No, no fair, fair point. But I still maintain that this will create opportunity for more youth to enter the workforce. And relative to respecting the will of the voters, yes, I don't take lightly anything that would undermine anything that the voters put in place. That's why I say earlier, if I was presented with a request to

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completely undo this ballot proposal, I would have said, Heck no. Because I don't, I'm not in the business of telling the voters they are wrong. But on this particular point, I think if the voters would have been given the choice relative to youth workers, I think they would have landed somewhere where LB15 is here. And going back to the gambling proposal again, we tweaked that. The thing that sticks in my mind, it's a very minor thing, but when the voters put gambling in place, they put sports betting in place. And so we, we ensured that that sports betting was in place, but we also said, well, no, I didn't say this, but some of my colleagues said, no, they can't bet on Husker home games though, can they?

McKINNEY: I was against that too.

BRIESE: So, so we, we stripped out a small portion of what I think the voters put in place there. So that's an example that I talk about tweaking and massaging at least some aspects of what the voters put in place.

McKINNEY: Thank you.

RIEPE: Thank you. Senator Hunt.

HUNT: Thank you, Chairman Riepe. Senator Briese, I don't know, do you have employees? Do you employ anybody?

BRIESE: Yes, I do.

HUNT: OK, then not knowing anything and not needing to know anything for the rest of my hypothetical question for you.

BRIESE: Yeah.

HUNT: If you had a 16-year-old with no experience apply for a job and you had a 20-year-old who also had the same level of experience apply for the same job, what would prevent you from choosing the 16-year-old over the 20-year-old because you could pay them less?

BRIESE: Well, I thought about the people that helped me on the farm. You know, it's interesting you mention that because I thought about that earlier. And I think, I think about the guy that helps run my corn planter versus the kid that drives my pickup when I'm laying out pipe behind the truck. And no, I can't afford to pay the guy driving that pickup the same amount that I pay the young man driving my corn planter or running my combine. And so there is a difference there. If I-- I wouldn't want to be forced into paying the young entry-level

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worker that, again, is driving my pickup down the cornfield or else back on the pipe trailer putting pipe together or pulling apart. I wouldn't be able, wouldn't want to have to pay them that full amount. I couldn't afford to pay them that full amount likely, and I might not hire them, might be doing it myself instead.

HUNT: So I think we should think about how this is similar or different to gender or racial discrimination, age discrimination. And how potentially this could open employers up for some kind of legal liability. Just if we can-- if this becomes some kind of exploitation of workers, because I-- in my example, I'm saying same experience and that the job requires the same level of talent that they both have. So not that the 20-year-old is more qualified or you could say a 17-year-old and a 20-year-old or something. But if we see a pattern where employers are hiring younger people to get out of paying fair wages--

BRIESE: Yeah.

HUNT: --or to get out of paying the wage that Nebraskans voted for--

BRIESE: Yeah.

HUNT: --that's something I would be worried would open us to some kind of ethical and perhaps legal problem.

BRIESE: Yeah. I'm not sure legal problems, but it's a fair point. I might let some of the other folks address that--

HUNT: Yeah.

BRIESE: --potential issue. Sure.

RIEPE: Thank you. Are there other questions?

BRIESE: And I'll, I'll be here to close when the time comes.

RIEPE: We appreciate that. Thank you very much.

BRIESE: Thank you.

RIEPE: We're would ask for additional proponents. And if we have some proponents or opponents, whichever way, and it's going to be redundancy, please try to coordinate yours, given in the interest of time, your comments, so.

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SHANNON McCORD: Thank you, Senator Riepe and members of the Business and Labor Committee. My name is Shannon McCord, S-h-a-n-n-o-n M-c-C-o-r-d, I'm a third generation grocery store owner from Superior, Nebraska. I'm here on behalf of the Nebraska grocery industry, Nebraska State Chamber, and the Nebraska State Chamber of Commerce and Industry testifying in support of Senator Briese's LB15, which we believe is a vital part of softening the blow of the state minimum wage. First, as a small town grocer, I want to point out to the committee that in my community, the cost of living is significantly lower than that in Lincoln. The median listing for home prices in Superior, Nebraska, was \$85,000 in December 2022. In Lincoln, at the same time, the median listing was nearly \$270,000. As an employer, I employ 40 individuals and take my entry level-- and taking my entry level wages from \$9 to \$15 is going to increase my labor costs by \$36,500 a year. That does not consider the increase that I hope, I hope to give my long-term employees. I'm currently implementing goals that would make this possible for my long-term skilled employees to receive raises. This is my main goal to improve, is sales per labor hour. This is a twofold process. First, I need to reduce hours worked. By the time minimum wage reaches \$15 per hour, I will need to cut labor by 27 percent. That equates to 14,700 hours per year. The second part is to increase gross margins. This is done by increasing prices. This is a slippery slope, as higher prices will drive customers out of town to larger retailers, retailers that can easily install self-checkout stands and reduce the six cashiers previously needed to two, with one employee monitoring the self-checkouts. When all rural stores needs is one or two checkers, the technology of self-checkout stands only helps the larger retailers. If these goals are not reached, I'm afraid that many of my skilled long-term workers will be earning the same amount as a 14-year-old that is starting their first job in cannot run a meat saw, a cardboard bailer, a bread slicer, or be allowed to enter a walk-in freezer or a walk-in meat cooler, or a great many other child labor restriction laws. I'm sure you can see that this is unfair to the long-term skilled workers. But this is the situation I find myself in.

RIEPE: You have one minute, sir.

SHANNON McCORD: The burden that is the minimum wage increase will have on rural grocery stores fills me with fear for my small rural community. And I fear for all rural communities that rely on rural grocery stores to provide them with fresh meats and produce. I fear for their main streets that rely on them to keep people from having to drive out of town for their groceries every other day. And I fear for the people that do not have the ability to go out of town. I fear for

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our rural communities' future. And finally, as an advocate of our industry, I would like to echo Senator Briese said just this month: I read another report that small business sentiment slid to another low. Labor continues to be a struggle. Energy costs, rules and regulations, all these things are driving inflation and it makes it difficult to operate a small rural business. We seem to see-- seen an immense amount of consolidation in industry and I want to close on that. Consolidation might be the most ironic thing about the one-size-fits-all mandate. Large companies are often targeted, but in reality they are the one entity that has a cache or compliance department to comply. And while I understand why this might be good for unions, it is a main street killer. And as small businesses close, it will only strengthen the large retailers.

RIEPE: OK. Thank you, sir.

SHANNON McCORD: Thank you. I will answer any questions.

RIEPE: Any questions from the committee.

IBACH: I'll ask one.

RIEPE: Senator Ibach.

IBACH: I'll ask one. Thank you. So I was just doing some quick math because this affects me as a rural person, too. But and we've always approached it as, as on our farm, that youth that work on our farm are a working wage and not a living wage, because I think there's a definite difference in earning money or trying to support yourself and a family. So if, if a youth works 40 hours a week, which in the summer they do, and for 52 weeks, that's \$31,000 a year. If my math is right and I'm not a mathematician, so if I need corrected, I stand corrected. Would you contend that the youth in Superior expect the \$15 an hour, or are they OK with more of a working wage and not a living wage? I mean, what, what's the standard in your community and what's the population of Superior?

SHANNON McCORD: The population is just under 2,000 people.

IBACH: OK.

SHANNON McCORD: I think if you present the idea that they could get \$15 an hour, that's what they're going to expect.

IBACH: OK.

SHANNON McCORD: But it's to me-- I think, Senator Hunt, you mentioned about age discrimination. It's interesting you went that way instead of if it was \$15 an hour for a youth that I could-- had restrictions for, would I discriminate, discriminate, discriminate against the youth in favor of the older person because they can't do as many jobs as what I need them to do. So sword cuts both ways.

IBACH: And the hours probably are different then.

SHANNON McCORD: Yes. With 14-, 15-year-olds, 3 hours a day is all the more you can work with them, between four and seven. If it goes past that, that's a \$500 fine per incident.

IBACH: OK, that's good to know. Thank you.

RIEPE: Thank you. Are there other questions? If not, thank you very much. If you would, please state your name and spell it and the organization you represent.

KYLA HABROCK: Hello, I'm Kyla Habrock, K-y-l-a H-a-b-r-o-c-k, and I'm an owner of the Hastings Early Child Development Center, and I'm here to share support for LB15. Our family moved to Hastings in 2018 as a result of a career change for my husband. Our infant daughter Fallon [PHONETIC] was just five months old, and we learned firsthand the challenges that exists when it comes to finding available child care. Over the next 18 months, we learned more about the staggering statistics that exist and the gaps for quality early care and education. We opened the Hastings Early Child Development Center in February of 2021 to serve working families as a part of the solution for the child care crisis that exists in our community. So our work is nowhere near complete, but we continue to make great strides every day for the quality. And some days progress on this improvement is only minor, but inches matter every bit. I encourage your support for LB15 because it provides a framework that will allow our business to invest in providing specific education and training wages that will directly improve the develop-- the development and professional training that our teachers receive that will result in improving the quality of care and education our teachers provide to children. This truly allows our business to work in partnership with working families by maximizing their investment in tuition that is used to pay teachers to provide direct care and education for children in classrooms, instead of paying for teachers to experience training. For the calendar year, calendar year of 2022, our business employed 68 teachers. Of those, 20 teachers are employed with us still today, and of those, seven are under the age of 19 years old. Unfortunately, our business illustrates

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and confirms the challenges that are real when it comes to recruiting and retaining teachers in early childhood education. Challenges include uneven or insufficient education, training and preparation, high-stress workloads that require managing a variety of situations coupled with leading a breadth of activities. These challenges combined contribute to turnover and instability in early childhood programs across the state and directly impact the quality of care that children receive. Our business requires every teacher to complete a variety of onboarding procedures and training procedures, both as a responsibility to comply with licensing and regulatory requirements, as well as for fulfilling our own expectations for quality. These onboarding procedures and trainings require time to complete and often an expense to register to complete or payment to process. Adequate compensation paired with supportive professional environments are critical to ensuring that our teachers are both qualified and best prepared to serve children across all ages and stages of development while providing enriching educational activities. LB15 will help teachers in the field of early education because it elevates our work as a priority and legitimizes our experiences--

RIEPE: You're gonna have to finish up--

KYLA HABROCK: --to be viewed as professional.

RIEPE: --you're into the red zone.

KYLA HABROCK: Plus, LB15 will help minimize the costs of training that is being passed on to families.

RIEPE: OK. Thank you.

KYLA HABROCK: Thank you.

RIEPE: Questions from the committee. I have a question. You constantly referred to teachers and you said you have 20 teachers. Is that a name that you've given them or are they educated as formal teachers?

KYLA HABROCK: Yes, many have credentials.

RIEPE: With degrees in education for-- and certified teachers?

KYLA HABROCK: Yes, many have credentials in child development, either as an associates degree or a credential known as a CDA. Absolutely.

RIEPE: OK.

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KYLA HABROCK: Some have bachelor's degrees in accounting. Another has a bachelor's degree in human relations.

RIEPE: OK. Are there any other questions from committee?

IBACH: I have one.

RIEPE: Senator Ibach.

IBACH: And it might be more of a comment. I've toured Kyla's operation and daycare before and it's-- they've done an amazing job with the model that is new and exciting. Anyway, would you, would you say that the people that-- and I, I call them people, employees that you have are at your daycare because they want to-- and I'm speaking more under 20 or 19 years of age. Are they there because they want to learn that trade or that career or are they there because they need a paycheck?

KYLA HABROCK: A combination of both. The seven that are under 19 years old range from 14 to 19. And so we're providing, you know, a student that just wants a little bit of work experience where others truly are interested in understanding what a field-- like, what a career in the field of early education would look like, whether they were to be in a preschool setting or kindergarten or first grade. So some of it is totally career exploration and helping them determine if that is something that is a field that they would prefer to engage.

IBACH: OK. Thank you.

KYLA HABROCK: Um-hum.

IBACH: Thank you, Mr. Chairman.

RIEPE: Thank you. Let me come back. Now, the number that you hire between age 14 and 19 are not the teachers, right?

KYLA HABROCK: They do provide support to classrooms. Absolutely.

RIEPE: Are they teachers?

KYLA HABROCK: Yes, we refer to all of them as teachers, because--

RIEPE: OK, so that goes back to my original question--

KYLA HABROCK: --you can teach.

RIEPE: --of are they degree-holding teachers?

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KYLA HABROCK: There are.

RIEPE: I came off a school board and when I think of a teacher, I think of a certified teacher in math or some [INAUDIBLE]. But you can't do that at 14 years of age.

KYLA HABROCK: Correct. But they are leading instruction in a classroom, so I would describe that they are teaching children.

RIEPE: I would say it's a stretch of the term teachers, but.

KYLA HABROCK: That's how we describe it in our business--

RIEPE: Well, that was my original question--

KYLA HABROCK: --to legitimize their experience.

RIEPE: --if that's how that--

KYLA HABROCK: OK.

RIEPE: --is a title that you chose. Apparently it is.

KYLA HABROCK: It is.

RIEPE: OK, are there are other questions from the committee? Hearing none. Oh, yes, Senator McKinney.

McKINNEY: Thank you. So if you're referring to all of those individuals as teachers, why should the youth be paid less if they're all considered teachers?

KYLA HABROCK: Why should someone who has a bachelor's degree work in early education if someone who's 15 years old can earn \$15 an hour? It diminishes the value of further education in this field, which will directly impact many, many people if we don't have adequate quality child care. And then the problems with workforce housing will not be an issue because employment will be the issue that we'll be focused on. So if you want to call them part-time people or whatever, I would be glad to use verbiage that makes sense. But they all are impacting the experience that children are having and how that, that's being paid by a parent for that care and educational experience in a classroom, as opposed for the experience that that tuition would be used to pay for a teacher's training. And so in relation to some of the challenges, I think with age discrimination, they don't count towards ratio set by the state of Nebraska, but they do add value in

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the classroom. That's an extra set of eyes and hands and love and care and attention in addition to the experience that we're providing as a professional.

McKINNEY: So what if this passes and they all quit?

