

Transcript Prepared by Clerk of the Legislature Transcribers Office
Business and Labor Committee February 10, 2025
Rough Draft

KAUTH: Welcome to the Business and Labor Committee. I'm Senator Kauth, from Omaha, representing the 31st Legislative District. And I serve as chair of the committee. Committee will take up the bills in the order posted. This public hearing is your opportunity to be part of the legislative process and to express your position on the proposed legislation before us. If you're planning to testify today, please fill out one of the green testifier sheets that are at the table in the back of the room. Be sure to print clearly and fill it out completely. When it is your turn to come forward to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there also a yellow sign-in sheets back on the table for each bill. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your name and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and then finally anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer if they wish to give one. We will be using a three-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you have one minute remaining. And the red light indicates your time has ended. Questions from the committee may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard. It's just part of the process, as senators may have bills to introduce in other committees. Few final items to facilitate today's hearing testimony. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. If you do not have enough copies, the page will make sufficient copies for you. Please silence or turn off your cell phones. You may see committee members using their electronic devices to access more information. Verbal outbursts or applause are not permitted in the hearing room. Such behavior may be cause for you to be asked to leave the hearing. Finally, committee procedures for all committees state that written position comments on a bill be included in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be included on

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the committee statement. I will now have the committee members with us today introduce themselves, starting on my right.

RAYBOULD: Good afternoon, everyone. I'm Jane Raybould, Legislative District 28, which is the center of Lincoln.

McKEON: Dan McKeon, District 41: central Nebraska, representing eight counties.

SORRENTINO: Tony Sorrentino, Legislative District 39: Elkhorn and Waterloo.

IBACH: Senator Teresa Ibach, District 44, which is eight counties in southwest Nebraska.

McKINNEY: Terrell McKinney, District 11: north Omaha.

KAUTH: And Senator Tony Sorrentino's the vice chair of the committee. Also assisting the committee today, to my right is our legal counsel, Thomas Helget; and to my left at the far end is committee clerk Julie Condon. We have two pages for the committee today. Pages, please stand up and introduce yourself, your hometown, and the school you're attending and your major.

LAUREN NITTLER: Hi. I'm Lauren. I'm from Aurora, Colorado. I'm in my second year at UNL. [INAUDIBLE].

EMMA JONES: Hi. I'm Emma. I'm a junior at the University of Nebraska-Lincoln, studying political science. And I'm from Ogallala, Nebraska.

KAUTH: Thank you. With that, let's begin testimony on LB299. Good afternoon, Senator Ibach.

IBACH: Thank you. Good afternoon, Chairwoman Kauth and fellow members of the Business and Labor Committee. My name is Senator Teresa Ibach, T-e-r-e-s-a I-b-a-c-h. And I'm proud to present LB299 today for your consideration. Two years ago, former Senator Mike McDonnell introduced LB618, which this committee heard. Had LB618 been enacted into law, Nebraska would have joined the other 49 states in the union which allowed all qualified workers in Nebraska who pay unemployment insurance taxes to access the unemployment insurance benefits they ha-- which they have earned. Unfortunately, LB618 was not enacted, so Nebraska remains the only state with this policy. That means employers pay unemployment taxes for all their employees, including those