KYLA HABROCK: They won't quit. We take good care of them. We're providing enrich-- an enriching experience for them.

McKINNEY: But what if they're watching this hearing and realize that you guys don't want to pay them the same, but you're-- but you're calling them teachers and they just say, forget it, I'm going somewhere else.

KYLA HABROCK: That's OK. I'm willing to accept the consequences of this, I guess. And the other alternative is that, you know, we, we would just hire full-time teachers instead of part-time teachers and much to some of the points previously mentioned. Then this young sector of the workforce would not be able to explore career opportunities in this area and would choose to work at another location in another field to get work experience. I'm OK with--

McKINNEY: I think they would choose--

KYLA HABROCK: --not being the choice for everyone.

McKINNEY: I think they would choose to work somewhere where they're valued for their work. A lot of-- I think the assumption that kids or youth decide to go, go into work because they just want a job is not always true. Some are working out of necessity to take care of their families. And what this bill would do would diminish the ability for them to fully maximize that opportunity to take care of a brother or sister or help mom out with bills. Because I know the previous testifier said median income, and I don't know if it's home price, but I represent the poorest district in the state. And a lot of the kids that work in my district are working because they have to, not because of security-- not out of curiosity.

KYLA HABROCK: Um-hum.

McKINNEY: And I would want them to be able to maximize that opportunity as much as possible.

KYLA HABROCK: And I respect that. I am just sharing from the position of the experience that I know with our business. And none of the youth are in that position in our example. And so I know that you have all

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of this testimony to weigh and the responsibility of serving your district well. And this was my example of sharing my story well as a constituent. And I thank you for that opportunity.

McKINNEY: Thank you.

RIEPE: OK. Senator Hunt, please.

HUNT: Thank you, Chairman Riepe. Habrock?

KYLA HABROCK: Yes.

HUNT: Miss Habrock.

KYLA HABROCK: Um-hum.

HUNT: You're doing great. Thank you so much for coming to testify. I'm sorry if you feel a little harangued up here or something like that.

KYLA HABROCK: No.

HUNT: It's, you know, we ask people to put themselves out here and come reach us and come tell us about their experiences. And I never want anybody to feel anxious about doing that. And I know that we can be anxious, that I'm anxious all the time. So thank you so much for sharing your experience. And I Googled your business and it looks really nice.

KYLA HABROCK: Thanks.

HUNT: I, I have a question that may be interpreted as a bit of a harangue. I apologize in advance.

KYLA HABROCK: That's OK.

HUNT: But to get some things on the record, I guess. Would you ever, would you ever ask your clients to pay a lower rate to correspond with the lower wages you're paying employees?

KYLA HABROCK: I'm not sure what you mean in that way.

HUNT: I mean, if you have, if you have employees, teachers who are earning, you know, under Senator Briese's bill \$10 an hour or \$10.50 an hour, if his amendment is adopted, and then you have some employees who are earning \$15 or more, whatever amount because of their age, would you ever have your rates that you charge clients correspond to those wages?

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KYLA HABROCK: Well, the, the wages are set primarily by experience and education. And so-- and there really isn't a scale that early childhood uses for, you know, as a template to help guide this. So I don't have that as a resource to fall back on. But in terms of the rate that we charge for tuition, we are looking at a market rate that is set. You know, they survey all across the state of Nebraska and we try to be competitive within, within our area, but then also it's part of the services that we're providing in terms of the hours that we're open. One example of that was last week or maybe two weeks ago now, there were two snow days in Hastings where Hastings Public Schools were closed. And many providers also follow, if there's a snow day, we close. Our center chooses to be open. On one day, there were 21 children that attended with 11 teachers working, and the next day there were 32 with 11 teachers working. And what I know that correlates to is that the other families that were not in attendance that day, their families had a choice whether they would attend or not, whether it was for safety or they had paid time off. So we take into effect like what that cost would have been to families, and we chose to serve the families well that needed us. That is part of what influences, I guess, our rates as well as what it requires to pay the wages for our teachers, both as part-time teachers or full-time teachers, utilities, all of those things as well.

HUNT: Overhead, yeah.

KYLA HABROCK: Yeah, absolutely.

HUNT: OK. Thank you, very much.

KYLA HABROCK: Yeah.

HUNT: And you're doing great. Thank you so much again. And thank you for waiting all day to share about this bill and I'm glad you're here.

KYLA HABROCK: Thank you.

RIEPE: Yes. Thank you for your contribution. Senator Halloran.

HALLORAN: Thank you, Chairman. It's so good to have a constituent here to talk to us about this issue. So nothing happens in a vacuum, right?

KYLA HABROCK: Right.

HALLORAN: So you have a lot of clientele, a lot of parents that need your service for daycare. And so we're raising the price of our labor costs. You're not going to be able to absorb that and lose money,

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right? You don't want to do that. So I assume that you would have to pass that on to the parents--

KYLA HABROCK: Correct.

HALLORAN: --right? So I guess my concern is because I hear it a lot from constituents, not just from my district, but all over the state talking about the cost of daycare.

KYLA HABROCK: Um-hum.

HALLORAN: I mean, it's, it's a significant issue for people. You can't lose money at it, but yet we expect you to raise the price for labor, pass it on to your customers, the parents. And some of those aren't going to be able to afford it.

KYLA HABROCK: Correct. So the options then, like I said, we are one option as a part of a solution for the crisis that exists in our community. We chose to create this as an option. They might choose other existing centers, in-home providers, mothers, fathers might, you know, restructure their work schedule if they have freedom and flexibility, engaging family members. I do believe that, you know, most of this is "figure-outable" and families are resourceful. Some things that we haven't, I guess, addressed. And when I was listening to the workforce bill, most of the challenges I could replace with child care in that as well. And I know that that's not what we're here to talk about. But I am almost certain that there are no child care bills this go around, right? No. So like clearly I have more work to do in terms of advocating for systematic change. This is just one example of ways that like we wouldn't then have to pass this on to our families. So in that way we would be serving working families well. In this example, I don't know that this is the example that's right for everyone. This is an example that would make a difference for us. One thing that is true for Hastings Early Child Development Center is we do not qualify for the food program. We do not have enough families that earn below the level to, to qualify for, for that type of support. So the cost of food and all of those things that others might have a benefit from in participating with the food and nutrition program is not something. So we are paying the full load of all of those things in partnership with our families. So we would love to help create a little bit of a break in this way with LB15, to not continue to ask more of a financial burden from our families. Other opportunities for partnership are from employers as well. So all for creative discussion.

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HALLORAN: Well, thanks for being here, and [INAUDIBLE].

KYLA HABROCK: Thank you for your help.

RIEPE: OK, thank you very much. Are there other questions? Apparently not. Thank you. Proponents of the bill.

MAT HABROCK: Chairman, Senators, my name is Mat Habrock, M-a-t H-a-b-r-o-c-k, you obviously previously heard from my wife. I do have a couple of handouts that I wanted to share that, that probably dive in a little further to the line of questioning that she received that I think is helpful. So I will try to be brief. I know a little bit of redundancy here, but I've provided you with a copy of our payroll for the week of January 22nd through January 28th of 2023. You can see the rate of pay and hours worked by the 27 teachers, full-time, part-time staff, whatever we determined as a result of the previous testimony. This is an accurate reflection of a typical payroll to support the 67 children that we currently have enrolled. The minimum wage increase that was passed by the voters in the most recent election will have a real impact on our business. On the spreadsheet provided, you can see the changes in weekly and annual payroll, a result of the new minimum wage criteria. It is important to note that not all those adjust-- or that those adjustments are only to those wage earners that would be impacted by the increase in the minimum wage. These increased costs will have, will have to be directly passed on to the families we support through tuition increases. You'll see the phased-in implementation of the increase from now to 2026. Family tuition at our center will have to increase by an average of \$32.31 per week per family enrolled. That increase to \$32.31 does not reflect the additional wage increases that we anticipate for employees currently above the minimum wage level. If we were to increase all of our wages by the same percentage of the increase as the minimum wage, our family tuition fee would have to increase by \$60 per week per child enrolled. While we are not debating the minimum wage increase, as a voters in Nebraska have clearly voiced their desires for the increase, we do need ability to develop reasonable initiatives to create responsible solutions to the challenge that it presents. We believe in hiring quality, early-- early childhood education professionals at our centers. Our children deserve that. We believe in providing them with wages that reflect their skills, abilities and commitment to providing quality early childhood education. And we believe in providing our teachers with the same benefits that they can receive elsewhere in order for us to be competitive in the marketplace. LB15 doesn't change that. What LB15 will do is to create a responsible framework for us to invest in the training necessary to develop our staff while taking

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small measures to lessen the impact of wage increases on the family that paid tuition for their children at our centers and centers across the state. Without LB15, our center will be challenged to justify hiring student workers to support our centers. You can see we currently have three staff members highlighted in yellow that would qualify for the student wage proposed by this bill. These workers are essential to our commitment to quality. Although they cannot-- they are not able to help us with our regulated teacher-student ratio requirements as set by the state, they're critical in our center's operation. They help to provide additional resources to support teachers in the classroom and handle daily cleanliness and sanitation requirements as set out by the state. Being employed with us also allows them career exposure that will hopefully encourage them to pursue future opportunities in early childhood education. We need to do more to invest in early childhood education in Nebraska. I wish we had 20 bills that talked about funding early childhood education like we do for workforce housing in Nebraska, but we don't. Instead, we as business owners have to look at reasonable measures like this on how we can try to affect the quality of the care that we provide our families while minimizing the financial burden. Senator Halloran said we can't afford to lose money on this. I can tell you over the last three years, my wife and I have lost money over this, significant money, but it's what our community needed. And the 100-plus thousand dollars in cash infusion that we have directly given to support our business is a direct reflection of our desire to keep our rates down. We have subsidized working families in Hastings ourselves. I cannot afford to do that any longer. Thank you.

RIEPE: Thank you for being here. Senator Hunter [SIC].

HUNT: Senator Hunt.

RIEPE: It's getting late.

HUNT: Thank you, Chairman Riepe. You're doing good. You mentioned that you would love to support bills to support child care. I would love for you to reach out to my office and we can tell you about some of those. One is LB35, which is increasing subsidies for child care.

MAT HABROCK: Um-hum.

HUNT: Something like that would really help your business. There are many bills like that that are being considered that I can't remember off the top of my head, but that's one that I'm working on. So I would encourage you to look at those and get--

MAT HABROCK: We--

HUNT: --in touch with one of us so we can come back to you for advocacy on that.

MAT HABROCK: We would love to. I hope that you have all seen that we have a deep passion for this area and, and our daughter's not the only one that deserves quality early childhood education.

RIEPE: Senator McKinney.

McKINNEY: Thank you. And thank you for your testimony. I appreciate your concerns. I guess what I'm struggling with is, on one hand, you're saying these workers are essential to you, to your facility, but you're also saying I want to pay you less than you deserve. So I'm struggling with the how are they essential but you want to pay them less?

MAT HABROCK: So they are essential because they do come in and they-- you know, Kyla alluded to the services that they provide. But at \$15 an hour, because they-- because we are regulated by the state very, very strictly about our ratio licensing requirements, the age of workers, the qualifications that our workers have to have, they do not meet any of that. And so at \$15 an hour, we would have to hire somebody that meets those criteria in order for us to offset that additional wage. So we would not be able to I mean, it's that we just-- we can't ask that of working families to pay that. And so we would-- so right now, if we've got an infant classroom that has eight infants and we have two teachers that meet the state ratio requirements, because it's four infants per one adult teacher, qualified teacher, we may have a student that comes in after school, works for us, that is able to read stories to children, sanitize toys, clean the classroom and everything else so that our teachers can do the work that they need to do while not having to be distracted by some of the other requirements also bound by one of the many, many, many regulatory and regulatory entities that dictate how we have to operate our business. So at \$15 an hour, unfortunately, we would have to hire somebody that could meet all of the state requirements for employment in our center to be able to meet our ratio requirements.

McKINNEY: All right. I mean, I'm all for trying to help you find ways to pay those that you deem as teachers more money. But I don't agree with paying anyone less just because of their age.

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MAT HABROCK: And that's that's fine if that's the intent of the committee. But I think it is important for the committee to recognize that will have real impact.

McKINNEY: It's the--

MAT HABROCK: The career exposure opportunity won't exist in our center.

McKINNEY: It's the intent of the voters. They spoke and passed that legislation. It's the, it's not the purpose-- it's not the intent of the committee. The voters of Nebraska voted to increase our minimum wage because of so many other factors that I could go on all day about but--

MAT HABROCK: I think Senator Briese addressed that. There's been other, other ways this is-- and if the committee chooses not to do this and not to go forward with LB15 and, and determine that that was the intent of the voters, then that's fine. We are here to let you know that it will have an impact on our ability to hire youth workers at our center. We will not be able to, and we're not unique in this. I mean, so those, those rates there, when you look at our weekly cost per family, that is-- that, I mean, those increases as a result of the minimum wage increase, that doesn't include rent and food and everything else. So if we're looking at, you know, what some of our tuition rates-- so we're looking at currently \$135 weekly cost per family, that leaves about \$60 a week to cover all the materials that go into providing the care for that. The utilities. I can tell you, utilities for a 9,000 square foot building are about 3 to 4-- or I'm sorry, just between \$900 and \$1,200 a month. There is the rent. Luckily, we own the building and so our only rent charge is we've got a building that's valued at about \$450,000. We have a loan on that building for about \$140,000. All that we are charging back for rent is the cost of \$140,000, not the cash that we personally put into the remaining balance of that. So our rent is way lower than anybody else is able to provide. So we are trying everything--

McKINNEY: I guess--

MAT HABROCK: --we can to keep that down.

McKINNEY: --to counter that from, from now until 2026. Two things. Do you expect your property value to increase and do you expect to grow your business?

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MAT HABROCK: We, we do. But in order to do so, the rate that we're going to have to charge families there-- realistically, there's a very good chance that we will put ourselves out of the market. And communities like Hastings and Kenesaw and Chadron and Omaha and Lincoln and everybody else will continue to talk about the needs of the workforce and look down and just have to realize that we won't have childcare to support it. Because at these rates, if we have to raise those rates that high, there's going to be even more incentives for mothers to stay home. So now we take that demographic out of the workforce. So there's, there's, there's two sides to this.

McKINNEY: Is there--

MAT HABROCK: I understand. I'm not trying to undervalue--

McKINNEY: Any proof across the country where the minimum wage was increased and in populations similar to Hastings, where the sky just fell?

MAT HABROCK: I don't, I don't have that research in front of me. What I'm telling you right now is that our tuition rate is a challenge right now for families to utilize, and it is going to go up. The minimum wage is going to go up. So we'll see-- I mean, we are already, the average wage in, in Hastings-- or the average wage of childcare is already significantly low. So like we said, we're all for this. There is a need, I would love to pay our teachers more. I would love to. I do call them teachers, every single one of them. They should be paid the same as what a teacher does. The first five years of a child's life, there's more brain development and activity that happens than what happens from kindergarten through they graduate high school. But we've got a structure in place that doesn't allow the funding to support early childhood education. So I would love for this not to be a problem and for us to be on the other side of this and say, heck no, we need to be able to do this. But we can't--

McKINNEY: But the--

MAT HABROCK: --continue to put this burden on working families to pay for these rates.

McKINNEY: And we can close here because more people are going to talk, but what you're essentially saying is, I think they're essential, but they should get the low, low, low short end of the stick because of their age. Thank you.

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MAT HABROCK: I think we've interpreted that differently. But I appreciate your question, Senator.

RIEPE: Senator McKinney, did you have any further comment?

McKINNEY: No, I'm done.

RIEPE: Senator Hunt.

HUNT: Thank you, Chairman Riepe. What is your position at the, at the business?

MAT HABROCK: I'm one of the owners. I also handle all of the maintenance and everything else so.

HUNT: I get it.

MAT HABROCK: In order to keep our costs down, I spend my I'm up at 4:00 in the morning moving snow because we can't afford someone to come in and do that. I also work outside of the business, which is how we're able to stay open. My, my employment in town is what offsets the, the loss in profits for our business.

HUNT: You know, let me tell, you and I aren't so different. I work outside my job, it is in the Legislature. I'm a state senator, so it's different flavor. But and I go to my shop, I run a little retail shop in my neighborhood. And I'm scraping the sidewalk in the morning, too, before I drive here, before I pick up my kid to take to school, to drive here.

MAT HABROCK: Um-hum.

HUNT: To DoorDash, my kids some food tonight, which is very typical because I'm not coming home till 10 or 11. So I get, I get running on all cylinders, I get looking at the balance sheet at the end of the month and going, this isn't working. I get that things cost what they cost. And, you know, looking at a government mandate to make you increase your costs is very frustrating. I do want to talk to you guys about some of the bills we have--

MAT HABROCK: Um-hum.

HUNT: --to potentially lessen the burden on your business, to increase subsidies for child care, which will help your clients and go directly to you guys. And then also, you know, your mention of if this keeps up and people can't afford the child care, then women leave the

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workforce. Well, then I would direct you to LB57, which we heard earlier today to adopt paid family leave. And as a small business owner, that's something that could benefit your teachers as well.

KYLA HABROCK: We provide that to our teachers, six weeks paid--

HUNT: OK.

KYLA HABROCK: [INAUDIBLE].

HUNT: Good. Well, I wanted to, to make that comment.

MAT HABROCK: No, I-- and please do. I believe you've got both my wife and I's contact information on there. We would-- we will be down here as many times as necessary to recognize, not just our-- this isn't about our business.

HUNT: Yeah.

MAT HABROCK: This is about early childhood education.

HUNT: I get it. And it's about making sure that our neighbors are successful, that we're successful following our passion. Has nothing to do with political leanings.

MAT HABROCK: Um-hum.

HUNT: Like everyone's got to raise their family, so we want to make sure people can do that.

MAT HABROCK: Yeah.

HUNT: So thanks for being here.

MAT HABROCK: Thank you, Senator.

RIEPE: Thank you, are there questions? I get excited when I see spreadsheets.

MAT HABROCK: I geeked out to this all day yesterday, I loved it. Any questions--

RIEPE: It's beautiful.

MAT HABROCK: --direct to my wife.

HUNT: Good work.

MAT HABROCK: Thank you.

RIEPE: Thank you. Take any more proponents.

BUD SYNHORST: Good evening now. Bud Synhorst, B-u-d S-y-n-h-o-r-s-t, president and CEO of Lincoln Independent Business Association. I'm here to testify on behalf of our 1,000 business owners primarily located here in Lincoln and Lancaster County. Our mission when we started 43 years ago was to be the voice of small business to our elected and appointed officials and bring forward the issues of business. I'm here today to testify in support of LB15. We did oppose this ballot measure last fall, and we were very vocal in that opposition saying that we would be an advocate for something like the bill that Senator Briese is-- has presented here. From a historical perspective, I think it's important that we talk about minimum wage not as a living wage, but as an entry level training type of wage. That's how this was done. And I'm going off script just a little bit because of some of the testimony here today. But I will tell you that historically there have been times where teenagers have been paid less than other employees, and there are times in industries, in businesses where an entry level worker makes a different wage than what an experienced worker makes. I think this bill brings forward an opportunity for small business owners to come in and help young people to learn the trades and learn the different skills that are involved in these, these jobs so that they're able to gain skills and make more money. I would also point out that I believe, and Senator Briese can correct me if I'm wrong, but I believe there are some time limits in his training wage for the 18- to 20-year-olds in this bill. We have a great local entity here in Lincoln called the Career Academy, which provides opportunities for young people to gain training in school, which then can go out with business owners and gain valuable skills in a lot of different trades in our area. As a matter of fact, last year, our organization hosted a job fair for those young people who got internships and summer jobs, and we got 105 out of 600 students were able to get jobs so that they could get that training. So I think we need to kind of keep that perspective in mind because in any organization, depending on your experience is your level of pay, whether you're at an entry level pay scale or whether you're at a higher level pay scale. So with that, I mean, you have my written testimony, but I just wanted to veer off script a little bit to address some of those things, and I'd be happy to answer any questions any of you may have.

RIEPE: Thank you. Thank you for being here.

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BUD SYNHORST: Yes, sir. Thank you.

RIEPE: Are there any questions from the committee? Senator McKinney.

McKINNEY: Thank you. One, you were in opposition of the ballot initiative and you lost. Two--

BUD SYNHORST: Correct.

McKINNEY: I find-- I kind of take offense to you saying, like low level, unskilled jobs when during the pandemic, the jobs that you're-- I'm assuming that you're speaking of were deemed essential workers and without those individuals, who--

BUD SYNHORST: Not necessarily.

McKINNEY: --who knows where we would be as a society?

BUD SYNHORST: Well, I'm not-- I think there were-- the government told us who was essential and who wasn't. It wasn't determined by the business owners. And I think our organization stands for let the market decide.

McKINNEY: So you would have said the--

BUD SYNHORST: I would have not put those restrictions on business and let the business owners--

McKINNEY: You would have said that the worker at Wal-Mart that's stocking the shelves or the individual--

BUD SYNHORST: I think that's up to the business owner, Senator.

McKINNEY: I'm, I'm not done talking. You would-- I'm asking. So you would have said the individual working at Wal-Mart, extreme hours, busy lines and all those type of things, they're not essential?

BUD SYNHORST: That's not what I'm saying at all.

McKINNEY: You said the government determined but you wouldn't--

BUD SYNHORST: The government said who was essential workers and who wasn't during the pandemic, Senator.

McKINNEY: Who was essential to you?

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BUD SYNHORST: To me, every worker is essential. Everybody should be able to go to work. Everybody should be able to go and earn their living and have those opportunities provided to them so.

McKINNEY: In my opinion, everybody should be able to make a fair wage and it shouldn't be determined based on your age. Thank you.

BUD SYNHORST: Should it be--

McKINNEY: I'm done.

BUD SYNHORST: OK.

McKINNEY: Thank you.

BUD SYNHORST: Wow.

RIEPE: Are there other questions? Senator.

HUNT: Thank you, Chairman Riepe. Thanks, Mr. Synhorst. I caught the comment you made in your testimony about how we've paid kids less in his-- like in the past. Can you expand--

BUD SYNHORST: Well, I'm about 51, almost 51 years old, and when I was a teenager, there were certain wages that you made that were lower than the minimum wage when you started jobs in certain industries.

HUNT: We still have that, of course, with our subminimum wage, which is \$2.13 in Nebraska.

BUD SYNHORST: Um-hum.

HUNT: Do you have any more thoughts on that?

BUD SYNHORST: I think I expressed my thoughts. I mean, it's, it's not out of the ordinary, but it's also not out of the ordinary in business for someone with less experience to make less money than someone with more experience.

HUNT: That's right. That's very-- that's very true. Thank you very much.

RIEPE: Thank you. Are there other questions from the committee? Hearing none.

BUD SYNHORST: Thank you.

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RIEPE: Thanks for being here. Other proponents?

ROBERT J. HALLSTROM: Chairman, members of Business and Labor committee, my name is Robert J. Hallstrom, H-a-l-l-s-t-r-o-m. I appear before you today as registered lobbyist for the National Federation of Independent Business to testify in support of LB15. Most of what I have in my written testimony has already been commented on or touched on. I think what I do, Senator Ibach, you posed a question earlier on whether or not our youth workers would, would come with an expectation of earning \$15 an hour. I don't know whether there's an expectation that they would or should be paid \$15 an hour, but I think I probably know what the answer is. If you asked them, would you rather be paid \$10.50 an hour or \$15? But conversely, the other side of the coin is would you rather be paid \$10.50 an hour or not have a job at all? And I think unfortunately, particularly with regard to our smallest businesses, when the minimum wage goes up, that is one of the, the impacts. It doesn't necessarily, Senator McKinney, mean that the sky is falling, but it certainly means that that in business employer, that employer is going to have to make a tough choice. And if they're going to stay in business and be profitable, they're going to have to decide if they have to cut the workforce or if they have to cut hours. And in many cases, what we've argued before on minimum wage issues is that it's better to have a job than not have a job or have reduced hours. And we think that is the sum, in effect, of minimum wage increases over time. We think LB15 softens the blow to allow those that are entering the workforce for the first time to have access to the experience that comes with having a job. And we would certainly encourage the committee to, to move LB15 forward on those-- on that basis. Be happy to address any questions.

RIEPE: Thank you. Senator Hunt.

HUNT: Thank you, Chairman Riepe. Thank you, Mr. Hallstrom, for being here today. How, how would my small business get involved in the National Federation of Independent Businesses? Is there a fee that goes toward--

ROBERT J. HALLSTROM: They have membership--

HUNT: --your services?

ROBERT J. HALLSTROM: --they have membership dues. They're quite reasonable. And I'm not going to solicit or sell right here. But yes, yeah, there are--

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HUNT: Is--

ROBERT J. HALLSTROM: There are, there are--

HUNT: How many--

ROBERT J. HALLSTROM: --sales, salespeople that contact businesses across the state.

HUNT: OK. How many businesses are there in Nebraska? Do you remember?

ROBERT J. HALLSTROM: I think we have somewhere between 4,500 and 5,000 members in the state of Nebraska that are members of NFIB.

HUNT: Do you think that those are members who are more likely to be members of the Chamber of Commerce, or is there a lot of overlap there?

ROBERT J. HALLSTROM: I don't know that there's a lot of overlap. We-- the average size of our members is five employees.

HUNT: Um-hum.

ROBERT J. HALLSTROM: And we have-- we're a smaller employer group. We, we don't allow corporations to become members of NFIB. We establish our positions by serving our members directly rather than through a board of directors. So we ask them questions about minimum wage, workers compensation and so forth, Senator.

HUNT: OK, that sounds good. What's the percentage breakdown, do you think, between like Douglas, Sarpy, Lancaster, Cass versus the rest of the counties?

ROBERT J. HALLSTROM: I don't have those figures. I would imagine we have more members in Omaha and Lincoln. And those are the members that at least take part in our small business day at the Capitol and so forth, and probably because of distance factors.

HUNT: OK.

ROBERT J. HALLSTROM: But we have members all across the state.

HUNT: Cool. Thank you very much.

ROBERT J. HALLSTROM: Thank you, Senator.

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RIEPE: Thank you. Are there other questions from the committee?
Hearing none, thank you.

ROBERT J. HALLSTROM: Thank you, Senator.

RIEPE: Thanks for hanging around.

RIEPE: More proponents. Thank you for being here.

ZOE OLSON: Thank you.

RIEPE: Have you testified before?

ZOE OLSON: I have.

RIEPE: OK, then you know the rules?

ZOE OLSON: Yes.

RIEPE: Or the guidelines.

ZOE OLSON: Thank you, Senator Riepe and members of the committee. I'm here representing the Nebraska Hospitality Association and the Nebraska Retail Federation. My name is Zoe, Z-o-e, Olson, O-l-s-o-n, and I'm the executive director of the Hospitality Association, which was formerly known as the Restaurant Association. We are in support of LB15 as amended. I will tell you that neither of our organizations opposed the ballot initiative. It was a nonissue for us when the ballot initiative came back out because the majority of our members were already paying over what the wages were. And we have that today. All we're asking for in this is that there's some choice, that there's some options. You asked, I think somebody asked, would a, you know-- would a youth want \$15 or \$16? We have people, youth, that are changing jobs right now because they can get a dollar more here, a dollar more there. So, of course it's market driven. There was also about big companies in Nebraska, 96 percent of what you would think of as a corporate store, a McDonald's, a Burger King, something like that. They're actually franchised and they're owned locally here in the state. So they're not-- and we don't, and we don't have members of those corporate-- corporations are not members of our, our associations. And so while we don't see that very many businesses would take advantage of this, we would like them to have the option if necessary. It's just a matter of the youth that work in our organizations can only work for 3 hours a day maximum. They have to be gone by 7:00 at night, and there are a lot of things they can't do in

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our businesses because of safety measures. So we just like that option. And that's all we're asking for.

RIEPE: OK. Thank you very much. Thanks for being here. Senator McKinney.

McKINNEY: So to get this right, a kid essentially making 45-- \$45 a day is going to destroy the business.

ZOE OLSON: I didn't say that.