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work-eligible aliens. However, should something happen-- like a global pandemic-- that means these work-eligible aliens are not able to access the unemployment insurance they should have earned and their employer paid for. Last year, I made a commitment that I would work to address the issue during the upcoming legislative session, and that time is now. LB299 builds upon and expands the work that Senator McDonnell and others before me to address lacking-- lacking of a better term, workplace discrimination within our state's law. According to the 8 U.S. Code, Section 1621, qualified aliens or nonimmigrants are ineligible for state and local public benefits unless the state affirmatively provides for such eligibility, which tasks the Legislature with two questions: one, who is eligible; and two, what are they eligible for? LB299 answers both those questions. According to LB299, an eligible alien is an individual who is authorized for employment pursuant to 8 CFR 274a.12. I have provided you a comprehensive list of the categories of immigrants who qualify under LB299, but I want to reiterate this point: this legislation only applies to those who are here in the United States that are eligible to work under federal law. LB299 requires that an eligible alien authorized to work by the United States federal government is entitled to any public benefits that arise from or relates to their employment. These benefits include those under the Employment Security Law and for those aliens who work in the public sector, access to retirement benefits, such as the Class V School Employer Retirement Act, the County Employees Retirement Act, the School Employees Retirement Act, and the State Employees Retirement Act, divert-- deferred compensation, scholarships or financial aid for education, and any other public benefit that arises from or relating to their employment. LB299 also provides that any public benefit made available to family members or dependents of persons by virtue of employment shall also be made available to their family members or dependents of that eligible alien. Speaking frankly, I believe the two largest immigrant groups in Nebraska that would benefit under this legislation are those who are in Temporary Protected, Temporary Protected Status, or TPS, and the Deferred Action for Childhood Arrivals category, commonly referred to as DACA. I would like to discuss DACA specifically now. Prior to my work on LB299, I was unaware of all that was required of an individual to obtain and maintain this immigration status. To be considered for DACA, an individual must submit evidence showing that-- an-- a-- any-- an individual was under the age of 31 as of June 15, 2012, arrived in the United States before reaching their 16th birthday, have continuously resided in the United States since June 15 of 2007, up until they filed for their request for DACA, were physically present

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in the United States on June 15, 2012, and when filed-- the re-- and when the request was filed for DACA with U.S.-- with the U.S. Citizenship and Immigration Services, had no lawful immigration status on June 15, 2012 and when you filed for your request for DACA, are currently enrolled in school, have graduated or obtained a certificate of completion from high school, have obtained a GED certificate or an honorarily-- honorably-- honorably discharged veteran of the U.S. Coast Guard or Armed Forces of the United States, and have not been convicted of a felony, a misdemeanor described in 8 CFR 236.22(b)(6), or three or more other misdemeanors, and do not otherwise pose a threat to national security or public safety. And I read all those just to make sure they're in the record. So I apologize if I stumbled. A disqualifying misdemeanor is, regardless of a sentence imposed, an offense of domestic violence, sexual abuse or exploitation, burglary, unlawful possession of-- or use of a firearm, drug distribution or trafficking, driving under the influence, or any other offense in which an individual was sentenced to time in custody for more than 90 days. Additionally, a DACA status must be renewed every two years and requires a filing fee of \$85 each time. To be eligible for Temporary Protected Status, also known as TPS, you must be one of the four following: be a national of a country designated for TPS or a person with that nationality who last habitually resided in the designated country-- which would be the U.S.-- filed during the open initial registration or reregistration period or you meet the requirements for late initial filing during an extension of your country's TPS designation, have been continuously physically present, or CPP, in the United States since the effective date of the most recent designation date of your country, and have been continuously residing, or CR, in the United States since the date specified for your country. The law allows an exception to the continuous physical presence and continuous residence requirements for brief, casual, and innocent departures from the United States. When you apply or reregister for TPS, you must inform UCCIS-- USCIS of all absences from the United States since the CPP and the CR dates. USCIS will determine whether the exception applies in each individual case. An individual is not eligible for TPS or able to maintain existing TPS status-- status if they, one, have been convicted of a felony or two, or two or more misdemeanors committed in the United States; two, are found inadmissible as an immigrant under applicable grounds in, in IMA Sections 2012(a), including nonwaivable criminal or security-related grounds; three, are subject to any of the mandatory bars to asylum. These include but are not limited to participating in the persecution of another individual or engaging in or inciting terrorist activity.