McKINNEY: All right. Thank you.

ZOE OLSON: Uh-huh.

RIEPE: Did you have any further questions? OK.

ZOE OLSON: Do you have--

RIEPE: Oh, let me see. Are there any other questions?

HUNT: I'm good.

ZOE OLSON: OK.

RIEPE: OK. Thank you for coming.

ZOE OLSON: Thank you.

RIEPE: Any more, any more proponents? Seeing none, are there any opponents that are in attendance that wanted to speak? If you would come to the front so that we can move along. And try to orderly determine who's going to go first and second, et cetera. Thank you. We have seen you before, you know how to do this.

FELICIA HILTON: Yes. Thank you, Senator-- Senator Riepe, Chairman Riepe. My name is Felicia Hilton, F-e-l-i-c-i-a H-i-l-t-o-n, political director for the North Central States Regional Council of Carpenters here speaking in opposition to this bill. First and foremost, as the Carpenters, we believe that you get paid for the labor that you perform. And so for us, we see young people, whether they're 14 to 17, and in this bill has people that are 18 to 20 years old being stuck at about \$10 an hour. They're performing the labor. So you get paid for your labor, not necessarily by the age that you are. And I think it's a slippery slope to start determining people's wages based on their, on their age. This could easily be if you're in between the age of 54 and 57 and-- 57 and early retirement of 62, that you can only make

this amount of money. We just think this is a slippery slope when you start determining the value of someone's labor based on their age. The, the actual work that workers perform is making people money. It makes the employer money. It is not charitable when people are working. It is not charitable when young people are working. We are working to earn others money. While the contract with us is that we get paid for that labor, that labor is earning wealth for someone else. And so we think young people deserve to be paid the minimum wage increases that were passed by the ballot because of the actual labor they perform, whether it's for 3 hours and they're home by seven. Regardless of the circumstances, they deserve to be paid that wage. But our real concern is carving up how you get paid based on age. I would hate to see that happen in any other circumstance, regardless of who you are. Obviously, we don't have any wage barriers. Everyone gets paid the same, whether you're a man or a woman. The contract pays everyone the same. Is it red? The contract gives-- I didn't know if I was stopping yet.

HUNT: No, keep going.

FELICIA HILTON: The contract gives everyone the ability to make the same wages, regardless of gender, regardless of age. And I would just hate to see the state codify that because you are a certain age, you no longer are eligible for the earnings that you should make when you're doing the same labor. So I just think it's a slippery slope and hopefully folks can think through this because it is opening up a can of worms. You could have a bunch of young people sitting here doing the same thing and trying to determine someone's value based on their, their age or their value of labor based on their age.

RIEPE: Thank you much, we appreciate your testimony. Senator Hunt.

HUNT: Thank you, Chairman Riepe. I'll pose the same question to you that I asked Senator Briese in his introduction. If, if we had a 20-year-old and a 17-year-old and they had exactly the same experience, exactly the same qualifications for the job, what would prevent an employer from saying, well, I'm going to hire the younger guy because I can pay him less money?

FELICIA HILTON: Well, I mean, we see this all the time. You see it in layoffs. You see it in a number of different ways where the people that make the less-- people that make more tend be the people that get laid off first. A lot of time it's middle management. Folks that make less usually end up staying on payroll. So you can see it work in many different ways. But I do think that it will determine, you know, who

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gets the job in a lot of cases, if they can, if they can skirt around paying what the voters have voted for. And the impact of this year is 155,000 workers in Nebraska will see a raise. And that is a great thing for the businesses that people will patronize and for the community that will see the increase in their, their take-home pay.

HUNT: And you also touched on a question I wanted to ask you, which is really my concern with the bill. I mean, like I feel like a bad person saying this, but like, I can kind of get the argument that like, all right, we've got an entry level wage. These are young kids. They don't have a lot of experience. They're working for fun. Like, I get why some people would think that. But what my view is like, I grew up a little bit and had experiences and got to know why people were working, and my views on that changed. I no longer think that way, but I get that idea because I did think that way at one point. But my concern about this bill is a point you brought up, which is why couldn't we then apply this on the upper end of the age demographic? What if I introduced an amendment to say, you know, people after they turn 65, then they can earn \$10 an hour because they're tending to get more cognitive decline, they have more health issues. They're more expensive to employ. I don't believe any of this stuff, but to me it's the same logic.

FELICIA HILTON: It is the same logic, and that's why we think it's a slippery slope. We would absolutely oppose that as well.

HUNT: Yeah.

FELICIA HILTON: But I think, I think to your point, though, the, the entry level pay is going to rise to \$15 an hour--

HUNT: Um-hum.

FELICIA HILTON: --in 2026. And that's the point of it, that that becomes the entry level pay. It is clear that through the pandemic and other things, working people are struggling. And paying people more-- and the increase is gradual, it should give everybody enough time to adjust. But I would just caution against basing or limiting the amount someone can earn based on their age. And that is our real opposition. Because of what you said about folks, you know, my example of this being for people that are older or whatever reason. I just think that it's something that I don't think we should codify, if the voters voted to approve something based on, you know, raising the floor or that entry level pay.

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HUNT: Which had nothing to do with age in the ballot language.

FELICIA HILTON: It has nothing to do with age, it's just raising the entry level pay. But once you start putting ages in it, then I think that you open that up to the other end of it where people can look at older workers and older workers face a lot of discrimination.

HUNT: Um-hum.

FELICIA HILTON: They face discrimination with getting hired. They face discrimination with [RECORDER MALFUNCTION]. You know, when they are working--

HUNT: Being let go, yeah.

FELICIA HILTON: --there's lots of-- absolutely. There's already elements that impact older workers that absolutely need to work and they are faced with those types of things. And so when you codify something and put something in the state code that does that, you could absolutely have that come back to bite you later on. Where you're--

RIEPE: OK. Thank you.

FELICIA HILTON: --impacting older workers.

HUNT: Thank you.

RIEPE: Are there additional--

HUNT: Thank you

RIEPE: --questions from the committee?

HUNT: Thank you, Ms. Hilton.

FELICIA HILTON: Yeah.

HUNT: I appreciate you answering my questions.

FELICIA HILTON: Thank you.

RIEPE: If not, thank you for your testimony.

FELICIA HILTON: Thank you.

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RIEPE: Any other opponents? If you would be kind enough to give us your name and spell it and then tell us your association.

KIMBAL McCLURE: Hi, my name is Kimbal McClure, K-i-m-b-a-l M-c-C-l-u-r-e. I am a junior at Southeast High School and I am here today to testify in opposition to LB15. I am a lifeguard for Lincoln Parks and Recreation, where I'm responsible for the safety and security of the public. Every lifeguard requires the same amount of training, certification, and in-service hours, no matter their age or experience in the job. The majority of lifeguards employed across our state are ages 15 to 19, although Parks and Rec only employs 6-- 16 as the youngest. The last couple of years the pools have had to adjust their hours or not open at all because they cannot find enough lifeguards because due to the pandemic and due to pay. LB15 would give employers the option to pay somebody my age the lower minimum wage, even though we are performing the same exact job-- job and have the same exact training as a coworker who is a couple years older. It is unfair and unreasonable to pay someone a lesser wage because of their age. This is a disincentive to my peers. Why would they want to work somewhere where they are valued at less to those that are older than them? LB15 also goes against the will of the people who supported the Minimum Wage Act when they voted in November of 2022. It seems to me like certain groups are trying to get around that new law and hurt the pop-- the part of the population that can't vote yet. LB15 hurts Nebraska families. I work to pay for things such as my car loan, but I have friends and peers who work to support their families. LB15 is shortsighted and will only hurt those employers who choose to use it. I ask that this committee reject LB15 and I'm happy to answer any questions.

RIEPE: Thank you very much. Are there-- Senator Hunt.

HUNT: Thank you, Chairman Riepe. Kimbal, thanks for coming today and thanks for hanging in there all day during this long hearing. Is there more special credentialing training that you get when you turn 17 to be a lifeguard?

KIMBAL McCLURE: No. The only higher up you can get as a lifeguard is becoming a head guard or-- which gives you access and training to run things in the back room, such as, like, flushing out the pool, like running all those special operations that come with chemicals into the pool. So us as lifeguards all, what we are responsible for is, first of all, getting the training. So we have to be certified in CPR and first aid and then we do several in-services. We do an in-service

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every single day. So we come in early to do, let's say, backboarding or CPR training every single day.

HUNT: Okay. So that's the same-- that's the same training that every lifeguard gets, regardless if they're 30 or 16.

KIMBAL McCLURE: Yes.

HUNT: If I wanted to become a lifeguard, I would get the same training and we would be equally qualified to get kids out of the water and stuff like that.

KIMBAL McCLURE: Yeah. Unless you are a head guard or the manager of the pool, you have the same training.

HUNT: Do head guards get paid more?

KIMBAL McCLURE: Head guards do get paid more. I'm not sure the exact amount, but they do get paid a bit more than us.

HUNT: Okay. Thank you for your testimony--

KIMBAL McCLURE: Thank you

HUNT: --and thanks for hanging in there today.

RIEPE: Do you have a swim team at Southwest?

KIMBAL McCLURE: I go to Southeast High School.

RIEPE: Or Southeast?

KIMBAL McCLURE: Yeah. I am on the swim team.

RIEPE: Are you on the swim team?

KIMBAL McCLURE: Yeah.

RIEPE: But swim team is used to getting up at 5:00, aren't they?

KIMBAL McCLURE: Yes.

RIEPE: OK.

KIMBAL McCLURE: Well, our practice gets up at 6:00 so.

RIEPE: Oh.

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KIMBAL McCLURE: I missed practice this morning.

RIEPE: Sleep in.

KIMBAL McCLURE: It's fine.

RIEPE: I-- I just wanted to follow this one. You say in your letter, says our employers that they could find-- they could not find enough lifeguards. My inclination is they're not going to care about the lower opportunity to go for the lower rate because they're going to have to pay the higher rate just to get them, right?

KIMBAL McCLURE: Yeah.

RIEPE: So--

KIMBAL McCLURE: Yeah, we had a--

RIEPE: I think that applies to some other businesses, too. While it might be in existence, they're still saying, I can't open the pool without a lifeguard. And if it takes \$15 or \$17 an hour, that's what I've got to do.

KIMBAL McCLURE: Um-hum.

RIEPE: That's kind of the business numbers on it.

KIMBAL McCLURE: Yeah.

RIEPE: OK.

KIMBAL McCLURE: In the past years we've had--

RIEPE: I appreciate very much--

KIMBAL McCLURE: Yeah.

RIEPE: --your being here.

KIMBAL McCLURE: Thank you so much.

RIEPE: As a young person, that's very encouraging to me. And let me, before I go on, Senator Hunt.

HUNT: Thank you, Chairman Riepe. Can you finish what you were saying about the past years?

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KIMBAL McCLURE: Yeah. So in the past years, especially this year, it was really stressful on us lifeguards. Some days, a normal day for us is to have at least four lifeguards there and one head guard. The, oh, about a week we had three lifeguards, two one day until somebody could show up a few hours later. So that was a really stressful day and especially on really busy days. It's not safe for the public at all. So having less lifeguards because of COVID especially was-- that was-- was because of but also lower pay, people are not going to want to come and be a lifeguard. They're want-- they're going to want to go to other places where they can make more.

HUNT: So do you think this bill would disincentivize your peers to become lifeguards and keep those kids safe?

KIMBAL McCLURE: 100 percent.

HUNT: OK

KIMBAL McCLURE: Yeah.

HUNT: Thank you.

KIMBAL McCLURE: Thank you.

RIEPE: Let me see if there's any other questions from the committee here. Thank you very much. Thank you for being here.

THOMAS BLANTON: Good evening, Chairman Riepe and members of the committee. My name is Thomas Blanton. That's T-h-o-m-a-s B-l-a-n-t-o-n, and I'm here to voice my opposition to LB15 because working people are working people, no matter their age, and they deserve to be treated with equality and respect. And this bill does not do that. LB15, in my opinion, discriminates against 14- to 20-year-olds by relegating them to a second and third class category of the minimum wages. This bill also ignores the fact that many working people in these age groups work to support their families and themselves. I myself began working from an early age to help my family and many of my peers in my immediate community at the same time-- at the time did the same. I also had to move out of my family home at an early-- earlier than expected age and working during my senior year of high school to support myself and work-- and work during my senior year of high school to support myself as my mother could not help pay my rent and other living expenses. Had my for-profit employer had the option to pay me less, they most likely would have. And I would have-- I would have struggled to make ends meet that much more. Establishment of second and third class category of the minimum wage, as proposed by

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LB15, will hurt working family budgets here in Nebraska. Lastly, in my mind, LB15 seeks to skirt the will of Nebraska voters who increased-- who voted to increase the minimum wage for all Nebraskans last November, not just Nebraskans who are 20 years or older. In closing, I'd like to ask members of the committee to oppose this bill. And I thank you all for your time.

RIEPE: Thank you very much. Questions from the committee? Seeing none, we appreciate it. Thank you. Next opponent. And if you'd be kind enough to state your name and spell it and then be sure the organization.

GARRET SWANSON: Thank you. Chairman Riepe and members of the Business and Labor Committee, my name is Garret Swanson, G-a-r-r-e-t S-w-a-n-s-o-n, and I'm here on behalf of the Holland Children's Movement in opposition to LB15. Senators, this legislation to establish a training wage and lower minimum wage for young people is the wrong solution to a very real problem. I applaud the effort-- effort by Senator Briese to aid small businesses and Nebraska's mom and pop stores, but I fear this legislation doesn't help youth-- youth employment or small businesses. I must stress, despite their age, teenagers in the labor force are not stupid. At the age of 15, I worked as a pizza dough roller, making the minimum wage for a small business. After two months, I left that employment to work for a major chain store. Why? Because they paid more. Even with the inexperience of youth, young Nebraskans can see that the McDonald's down the road is offering way more than what the mom and pop store they work for is offering. The biggest threat to small businesses in Nebraska is massive chain stores, not young Nebraskans. When the labor market is tight, businesses are forced to compete against each other to offer higher wages to retain staff. How would a lower youth wage benefit a small business in Scottsbluff, Nebraska, when, according to their website, the local McDonald's pays \$12 an hour as a starting wage? In reference to the Bureau of Labor Statistics, Loup County, Nebraska, has the lowest weekly average wage in Nebraska, which is about \$576, which comes out to just under \$14 an hour, much higher than the proposed youth and training wage. Senators, if we want to properly support small businesses, let's not further punish young people in Nebraska. Youth is not a valid reason for denying young Nebraskans the same employment protections the rest of Nebraskans benefit from. Every year, higher education becomes more expensive, rent becomes more expensive, and groceries becomes more expensive. Every Nebraskan deserves to be treated with respect and dignity in the workplace and earn a fair living wage that builds prosperity and opportunity. Senators, I know when I was 18, I'm originally from Minnesota. I came

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to Nebraska and I was someone who had to pay rent. I was very sick and I had to pay for my college expenses. I could not do that on the minimum wage here in Nebraska. We need to be able to give the youth a fair chance and not go into debt early in life. Unfortunately, that had to happen to me and I don't want it to happen to more. So just because a person is young doesn't mean they shouldn't have the same opportunities as someone who is older. But with that, I'll stand for some questions.

RIEPE: Thank you. Are there questions from the committee? Senator Hunt.

HUNT: Try McKinney first this time.

RIEPE: Do you care if I go with Senator Hunt first?

McKINNEY: Okay.

RIEPE: Okay.

McKINNEY: Yeah.

RIEPE: I'll be right back.

McKINNEY: All right.

HUNT: Okay. Thank you, Mr. Swanson. Have you-- have you or your organization given thought to the other side of this-- of this issue where this precedent could be setting up a reason to discriminate against older employees?

GARRET SWANSON: It's-- it's-- it's something to really think about. And I don't think many people here would support something like that. We do deal a lot-- we-- our main focus is children and working families. But we do have older volunteers and we definitely don't discriminate based on that age at our organization.

HUNT: Thanks.

RIEPE: Now, Senator McKinney.

McKINNEY: Thank you. And thank you for your testimony. Do you have any other stories of youth working and their sentiments about this bill?

GARRET SWANSON: So I actually have a great story. I-- I kind of grew up on a farm in Minnesota, actually, before I came to Nebraska. And a lot of the houses in my neighborhood were heated via a corn stove. And

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this was something that where a lot of families who were lower class had an option to. It's a great heating source, but it also could be expensive. And a lot of us kids would trade our labor to pay for some corn to heat for these heating stoves. And the gist is, is that us as kids, we were contributing to our family. And if we were paid less than what regular people or older people could be paid, then our families were hurting. Not just the kids, but everyone.

McKINNEY: Thank you.

RIEPE: Okay. Any-- Senator Hansen, please.

HANSEN: Thanks for coming to testify.

GARRET SWANSON: Thank you.

HANSEN: I like your testimony here. I think you hit on some important things. My concern is when you-- and when we don't give businesses options.

GARRET SWANSON: Um-hum.

HANSEN: And even though you say \$14 was the lowest you saw the state of Nebraska. So on average, \$14, but at least on a minimum-- on a minimum what we're paying youth. Right?

GARRET SWANSON: That's the minimum average wage. So it doesn't-- that doesn't actually factor [INAUDIBLE].

HANSEN: For minimum, okay. All right. My concern is you talk about, yeah, you'll-- you'll-- we'll probably see mom and pop stores close down like you experienced, like you left, right,--

GARRET SWANSON: Um-hum.

HANSEN: --to go to a bigger chain store. The concern I have is right now seeing what the big chain stores are doing--

GARRET SWANSON: Sure.

HANSEN: --I think in response to regulation about how to pay their employees.

GARRET SWANSON: Um-hum.

HANSEN: Somebody sent me a video of the McDonald's now that have robots--

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GARRET SWANSON: Yeah.

HANSEN: --serve food and-- and pizza delivery robots now--

GARRET SWANSON: Um-hum.

HANSEN: --and going more to automation. And so that's one of the concerns that I have is that big chain stores become big chain stores. And they have a lot--

GARRET SWANSON: For sure.

HANSEN: --of people that can figure things out and-- and lawyers and smart people that can find ways to not have to pay people anymore.

GARRET SWANSON: Absolutely.

HANSEN: Because and I think, like I said before, in response to bills like, you know, higher wages that the-- the government forces on people. So I just had to voice my concern a little bit about-- and if you could ever see something going in that direction, if we kind of keep increasing wages or forcing businesses to do more rules and regulations and paying their employees a certain way.

GARRET SWANSON: Personally, I think automation is coming, whether we pay kids a low wage or a high wage. I think that's just going to be the future of our economy. Not much can stop that. But on the other part of your question, I would like to see something maybe like specific tax breaks for small businesses that employ under a certain amount of people to offset that. There's other solutions that we can actually come to the table with than punishing young Nebraskans.

HANSEN: See, now you're talking my language. Good. Thank you, by the way.

GARRET SWANSON: Yeah. Appreciate it.

RIEPE: Thank you. Are there other questions from the committee? Hearing none, thank you very much for being here.

GARRET SWANSON: Appreciate it.

RIEPE: Welcome. If you'd be kind enough to state your name and spell it for us for the record, please. And then who do you represent? Even if it's yourself, that would be okay.

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EMMA HAAR: Chairman Riepe and members of the Business and Labor Committee.

RIEPE: Okay. Can you talk up a little bit?

EMMA HAAR: My name is--

RIEPE: The people you have your back to can't hear so well.

EMMA HAAR: My name is Emma Haar, spelled E-m-m-a H-a-a-r. I'm 15 years old and I live in Grand Island. I oppose LB15. This bill overlooks the realities for young people like me and undermines the positive economic effect of the minimum wage increase we passed in November while doing so. My family and I live in poverty, so I have to help my family with bills and I'm also responsible for the costs that are part of my school and extracurricular activities. I navigate a pay period like there's a scale in my head that's counting down the hours, money, and energy I have for those two weeks. School takes eight hours a day; and with multiple AP classes, most days I have multiple hours of homework to do. When I work during the week, there's no time left to take care of myself when I get home. When I'm at work, I worry about how much I will get paid. I worry if it will cover my food and gas that I need to participate in the activities I'm passionate about. I have little to nothing left to save for the big things like college that will really make a difference in how my future looks. On top of this pile of daily stress, there are gaps in my family's income and needs that I have to help with so that we stay housed, fed, and warm. My pay was raised to \$10.50 because of Initiative 433 that was passed by almost 60 percent of voters in Nebraska. Like other minimum wage workers, teenagers and adults, I spend nearly all my money on essentials to help myself and my family survive during this time of inflation. Minimum wage increases are good for local economies because the money that goes into our paychecks comes back into other businesses' margins as we are able to buy a little more of what we need and/or want. This bill treats me like a child when I have the responsibilities of an adult. I want to be an aerospace engineer when I grow up. I will graduate in a little over two years, but I'm stressed about how little time that gives me to save for what I need to attend the university that will allow me to pursue my dreams. Because of the stress, there are times when my performance in school can slip and that just adds onto the stress I already have from previous-- I already have previously for my job. Along with the cost of food, gas and housing, tuition has also increased significantly. In order to fulfill my potential, I need-- I need stable housing, food, and transportation now, plus enough to take the next step. By

excluding me from the increase in minimum wage will make me less likely to succeed in the future. If you pass LB15, it will be like hanging a batter-- banner on the interstate that says "Nebraska, it's honestly not for young people." We won't save brain drain with exclusionary laws like this that will legalize discrimination based on age. A minimum wage increase is good for us and local economies. Let it stay that way rather than undermining the positive effects in our economies and young people's lives and futures before they even get to show. In short, LB15 will pile on stress on lower income students like myself while also taking away our earning potential. This would make it even more difficult for myself and others like me to fulfill our potential now and in the future. I don't work because I want to. I work because I need to.

RIEPE: OK.

EMMA HAAR: For this reason, please do not advance LB15. Thank you for your time.

RIEPE: First of all, I am impressed with your perseverance and your story. I'm quite impressed. So thank you. Senator Hunt.

HUNT: Thank you, Chairman Riepe. Did you finish your thoughts? Were those your written thoughts?

EMMA HAAR: Yes.

HUNT: Okay. I'm impressed with your perseverance, and I'm sorry you have to be so perseverant. When you said this bill treats me like a child when I have the responsibility of an adult, that's the headline. We've got press in the room, like that's the take on this whole thing. And I hope that when you go to college, you take some econ classes. I hope that you become an engineer the way you want to be or whatever it is you want to do. But you should take some economics because you're already-- got your head around some concepts that I think a lot of people struggle to understand. Your testimony makes me think about all the bills that we introduce in this Legislature to protect kids, ostensibly to protect high schoolers, to protect junior high kids from things that-- that some lawmakers think will hurt them when you already have the responsibilities of an adult. And you describe the AP classes you have and the responsibilities of that coming home and not having any time to yourself to take care of yourself. Do you have any other friends, peers in high school who have similar experiences?

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EMMA HAAR: Yes, I do. I have multiple friends that I talk with every day, that they take multiple AP classes and on top of other family issues that they may have at home, they have to make sure that they provide for themselves and possibly their family issues. And so it's not just me that's-- that-- if LB15 was passed, it's not just me that would-- this bill would screw over it, but it would be many other youth kids from the ages 14 to 17.

HUNT: What-- what kind of jobs? What kind of job do you do? And what kind of jobs do your peers have who are in similar positions of having to support their families with their income as teenagers?

EMMA HAAR: Currently, I work-- as one of my jobs, I work two jobs right now. I currently work at Culver's in Grand Island, Nebraska.

HUNT: Love Culver's.

_____ : [INAUDIBLE] [LAUGHTER]

EMMA HAAR: And then I-- and then I also work as a receptionist at Supercuts in Grand Island, Nebraska, as well.

HUNT: Okay. You're doing two jobs. Okay. And school?

EMMA HAAR: Yes.

HUNT: And bringing the money home to the family.

EMMA HAAR: Yes.

HUNT: Okay. I-- I spoke earlier about kind of the evolution I've had on my own views on this issue. And one of the things that really changed me is when I first got involved politically in 2015, when I started, you know, dipping my toe in this world a little bit. One of the people who worked on a-- on a campaign I was on and who ended up becoming my chief of staff, she was in a similar situation. And her dad, he ran a small business which was robbed. He was Muslim and is Muslim and faced a lot of discrimination, a lot of attacks on his business, direct attacks from people. And he ended up having to close the business and had PTSD and went through all kinds of things. And these are the kinds of things that families never anticipate. And the kids in the family ended up having to go to work to help keep the house, basically. And these are the things that when we're legislating, you know, what can teachers do? You know, what can doctors do? What-- what is the Legislature going to tell experts in their field that they're allowed to do to kids when the kids are

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really suffering from other real-world things that-- that bills like this expose them to more? None of-- and nothing I said was planned. I didn't mean to go off like that, but I'm really proud of you for coming today and sharing this story.

EMMA HAAR: Thank you.

RIEPE: Thank you. And are there other-- Senator McKinney.

McKINNEY: Thank you. I just want to say thank you for coming and thank you for sharing your story and good luck with everything going forward.

EMMA HAAR: Thank you.

RIEPE: Any other questions? Again, thank you.

EMMA HAAR: Thank you for your time.

RIEPE: Thank you. Additional opponents.

KEN SMITH: Good evening, Senator Riepe, Chairman Riepe and members of the Business and Labor Committee. My name is Ken Smith. I'm the director-- oh, my name is spelled K-e-n S-m-i-t-h. I'm the director of the Economic Justice Program at Nebraska Appleseed. We are a nonprofit law and policy organization that works for justice and opportunity for all Nebraskans. We oppose LB15. You know, it's been a long day and there's some important testimony coming behind me. And also Emma just made points, I think, more-- in a more compelling fashion than-- than-- than-- than I can. So I'm just going to make two points today in response to some of the common themes of the testimony so far. The first point is that we've heard a lot from proponents of this legislation that higher wages will lead to disemployment of young workers. And I just wanted to call the committee's attention to what I think is the most comprehensive economic analysis of that question. And it is a study that came from some economists at Berkeley who looked at the issue and concluded that teen-- they looked at teen employment levels across states with differing wage floors. And their-- and their research shows that a higher minimum wage does not cause employers to hire fewer young workers. I think, you know, I think they analyzed over three decades of youth employment data. And again, I-- I have looked for more sort of comprehensive analysis of that issue, and I have not been able to find it. So I think it's just worth noting, I'm not saying it would never happen. I know there were folks that testified here today who own businesses. I'm not saying it will never happen. I am saying that the best data that I can find on a

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systemic level shows that disemployment of youth workers does not happen in a statistically significant way when you raise a wage floor. I think just to be clear, the people who benefit from a subminimum wage for young workers are low wage employers, not young workers. The-- the last point -- I see I have one minute left-- the last point I would make is just we would have to just respectfully disagree with the characterization that this is merely hammering out the details of the initiative that voters passed overwhelmingly in November. You know, I think that there are about 40,000 teen workers in the-- in the workforce in Nebraska. You know, I think this is-- this isn't hammering out details. It's changing a policy. It's taking a policy that our-- that our state elected, that our second house opted for and saying this doesn't apply to 40,000 young workers. So I think that this does run contrary to the will of the voters, the will that was clearly expressed in November. With that, I'll refer to my written testimony and I'd be happy to answer any questions.

RIEPE: Thank you very much. Thank you for being here and your patience for staying. Other questions from the committee? Senator Hunt.

HUNT: Thank you, Chairman Riepe. Your testimony made me think, and I'm familiar with a lot of the work Appleseed does. And this isn't-- it's a little tangential to this bill, but how could a bill like this affect teens under 17 who may be parenting?

KEN SMITH: I'm not a parent myself, and so I'm not sure I would be--

HUNT: But in terms of economic justice.

KEN SMITH: Absolutely. You know, I think that one of the themes we heard today is about how this bill, and particularly the way that Emma put it, how this bill treats kids that sometimes have adult obligations like they are kids, ignores the realities that they're going through. And so we know that-- that if somebody is a teenage parent, they're probably navigating a world with, you know, difficulty after difficulty and creating disparity in wages that discriminate based on age would only further, you know-- you know, the kind of systemic complications that they have to navigate on a daily basis.