Two, fail to meet the continuous physical presence and continuous residence in the United States. Three, you fail to meet initial or late initial TPS registration requirements. Or finally, if granted TPS, you fail to reregister for TPS as required without good cause. I realize that there are-- there may some-- be some conformity issues that need to be worked through to make sure we are in line with federal requirements, and I welcome the opportunity to work with the Department of Labor to fix this issue, as they did with Senator McDonnell in previous years. It is not my intent to jeopardize any funding the Department of Labor or any tax credits Nebraska employers are owed from the federal government by implementing this policy. I have also reached out to Nebraska Public Employees Retirement Board, given that LB299 does affect various retirement plans. Pursuant to Rule 5, Section 15 of the Rules of the Nebraska Legislature, any bill proposing a structural change with-- in-- impacts-- which impacts the benefits or funding status provided under the public retirement plan. Due to this rule, I sent a letter to the interim director asking if this bill would require an actuarial, actuarial study. Interim Director Tyler Cummings reached out to the actuaries and confirmed that an actuarial study will not be needed for LB299. I have provided you both a copy of that letter and Interim Director Cummings' response. I would like to clear a little bit of confusion. When it comes to private employees, the only benefit this bill provides to them in excess to-- in-- is access to unemployment insurance benefits. The original statement of it-- intent was a little confusing, so an updated one that is clear has been published online. And I have provided you a new copy as well for your review. And I would like to thank Senator Sorrentino for bringing that to our attention. Bottom line, the individual LB299 seeks to benefit are not criminal, undocumented aliens. These are good people who are required to jump through hoops to maintain their status here in the U.S. They work. They pay their taxes. They contribute to society. And we as a state financially benefit from them being here. I fully believe the least we can do is to treat them equally. In addition, while we have many wonderful testifiers here today, I would like to invite-- invite Senator-- former Senator Matt Williams to follow me, as he has an obligation he needs to attend to shortly. But with that, I thank you for your time. And I ask for your support for LB299. Thank you.

KAUTH: Thank you. Any questions from the committee? Senator Raybould.

RAYBOULD: Thank you, Senator Ibach, for proposing this. And hopefully we'll get it passed this time around. You know, I had a question on the fiscal note. It just seems so wrong. I'll just say wrong because

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it gives a very high fiscal note of \$1,625,220 of unemployment insurance benefits that it would have to pay out. But I'm thinking, well, all these unemployment insurance benefits were withheld from their paycheck already. You know, there's a lot of people that pay that work, but there are a lot of people that don't collect it. So-- but the money's already there because it's been taken out of their paycheck and matched by the employer and so on. But it just-- have you challenged the fiscal note I guess is my question?

IBACH: Yes. And thank you for, for your observation and for your clarifying it, because I think you're exactly right. I would point to Interim Director Thurber to answer that question for you. She's, she's got the breakdown.

RAYBOULD: OK. Terrific. Thank you.

KAUTH: Any other questions? Thank you, Senator Raybould. OK. And will you stay to close?

IBACH: Absolutely.

KAUTH: Next-- first--

IBACH: And--

KAUTH: --proponent, please.

IBACH: --Senator Matt Williams will follow me.

KAUTH: Yes. Good afternoon, Senator Williams.

MATT WILLIAMS: Good afternoon, Chairman Kauth and members of the Business and Labor Committee. I'm Matt Williams, M-a-t-t W-i-l-l-i-a-m-s. I'm from Gothenburg. I'm Chairman of Flatwater Bank and a member of the Nebraska Alliance for Thriving Communities that you're going to hear something about today. I'm here in support of LB299, introduced by Senator Ibach, who is my senator. When I visit with Nebraskans across the state in my role as banker and member of the State Chamber Board, I hear one common theme: workforce. We hear this from all sectors: agriculture, education, health care, manufacturing, and business. I would stress that this is a universal problem across our state in all geographies, but it is a problem with solutions. The solutions seem simple: support people. And that's what LB299 does. Why people? In the 1920s, 67% of our population lived outside the, the urban areas in our rural part of our state. Today,