HUNT: We have a Legislature that is saying this year that-- let me look at this amendment, what ages does this affect?

KEN SMITH: I believe 14 to 17.

HUNT: At least-- yes, at least 14 years of age, but no more than 17 years of age. We have a Legislature that says an employee who is at

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least 14 years of age is responsible enough to be a whole entire parent and shall be forced to give birth in this state. And so at the same time, we have members of the Legislature who support policies like this, saying that a worker who is 14 is not qualified or talented or ready to earn the wage of an adult because it's a working wage. It's not a living wage or it's an entry wage. It's not meant to be supporting a family. And so these are things I think we need to think about as well when we talk about systemic problems and, oh my God, how did we get here? Why do I have to close down my daycare? Like it's all speaking to each other.

KEN SMITH: I agree, Senator Hunt. And I think that that kind of speaks to the basic I think what we see as a misconception behind wage laws that discriminate against youth workers, which is not acknowledging that in many, many cases, Senator McKinney talked about this, too, in many, many cases, it's easy for people in certain positions to think about youth wages as dispensable as these may be wages that youth are working for so they can go buy a pair of shoes that they really like. That's not the reality for a lot of people. I think Senator McKinney said a lot of the people in his district, I know a lot of the people that Nebraska Appleseed works with are people that are working, you know, Emma and others to come behind me are people that are working not because they want to, but because they have to.

HUNT: Thank you, Mr. Smith.

KEN SMITH: Thank you.

RIEPE: Okay. Are there any other questions from members of the committee? Seeing none, thank you very much. Again, additional proponents.

ACE GRIM: Chairman Riepe and members of Business and Labor Committee, my name is Ace Grimm, spelled A-c-e G-r-i-m. I am 17 years old and I live in Grand Island. I oppose LB15. I believe that is some minimum wage for people ages 14 to 17 as to exploitive working conditions that young people like me who need to work must deal with in the essential industries in which we are most-- most relied upon. Employees aged 16 to 19 make up the largest age demographic in restaurants and other food services. These businesses couldn't function without us. I work at a fast food restaurant for \$12.50 an hour. I'm the only one who is bringing in an income to a household of five. I started when I was 15. Because people rely on us for essential service, we are constantly busy. We're also constantly short staffed. Tight limits on labor hours squeeze as much productivity out of us with just as little [INAUDIBLE]

as possible. I cannot get enough hours because of this. I also can't get enough hours because being in high school means I'm unavailable for eight hours a day. I'm a junior in high school with the responsibilities of an adult. I'm a young individual carrying my own personal burdens, as many young people do. My mental health is a great struggle, which has intensified as points over the past couple of months. I'm 17 in high school and I have the added pressure of school, including college courses, graduating in a little bit over a year, and working for the remainder of my free time. Even though support for my mental health is a necessity, we're still hardly able to afford it, which adds to this overall pressure I carry from day to day. In December when I was facing one of the most hardest points of my life, I was still expected to show up and go to work. You don't get sick days for having hard life issues, especially when you need the paycheck like I do. I work both days of the weekend, so I only have three hours to do my homework and chores I'm responsible for. Before I know it, it's noon and I'm off to a long shift, stressing about those greatly impactful things. After a long stop draining day at work, I come home exhausted, stressing to get those things done till late in the night. I do not have the time to be 17. I'm proud of the effort I put in to make everything work in my life despite many obstacles. LB15 would throw another big hurdle in my way that wouldn't just be the result of my family finances or mental health. LB15 is an unnecessary, unfair addition to these burdens I already carry at 17 years old, who has to navigate life with adult responsibilities. With its track record of profit over people, I would doubt my employer-- I wouldn't doubt my employer to take advantage of a backward bill like LB15. By decreasing the pay of their 17 and under staff, including myself, I can't afford to go backwards. I want to move forward. I want to become a therapist for children. I want to help others overcome trauma and crises to find better futures. This will take grades now and money. I can't save any--

RIEPE: You have a red light. I don't know whether you can kind of pull together. I want you to finish your story, but we still have to be respectful of the clock.

HUNT: I'm going to let them finish.

RIEPE: I'm running the meeting. Go ahead.

ACE GRIM: LB15 is an insult to all teenagers who work extremely hard to cover our expanded roles in order for people to have a dependable, fast food restaurant. At work and at home, we are responsible for way more than we are given credit. I'm not looking for compliments or

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applause, just-- I just want equal pay. Please do not-- please-- please do not proceed with LB15. Thank you for your time.

RIEPE: Okay. Thank you very much. I have this question. Are you driving back to Grand Island yet tonight?

ACE GRIM: Yep.

RIEPE: God love you for it. Okay. Are there other questions from the committee? Senator McKinney.

McKINNEY: Thank you, Senator Riepe. It's not necessarily a question. I would just say thank you for coming. Thank you for your testimony. And I hope going forward, everything works out for you and your future. And just keep working hard and keep fighting.

ACE GRIM: Thank you.

McKINNEY: No problem.

RIEPE: Senator Hunt.

HUNT: Thank you. It's nice to meet you. Thank you for coming to this committee. You remind me a lot of my son, who I think is watching on at home now, eating Chipotle that I DoorDashed to him. So I'm very proud of you. And you're very cool and you're very important. And all you have to do is get through this. Your only job is to just get through this. And you're very resilient. I know you can do it. I have a question about your fast food job working \$12.50 an hour. You started when you were 15.

ACE GRIM: Yeah.

HUNT: Has your wage-- did your wage start at \$12.50 when you were 15?

ACE GRIM: No, it did not. I started at \$10.50.

HUNT: Okay. Are you looking forward to maybe making \$15?

ACE GRIM: Yeah.

HUNT: With the new-- with the new wage. Do you at that job have the same or similar responsibilities as older workers?

ACE GRIM: I feel like I have more responsibilities compared to some of those older workers.

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HUNT: Just in the job though, do you think it's more responsibilities--

ACE GRIM: Yeah

HUNT: --just in the job? How so?

ACE GRIM: I'm working pretty much every position compared to older workers who only are put on one position because I'm capable of doing it compared to them.

HUNT: So there we see the privilege of youth. It's like you have the energy and when really what you're telling us here is you kind of don't have the energy, you're kind of tapped out.

ACE GRIM: Yeah.

HUNT: Well, you and Emma both described taking the AP classes,--

ACE GRIM: Yeah.

HUNT: --having the job. Do you have one job or two jobs?

ACE GRIM: One job.

HUNT: Having job/jobs, taking care of family, and also doing what we ask all Nebraskans to do, which is to engage with their elected government, to reach out and fulfill their civic obligation to try to do something to make this place better for you. And when I hear you say what's better for you, I trust you. And I thank you for sharing that with us. And I thank you for the sacrifice you've made to come here and do that, because that's not something a lot of Nebraskans can do. So you're speaking for many people who aren't here today, and you should be very proud. I'm proud of you. Thank you.

ACE GRIM: Thank you.

RIEPE: Thank you very much. Let's see if there are other committee members that have any questions or comments. Seeing none, again, thank you. Safe travel. Thank you for--

ACE GRIM: Thank you.

RIEPE: --being here with us.

ANAHI SALAZAR: Good evening.

RIEPE: Yes. Welcome.

ANAHI SALAZAR: My name is Anahi Salazar, A-n-a-h-i S-a-l-a-z-a-r, and I represent Voices for Children in Nebraska. This kind of gets to what has already been discussed on young people being parents themselves. So every child in Nebraska deserves the opportunity to thrive. It is well established that increasing the minimum wage leads to happier and healthier children with a much better chance of economic security in adulthood. A family's financial well-being impacts children in obvious ways, such as the ability to put food on the table and access safe, affordable housing. Unfortunately, the current conditions of our economic well-being have been significant-- significantly impacted by the increasing rates of inflation and cost of living in our state. A lot-- a dollar doesn't go as far as it used to, even one year ago. For these reasons, Voices for Children in Nebraska strongly supported the initiative to raise the minimum wage. We are here today to voice our opposition to LB15 because we are concerned that it would negatively impact young workers and in particular young parents who are seeking to sustain and provide for their children. So just like Senator McKinney established, young people work out of necessity. Though teen births remain at nearly their lowest rate from the past decade, we cannot forget that there are teenage parents raising children in our state. According to data provided by the Nebraska Department of Health and Human Services, in 2020 there were 735 births to teens aged 18 to 19. There were 262 births to children aged 10 to 17. Many of these births were to young people already parenting one or more children. Young workers, and in particular young workers providing for their own children, deserve the wage provided to older individuals and may face hardships from the-- from the limits proposed in this bill. The limits set by LB15 would greatly impact the population of young Nebraskans who are working not merely to gain a little employment experience, but in order to care for their own children and their loved ones. It should be noted that supporters of capping the minimum wage for youth workers may do so out of concern with-- that without such caps, teenage workers will not be hired in the first place. However, data from the Congressional Budget Office in examining a proposed \$15 an hour minimum wage estimated that the increase might show only a small elasticity in hiring teen workers. Moreover, in Nebraska, workers also benefit from our low unemployment rate; in an economy where workers enjoy the advantage, a six-hour age-based pay disparity goes too far in the opposite direction. Finally and crucially, LB15 does not reflect the will of Nebraska citizens who voted overwhelmingly for stepped increases to minimum wage over the next few years without age-based carve-outs. All families deserve the opportunity to thrive.

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And in Nebraska, we have the means and resources to ensure that every young person is set up for success. Economic security is imperative in mitigating the risk of generational poverty in Nebraska families. For all these reasons, we would respectfully submit opposition to LB15. Thank you for your time and attention, and I would be happy to try to answer any questions.

RIEPE: Thank you very much. Thanks for being here. Senator McKinney.

McKINNEY: Thank you. Just a curious question. This year if at the end of the session there is a vote to ban abortions or whatever, do you expect an increase in teen births?

ANAHI SALAZAR: I think from what we've seen in other states, that is a high possibility.

McKINNEY: So a lot of teen parents who have to take care of kids, potentially pay rent, utilities, car, no daycare, they'll be limited to \$10 instead of getting to \$15 that the voters voted for,

ANAHI SALAZAR: Correct, yes. Food, medicine, I mean, the list goes on and on for what parents provide for children.

McKINNEY: Thank you.

RIEPE: Okay. Thank you.

ANAHI SALAZAR: OK.

RIEPE: Other questions? Seeing none, thank you very much for being here. Again, opponents.

ERIN FEICHTINGER: This is the last time I'll see you all today. Chairman Riepe, members of the Business and Labor Committee, my name once again is Erin Feichtinger, E-r-i-n F-e-i-c-h-t-i-n-g-e-r, and I'm the policy director for the Women's Fund of Omaha. We at the Women's Fund understand that economic security lies at the foundation of advancing gender equity in our state, and as such, we strongly oppose LB15 and its attempt to limit young people's earning power, as well as the negative impact this will have on women's economic security in Nebraska. The young people who testified, those amazing young people, said much more eloquently than I would have ever been able to the negative consequences of restricting the earning power of young people in Nebraska and how that would reverberate throughout their families and so through this economy. I would also just mention that implementing a lower minimum wage for young people than for adults

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will provide a financial incentive to employers offering low-wage jobs to exclude adults from those positions. And this will be particularly devastating for women in Nebraska, 33.2 percent of whom currently work in these low-wage positions and rely on those jobs to support their own families, those entry-level positions that Senator Briesei had mentioned in his opening. This legislator-- Legislature has made it clear time and again that families should not rely on public assistance. But pushing women out of these jobs that they desperately need will necessarily put low-wage earners in the position of relying on the state. So, for example, 72 percent of SNAP recipients are in families with children; 50 percent of SNAP recipients are in working families. We heard earlier from the Department of Labor about SNAP and work force. So we oppose LB15. It would remove the earning power and living wage necessary for economic security and future stability for both young people and women earning the minimum wage. And we would urge you to oppose this bill. And I'm happy to answer any questions to the best of my ability.

RIEPE: Thank you. Thank you for being here. Other questions from the committee? Senator Hunt.

HUNT: Thank you, Chairman Riepe. Thank you again for being here and for hanging in there all day. I'll ask you the same question I asked Ken Smith and Anahi. Okay. You know, if this session is going the way we think it's going, what about youth under 17 who need childcare?

ERIN FEICHTINGER: I mean, that was a question I had for one of the proponents, too, is what if someone under 17 needs childcare? We all know that there is an affordable childcare problem in the state. And I really don't know. I mean, I have a good job and my childcare is very expensive. I don't know what I would do only making \$10 an hour. But it certainly--

HUNT: Well, marry the husband who has a good job; marry the dad.

ERIN FEICHTINGER: I mean, we both do.

HUNT: That would be--

ERIN FEICHTINGER: It's still hard.

HUNT: --solution. Yeah.

ERIN FEICHTINGER: I mean, yeah. That's the, I mean, the problem is, is we're not-- we really aren't anticipating. And I think the young people, you know, who testified before said it more clearly than--

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than any of the adults in this room could, that this is-- they have real responsibilities. They contribute to their families, even directly in the ways that they spoke about and even indirectly in being able to cover their own costs so their parents don't have to. So.

HUNT: Yeah. Thank you.

RIEPE: Thank you. Other questions from the committee? Seeing none, thank you for being here. Next opponent.

CASSANDRA GRIFFIN: Hello. Thanks for hanging in there all evening.

RIEPE: You too.

CASSANDRA GRIFFIN: Hello, Chairperson Riepe and members of the committee. My name is Cassandra Griffin, C-a-s-s-a-n-d-r-a, and I'm the associate data director with the Nebraska Civic Engagement Table. We're a membership or base organization with over 70 different 501(c)(3) nonprofits that serve people across the state and focus on building a civically engaged Nebraska. I'm here to testify in strong opposition to LB15 because it exists to undermine what almost 60 percent of Nebraskans passed. The second house of this Legislature, the people, voted to increase minimum wage to \$15 an hour by 2026 and tie it to inflation for Nebraskans. It was for Nebraskans. It wasn't for-- just for Nebraskans over the age of 18. This legislation, as previous testifiers has touched upon, assumes that all young Nebraskans have robust safety nets so every 15-, 16-, or 17-year-old doesn't have to work to get by. But we know from the testimony that we've heard tonight, we know from looking at the statistics of Nebraska's labor force that that's not the case. So many of Nebraska's youth have to work to support not only themselves, but their family members. And so much of the work of our member organizations is to fill in this gap and support Nebraska's families. And that's part of why we supported the effort to raise the minimum wage. This legislation presents another harm by specifically including this carve-out for an initiative that Nebraskans passed. And it sends a clear message to young people that their work is worth less and that their engagement is worth less. And this is part of what discourages so many young people from participating in the political process. As an organization focused on civic engagement, so much of the work that we do is focused on engaging people who have been left out of the political process. Youth engagement is a massive focus of that. In the last election, only 29 percent of registered voters ages 18 to 24 voted. Meanwhile, 53 percent of registered voters who are 35 to 49; 66

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percent of 50- to 64-year-olds; and 76 percent of 65-plus-year-olds voted. And according to census estimates, those young people make up a larger portion of the eligible electorate, but-- but a smaller portion of registered voters. In the 2022 general election that those 18- to 24-year-olds were only 5 percent of voters. And over and over again, we see young people jaded and disillusioned by the political process and doubtful that their voices will be listened to. The message that we have to send the young people in this state is that their democracy is worth participating in, and that state lawmakers will work to represent them. This legislation does the exact opposite of that. While youth and families across the state are not just saving for a rainy day fund, but to meet the immediate needs of their family members, we need to listen to the voice of the people. We need to listen to what almost 60 percent of Nebraskans passed. And to pass this legislation would be a rebuke of what Nebraskans called upon this body to do. And amending a popular initiative just to harm young people specifically has really harmful implications when we talk about youth engagement down the line. That's my testimony. Thank you all so much.

RIEPE: Thank you for being here. Are there questions from committee members? Seeing none, thank you very much.

CASSANDRA GRIFFIN: Thank you.

SUSAN MARTIN: Long day.

RIEPE: Good evening.

SUSAN MARTIN: Good evening. Chair Riepe and members of the Business and Labor Committee, my name is Susan Martin. S-u-s-a-n M-a-r-t-i-n, testifying on behalf of the Nebraska State AFL-CIO in opposition to LB15. According to Cornell Law, the purpose of the minimum wage was to stabilize the post-Depression economy and protect workers in the labor force. The minimum wage was designed to create a minimum standard of living to protect the health and well-being of employees. Minimum wages can also be one element of policy to overcome poverty and reduce inequality, including those between men and women, by promoting the right to equal compensation for work of equal value. The "Fight for \$15" movement started in 2012 in response to workers' inability to cover their costs on such a low salary, as well as the stressful working conditions of many of the service jobs which pay the minimum wage. Minimum wage laws establish a base level of pay that employers are required to pay covered employees. This gets me to my argument that establish a separate minimum wage for workers aged 14 to 17

undermines the ultimate purpose of establishing a minimum wage. Nebraska voters overwhelmingly voted this past November to raise the minimum wage for all employees. Senator Hunt brought this earlier, but I'd like to reiterate her point but with a little bit different angle. By passing the youth wage, is it possible that we may see a trend in businesses hiring lower age workers rather than trying to hire older workers because they would not have to pay them as much? What happens to those workers when they're hired with, say, a grocery store at age 17 and then turn 18 the next year? Is the grocer going to fire them? We are a right to work state, you know. And then what happens to this employee? Do they have recourse through the EEOC on age discrimination? I'm going to use my sister as an example. She started working for a grocery store at age 16. She worked all through high school and college, working for the same store and is still currently employed with the same company. She made a career working for this store. What do you think would have happened if this legislation was the current law if her store decided to fire her when she turned 18 rather than pay her the higher minimum wage? She was doing the same work at 18 as she-- she was 17. There should be no pay difference when someone is doing the same work no matter what age. Again, the purpose of the minimum wage is to protect workers against unduly low pay. They help ensure a just and equitable share of the fruits of progress to all. We ask that you not go against the voters in Nebraska by providing carve-outs in the minimum wage law and indefinitely postpone LB15.

RIEPE: Thank you very much. Are there any questions from members of the committee? Seeing none, thank you very much.

SUSAN MARTIN: Thank you.

RIEPE: Good evening.

PETAR GEORGIEV: Good evening.

RIEPE: Be kind enough to state your name and spell it and who you represent that would be appreciated.

PETAR GEORGIEV: Sure. So my name is Petar Georgiev. It's spelled P-e-t-a-r G-e-o-r-g-i-e-v, and I am representing myself.

RIEPE: Good enough

PETAR GEORGIEV: Oh.

RIEPE: Please go ahead.

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PETAR GEORGIEV: I just wanted to echo some of the earlier testimony from Mr. Smith, the ACLU, and Sandy kind of talking about that this is a kind of-- that the overwhelming majority of Nebraskans did, in fact, vote for this. And I actually collected 200 signatures for this petition I circulated as an unpaid volunteer. I spent time in Lincoln and Nebraska and some spaces in between. And I just wanted to say-- share with you what that felt like and what that looked like. And it was one of the easiest, most joyous, most fun volunteering experiences I experienced. People were on board with it. Never in the 200 signatures that I collected did anyone come up to me and say, I want to sign this, but I want an exclusion for youth voters. This is not something that I heard talking to voters about this. That's the end of my testimony. Thank you so much.

RIEPE: Well, thank you for your patience and waiting around.

PETAR GEORGIEV: Of course,

RIEPE: We appreciate your being here.

PETAR GEORGIEV: Yes.

RIEPE: Comments from the committee members? Okay. Thank you.

PETAR GEORGIEV: Appreciate it.

SPIKE EICKHOLT: Good evening, Chair Riepe and members of the committee. My name is Spike Eickholt, S-p-i-k-e, last name is E-i-c-k-h-o-l-t, appearing on behalf of the ACLU of Nebraska in opposition to LB15. You're-- I'm sending around a copy of my testimony, so I'm just going to kind of summarize a couple of points because I don't want to duplicate what's already been said. The ACLU of Nebraska was one of the partner organizations behind the petition effort and supportive of the ballot effort and the issue that was before the voters. A couple of things, and I'm glad I followed the last testifier. Over 100-- nearly 150,000 people signed the petition to put the issue of the minimum wage on the ballot. If you look at the handout that I gave you, my statement, on the third page, stapled to it is the actual text of the proposed measure that was labeled or numbered Initiative 433. This is what the voters signed when they signed the petition, and this is what they saw when they voted on it. And what this actually did, it amended the statute that would require the step increase of the minimum wage. In other words, the voters had this law before you. And it's the same statute that's in LB15 that is being sought to be undone. I mention that because when the voters,

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150,000 people signed the petition and when they were in the ballot box, saw this law, considered the arguments, and voted nearly 60-40 to approve the minimum wage. Mr. Synhorst testified earlier and he was right. He and other organizations made the very same arguments that they made in support of LB15 back in the fall of 2022 before this was on the ballot. And respectfully, the voters rejected those arguments. I also on the last page that I have, I guess it's page 5 of the handout, is a copy of Article III, Section 2 of our Nebraska Constitution. Somebody said earlier that the second house has spoken. They have. And the first house has to honor what the second house says. Article III, Section 2 requires that if the Legislature is going to amend, repeal, modify or impair a law that's passed by initiative, they need a supermajority. So you don't need 25, you need 33. And that's in the very last sentence of the very last page of that testimony I handed out. I say that because two reasons. One, that's in our Constitution. It requires a supermajority to undo or alter or modify or carve out or whatever language you want to use that this bill seeks to do. You simply can't do it by simple majority. It is different than the gambling initiative that I can speak to if I have time. But I mention that because, one, you need a supermajority. You need 33, not simply 25. And more importantly, it's something that this body should be very reluctant to simply do. It was just passed by the voters overwhelmingly just a few weeks ago. And here we are trying to undo it already. So I would urge the committee to not advance this bill. As far as the gambling analogy that Senator Briese mentioned earlier, that was different. In 2020, the voters approved an amendment to Article III, Section 24 that is a limitation on the Legislature's ability to-- to have gambling laws.

RIEPE: If you can pull it together, wrap it up. We're on the red light.

SPIKE EICKHOLT: Yes. So Article III, Section 24 is a general prohibition on the Legislature being able to provide for gambling or games of chance. The voters amended that in a series of questions in 2020. As part of the ballot questions that the voters had, they directed the Legislature to pass laws to implement what they are approving. So that is different than what was done with the minimum wage. With the minimum wage, the voters didn't tell the Legislature to do anything. They wrote the statute the way they wanted to write the statute. So that's why I say the distinction there. And I'll answer any questions if you have any.

RIEPE: Okay. Senator Hunt.

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HUNT: Thank you, Chairman Riepe. So just so I'm straight because we're talking fast to make the time, the difference between this and the gambling initiative in terms of like, well, it gives the Legislature a lot of-- a lot of latitude to do whatever they want is that the gambling one basically said we want the Legislature to figure out and this one was basically the actual text of the law--

SPIKE EICKHOLT: That's right.

HUNT: --the initiative. Is that your point?

SPIKE EICKHOLT: That's exactly right. And if you look at that section of the Constitution, it provides for what's called the second power, the power of the people to pass laws, enact laws by initiative. Laws, when they use that phrase, means statute. It doesn't mean amend the Constitution. For instance, to draw another sort of-- the voters approved voter ID last year.

HUNT: I was going to say, is voter ID kind of the same way? They kind of said, Legislature, figure it out.

SPIKE EICKHOLT: That's exactly right. The Legislature [SIC] approved voter ID, but they also affirmatively directed the Legislature to implement the laws for it. So that's why it's a little different than this. This is--

HUNT: That's why we can debate what the law around voter ID should technically be. Whereas the minimum wage, they kind of told us.

SPIKE EICKHOLT: That's right. And that was similar with gambling. The voters approved gambling. They wanted gambling by chance. They wanted the casinos. And the Legislature still has some latitude and still has some direction from the voters to figure out exactly how many casinos we're going to have, where they're going to be, the licensing fees or the-- the-- the different laws and rules that applies to it. And that's why it's different here. Here in this instance last fall, the voters actually just wrote the statute and set the minimum wage.

HUNT: Okay. Thank you.

RIEPE: Okay. Thank you very much. Are there any questions of the committee members? Seeing none, thank you. Are there others here to speak in opposition? Seeing none, is there anyone here to testify in a neutral category? Seeing none, Senator, welcome back to close.

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BRIESE: Thank you, Chairman Riepe and members of the committee. What a great discussion. I really want to thank everybody on both sides of this issue for their input tonight and a lot of good testimony on both sides. Just want to hit on a few points. The concept of age discrimination, I think, was brought up earlier. And, you know, we can't carve out elders in my opinion. That's likely illegal. But you can carve out youth to protect our small businesses, to enable employment of our youth. And there is a federal youth carve-out and most states have a youth carve-out in their minimum wage laws. Federal carve-out, I think, puts the youth wage at \$4.35 an hour. And someone sugg-- a couple of folks suggested this creates an incentive to hire youth. But I think that probably would only arise in exceptional circumstance. I think it's going to be quite unlikely for that to come to fruition, might be in some limited circumstances. And the previous testifier talking about the gambling initiative, I'd have to think about that. But number one, the gambling initiative here, what we did with gambling is not dispositive of this issue. And number two, the voters indicated to us they wanted games of chance at racetracks, and we pulled that back a little bit with the home games. And so I think even though it doesn't seem like we're comparing apples to apples, in a way we might be. But I'd have to think about that a little bit. But again, it isn't dispositive to what-- to what's going on here. Again, I think this is an effort that can help to protect our small businesses. It can help further and enable employment of our youth. And I think it's a step that we as the Legislature should be taking, and I'd ask for your support. Thank you.

RIEPE: Thank you. Are there questions/ Senator Hunt.

HUNT: Thank you, Chairman Riepe. Thanks, Senator Briese. Would you be willing to support a carve-out for parents under 17?

BRIESE: Parents under 17? I don't want to commit to anything right here, but I'm not-- I wouldn't rule it out to be honest. I'm not sure if it's workable or not, but I wouldn't rule it out right now.

HUNT: It may not be workable. It may be family status discrimination, which we [INAUDIBLE] do.

BRIESE: Yeah.

HUNT: But--

BRIESE: Yeah.

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HUNT: Yeah, it would really be a shame if we're forcing people to give birth and then not letting them earn a wage.

BRIESE: But like I say, I wouldn't rule that out right here if there's a reasonable way to accomplish that. You know, maybe, maybe something that could be looked at.

HUNT: Okay. Thank you.

RIEPE: Thank you. For the record, there were-- there was one letter in-- 1 pro letter, 39 opposed, and 1 neutral.

BRIESE: Okay. Very good. Well, thank you, guys, for your--

RIEPE: So with that, we conclude the hearing on LB15. Thank you very much.

BRIESE: You bet. Thank you for your time.

RIEPE: Thank you. Welcome.

DAY: Thank you.

RIEPE: Appreciate your patience.

DAY: Yes. Thank you all for waiting all night. I appreciate you being here. I know it's been a long day for you. Good evening, Chairman Riepe and members of the Business and Labor Committee. My name is Jen Day. That's J-e-n D-a-y, and I represent Legislative District 49 in Sarpy County. I'm here this evening to introduce LB 558, which would require all employees of public schools to be paid at least 70 percent of the state's average hourly wage. My goal behind this bill is to create a floor that equals roughly a living wage in Nebraska. Now, I know many might be wondering why this isn't something that could have been sorted out between the teachers union and the schools themselves. However, in most school districts, teachers and administrative staff comprise about half the overall employees, and roughly another half are what's known as educational support professionals. These are noncertified school employees who are not part of the teachers bargaining unit. So, for example, secretaries, custodians, cafeteria workers, paraeducators, school security, bus drivers, or maintenance staff, among other positions. While not in the primary role of teaching, these educational support professionals provide critical services that facilitate the ability of students to receive an education. Without these professionals, schools cannot function properly, and students lose out on essential services necessary to the

day-to-day operations of the educational system. I'm sure I'm not breaking news to anyone here today that over the past couple of years in particular, just about everything has gotten more expensive, which has reduced everyone's purchasing power. However, even before inflation picked up, the pay for educational support professionals began to stagnate compared to the cost of living. And educational support professionals now earn less than they did ten years ago on an inflation adjusted average. Currently, the average hourly wage of an educational support professional in Nebraska is \$14.15 per hour or adjusted for an annual salary \$29,429. Now, while there are districts that pay more than this, I would also remind everyone that by virtue of this being an average, there are many districts that pay less. Even at the average annual salary, this wage has slid relative to the cost of living, to the point that a full time educational support professional at the average wage would, with one dependent, qualify for SNAP, Head Start, the childcare subsidy program, and reduced school lunches. With two dependents, they would also qualify for Medicaid, WIC, and free school lunch. So put differently, on average, if your school lunch employee is a single parent with children, they're qualified for free and reduced lunch. As a result of the salary amount, many educational support professionals work multiple jobs. Nationwide, 28 percent work a permanent second job and 29 percent are working a temporary second or third job. I don't think anyone would disagree, if you're going into education strictly for the compensation level, you've chosen the wrong industry. However, the gap, especially for non-CBA positions, has widened to such an extent that even those who want to work in education have trouble justifying turning down better pay outside of schools. For example, Walmart recently issued its minimum wage to \$14 per hour, which puts it at parity with Nebraska's average educational support staff salary. Furthermore, the average wage at the retailer is \$17 per hour, more than almost any of our educational support staff are making in Nebraska. In many communities, school employees are trying to decide whether they can afford to stay in these positions or whether it makes sense to accept an immediate pay increase elsewhere. As you can imagine, being able to receive a fairly sizable pay increase immediately has meant that many employees have left education altogether, which has contributed to our ongoing shortage of qualified employees in schools. Making matters worse, while jobs offering higher wages outside of schools often require minimal training, positions within schools, even in a nonteaching role, often require licenses and special training. So losing these staff members equates to real risks and cost-- costs to districts in obtaining replacement staff members. Furthermore, these concerns don't even take into consideration the

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benefits for students of consistency in positions like a paraeducator or special education aide. LB558 would address these challenges by requiring schools to pay their employees an hourly living wage. Under LB558, the living wage is defined as 70 percent of the statewide average wage, as measured in the Census of Employment and Wages Report from the Department of Labor, mirroring the calculations for tax incentives in the ImagiNE Act. In practice, this would equal roughly \$17.50 per hour. I know many-- I know to many of us this sounds like a high salary. However, it is merely a reflection of the cost of living and statistically, a below average wage in 2023. Furthermore, it is what employers in the private sector are currently offering for jobs that require less training than many educational support positions. Any salaries that are above this level would be unaffected. While we are trying-- what we are trying to do is create a new floor for salaries that reflects the realities of what is necessary to make ends meet. Each time we pass a new tax incentive bill, we discuss the need to encourage employers to provide quality jobs and not just ones that cause their employees to rely on our public safety net to make ends meet. Shouldn't we be leading by example and making sure our public entities follow this ideal? LB558 would keep our schools competitive with rising private sector wages and ensure that everyone working for our schools is paid a livable wage. With that, I'm happy to answer any questions.

RIEPE: Thank you. Thank you for your presentation. Are there questions from the committee? Senator Hansen.

HANSEN: Thank you, Chairman. Do you know, does the ESP employee get any benefits on average?

DAY: I would assume if they're a full-time employee of the district, they likely would, yes.

HANSEN: Okay. [INAUDIBLE]

DAY: But I think I have some testifiers behind me that could answer that.

HANSEN: I'll wait to ask them so.

DAY: Yes.

HANSEN: Cool. Thanks.

RIEPE: Are there other questions from committee members? I would just say this. I just came off of the Ralston School Board, and as a school

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board, we gave a \$2 an hour for every employee with the intent that this fall we would do more so.

DAY: And that's fantastic.

RIEPE: Well, I don't know, but I don't know how we measure up against this--

DAY: Sure, sure.

RIEPE: --or where we started from.

DAY: Yeah.

RIEPE: But at least we made an effort that we recognize that.

DAY: Right.

RIEPE: And I think other school boards are doing that as well.

DAY: Yeah.

RIEPE: But with that, thank you. Will you stay around for the closing?

DAY: Yes.

RIEPE: You've stayed around this long.

DAY: I will. I think it's going to be short so I'll hang out.

RIEPE: Okay. We would ask for the proponents, please.

SUSAN MARTIN: Good evening, Chair Riepe and members of the Business and Labor Committee. My name is Susan Martin, S-u-s-a-n M-a-r-t-i-n, testifying on behalf of the Nebraska State AFL-CIO in support of LB558. My testimony topic will mainly focus on the pay of para educators in Nebraska schools. Functionally, there are no key differences between teacher aides, assistants and paraprofessionals. While the specific job titles may differ between school districts, these roles all provide administrative and classroom support for lead teachers and share the same qualifications. The paraprofessionals being asked to do administrative jobs outside a teacher's role and being asked to do tasks that are not-- they're allowed to do. This can be very challenging. They work closely with an assigned teacher and provide support by working with students individually and in groups, assisting with lesson plans and materials, grading homework, and writing progress reports. Paraprofessionals also help with adaptive

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skills like self-care and communication, and they may collaborate with the school nurse to work with students who need medical support. Big responsibility. So out of curiosity, I went to the NEWorks website to check out their postings for paraprofessionals in Nebraska schools. And last Friday there were 24 paraprofessional job openings posted for K-12 education. And so one of the postings, a SPED paraprofessional posting description was, to support students with disabilities, with learning and or behavioral needs within the classroom. Applicants will work in collaboration with classroom teachers to assist the-- the student with student's special needs. Applicants must have good understanding of students at the appropriate age levels, be flexible and be willing to assist students. Good collaboration and communication skills and the ability to maintain confidentiality will also be needed for this position. It was a-- for grades K-12 category, starting pay \$9.75 an hour. And in my-- I can't go-- I'm-- I handed out my testimony to give you some more examples of what was listed on NEWorks as well as Indeed. But I guess my point is that we're asking these paraprofessionals to regularly work and interact with our students in schools. We give them a great deal of responsibility with a confidence that they take care of our students. Most do not even earn a living wage, and these are not and should not be entry level positions. There are many positions in schools that have direct interaction with our students and our children. Passing LB558 goes a great distance to make sure that we're treating our school employees who are responsible for our children in the same way we wish our children to be treated. With the workforce shortage, passing LB558 will go a long way to recruit and retain employees in our school. This is a priority of our Governor and it should be a priority of our Legislature. With that, I'll end my testimony and ask for your support of LB558.

RIEPE: Thank you for being here. Are there questions from committee members? Seeing none, thank you very much. Proponents, please.

TANNER MITCHELL: Mr. Chairman, members of the committee, my name is Tanner Mitchell, T-a-n-n-e-r M-i-t-c-h-e-l-l, speaking in support of LB558. I have been a paraprofessional with special needs students for the past three and a half years at Lincoln Public Schools. I have a degree in Human Services from Southeast Community College and it's been a privilege and honor to be a part of such a strong educational environment. Watching my students grow and do wonderful things is such a rewarding thing to see. With that being said, there are areas of concern. First off, we never have enough help and support for our students. Staffing and substitutes are always in short supply. And I feel I-- I often feel that I can-- that I cannot take any time off as

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it would have such a negative impact on many students and my colleagues. In addition, we need to have stronger job training. Our students are a unique population of students. Having some background and training on how to support them prior to being asked to work with them would be super beneficial. Paid summer job training would be an excellent way to further educate paraprofessional staff. This would make us feel more confident and meet the needs of our students. Another concern that I have is our salary. Paraprofessionals are not paid enough for what we do each and every day. We make on an average of \$13 to \$16 an hour. Custodians and lunch employees make \$20 an hour. I completely respect the demands of their jobs, but I believe our jobs are some of the most demanding. Our duties include but are not limited to changing adult diapers and cleaning up bathroom messes. We also have to feed those who cannot feed themselves. We have to modify and make educational decisions for those students within the regular education classrooms. Honestly, there is not much that we are not asked to do. Improving our salaries would attract more people into the profession. In conclusion, I love my job. The passion I have for education grows every day. But the fact that we don't make enough money for me to live above the poverty line in Nebraska is offensive. In order to make our schools stronger, support our students, and retain our paraeducators, we must address the issue in a pay-- of pay and training. Thank you so much for giving me the opportunity to speak on behalf of so many paraeducators in support of LB558. Thank you for your time.

RIEPE: Thank you. If you'll stay there, we'll see if we're going to have any--

TANNER MITCHELL: Oh, yes.

RIEPE: --we'll put you on the grill-- are there committee? Senator Hunt.

HUNT: Thank you, Chairman Riepe. I haven't piped up in a minute, but thank you, Mr. Mitchell, for being here.

TANNER MITCHELL: Yes.

HUNT: And thanks for the important work that you do.

TANNER MITCHELL: Thank you very much.

HUNT: Seriously. Thank you.

TANNER MITCHELL: Thank you.

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RIEPE: Thank you. Are there other questions?

HANSEN: Can I ask a question?

RIEPE: Yes, sir.

HANSEN: Thank you.

RIEPE: Senator Hansen.

HANSEN: I probably should have asked the previous testifier, are you part of a union?

TANNER MITCHELL: I am not, no.

HANSEN: Okay. I just wondered. Thanks.

TANNER MITCHELL: Yes.

RIEPE: Okay. Thank you very much.

TANNER MITCHELL: Yep.

RIEPE: Appreciate it.

TANNER MITCHELL: Thank you.

RIEPE: More proponents, please. Are there any more proponents, someone that wants to speak on the bill? If not, are there opponents? Seeing none, are there any in a neutral capacity? Senator, you may close.

DAY: Just to answer Senator Hansen's question from earlier about benefits, I did find out it varies from district to district, but most districts do not provide benefits for these-- the educational support professionals.

HANSEN: And-- sorry. Go ahead.

DAY: Yeah.

HANSEN: Can I ask a question?

DAY: Yeah.

HANSEN: Sorry. I didn't mean to butt in.

DAY: Yeah, go ahead.

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HANSEN: So are we talking about like janitors and like, you know, secretaries and?

DAY: Yes, yes, janitors, custodians, paraeducators like Mr. Mitchell.

HANSEN: Okay.

DAY: So, you know, especially in the example of paraeducator, many of these people are college educated individuals who are providing services, even to special education students. They have to know how to implement an IEP, those types of things that require a formal education, and they require a high level of skill. And so, again, we're paying them. You know, we had this discussion earlier about wages, talking about, you know, somewhere around \$10, \$12 an hour being an entry-level position. And that's around what we're paying some of these paraeducators. Right? So that's what we're talking about in terms of making sure that these people who are-- are educated, qualified, are getting paid what they deserve to be paid.

HANSEN: Okay. My father was a janitor. My--

DAY: Yeah.

HANSEN: --my-- mom was a secretary for like 35 years in the grade school. So [INAUDIBLE] retirement, they get--

DAY: Yes. So both of them would be-- would be underneath the educational support professionals.

HANSEN: Okay. That's what I was wondering.

DAY: Yes. And I mentioned that in my opening, too, is we often have discussions about the social safety net and how we not only do we not want to expand the services available with the social safety net, but we're often working on limiting that. And I think that if we truly don't want people dependent on the social safety net, we have to start figuring out how we can make people able to afford to survive without having to do that. We're talking about insurance and just basic things that you need to live day to day. If we're not paying people enough money to survive, they're going to be dependent on the-- the social safety net. So we, you know, we have to figure out a way to solve that problem.

RIEPE: Are there other questions? Senator McKinney.

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McKINNEY: Thank you. And thank you, Senator Day, for bringing this bill. I think it is definitely important because I know, especially in OPS there's been an issue with having enough security to staff our buildings. And one of the issues with not being able to staff the buildings is pay.

DAY: Exactly.

McKINNEY: We're asking individuals to secure our schools, but we don't want to pay them anything. And we're wondering why they're opting to just go down the street to McDonald's with less stress.

DAY: Exactly.

McKINNEY: You're not breaking up fights. You're not dealing with all the chaos that it is inside of a school.

DAY: Exactly.

McKINNEY: Yeah, thank you.

DAY: Right. And we often have those discussions related to issues with security or whatever it is. You know, how do we address the problems in the schools related to students who cannot be controlled or whatever? But we don't talk about the staff that's available to do so and trained to do so, right? Somebody who is trained in that area is not going to go get paid a job that pays them \$12 an hour. That's just not a realistic ask for people anymore. So I'll let you guys go home. I know it's late.

HUNT: You look like--

DAY: Yeah, I know. I'm tired, too. I get it.

RIEPE: Thank you very much.

DAY: Yes.

RIEPE: For the record, there were six letters--

HUNT: Senator Halloran has a question.

RIEPE: I'm sorry.

HALLORAN: Chairman Riepe, if I may.

RIEPE: Oh, yes, I'm sorry.

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DAY: Yeah.

HALLORAN: Thanks for bringing this bill. It's an important issue we need to address and look at. And I hope you don't mind my playing on words, because I like to do that in a respectful way. But it's kind of an irony that this is the end of the day.

DAY: Yeah.

HALLORAN: Senator.

DAY: Oh. I was like, wait, what? I get it.

RIEPE: You realize, Senator, that--

DAY: I'm. I'm tire-- we're all tired.

HALLORAN: I meant that respectfully.

DAY: Yes, I appreciate that.

RIEPE: You understand there are thousands of comedians out of work.

HALLORAN: Yes, I understand.

RIEPE: Now, I would like to report the letters. There were six proponents, two opponents, and zero neutral, just for the record. Thank you very much for presenting.

DAY: Thank you.

RIEPE: Thank you again for your patience--

DAY: Yeah. Thank you for being here.

RIEPE: --for waiting around for us. And I would like to thank all of the committee members for a very long day.

McKINNEY: Thank you.

RIEPE: Thank you all.