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67% live in the rural-- or-- excuse me-- the urban areas. That puts a huge strain on rural Nebraska. According to the Center for Public Affairs at UNO, we have 69 counties that lost population during the last sentence and 60 counties that had more deaths than births. In fact, when you net domestic migration and births, you will find out that, over the last decade, 100% of our state's population increase has come from immigration. Nearly three years ago, a small group of concerned Nebraskans started talking about solutions. This small group has now grown to over 70 members, forming the Nebraska Alliance for Thriving Communities. The alliance believes that workforce development is critical to Nebraska's economic future and vitality. To support workforce, the alliance supports issues like housing and child care, but we also recognize that positive immigration solutions will create strong Nebraska communities, families, and workforce all across our state. The alliance, as I stated, has over 70 members and is growing. Members come from agriculture, construction, health care, business, economic development. Some might say strange bedfellows, but not when recognizing the need for positive solutions. A full list of the members is listed in the information that I handed out. LB299 is part of the solution. LB299 will allow work-eligible aliens to be valued, and I think that's important. LB299 gives these Nebraskans the same access to employment benefits that similar situated employees are provided. It's simply fairness. Please remember, these Nebraska workers are your neighbors. They have kids in our schools. They sit in our church pews. And they are our friends. I would like to thank Senator Ibach for introducing LB299. And I urge the committee to advance LB299 to the full Legislature. And I'm happy to try to answer any questions that you might have. Thank you, Senator Kauth.

KAUTH: Any questions from the committee? I actually have one. Have you-- does your organization work with the Department of Corrections on a second-chance type of employment and getting people who are leaving the correctional system?

MATT WILLIAMS: We have not to this point. But I-- on a meeting that I was in this morning, we talked about some of those issues also, the new program that's coming out there. State Chamber is involved with some of those issues.

KAUTH: OK. Thank you. Anyone else? Thank you very much for your testimony. Next proponent. And can I get a, a show of hands? How many people are speaking proponents today? OK. So move up to the front so that we can keep this moving fairly quickly, because I know we do have

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some opponents who have to catch a plane. So we want to make sure to get through everybody. And go ahead with your testimony.

ITZEL LOPEZ: Absolutely. Good afternoon. Itzel Lopez, I-t-z-e-l L-o-p-e-z. A Nebraska business owner and one of 3,000-plus DACA community members in our state. I'm excited to gather here today to support LB299, an initiative that lies close to my heart, an initiative that embodies the essence of equitable economic growth and community empowerment. But first, allow me to take a moment to tell you a, a little bit about-- a story of how a little girl from Mexico is now a successful business owner for over 15 years. My father came to Omaha in 1998 to work at one of the meatpacking houses. As a 12-year-old at Norris Middle School, it was challenging to learn a new language, but I was fascinated about the life in this country. My parents established a restaurant and later operated a fleet of food trucks. After graduating from Bellevue University and receiving DACA, I worked at one of Omaha's Fortune 500 firms. Eventually, I found myself taking full ownership of our thriving family business. Then came a de-- decade-long opportunity to work for the AIM Institute, culminating with the role as Chief Development Officer. AIM's mission is to grow a strong and diverse tech community. That is when I realized the importance of building generational wealth by having access to high-demand, high-wage, high-skilled career opportunities. As a business owner today, my family and I pay on their-- unemployment insurance taxes so that our employees have access to some income should they lose their job. However, Nebraska is one of the only states that don't allow work-authorized DACA and TPS recipients to access unemployment insurance. Every year, as an employer, I pay into the unemployment trust fund for a benefit that I myself will be denied. This bill has been highly supported in recent years and needs to move forward. Ensuring access to this crucial benefit is central to Nebraska's ability to retain and recruit a talented workforce to fill our-- the 50,000 open jobs across our state. As I close, I want to share these last few words. I know what it's li-- I know what it feels like to live in a life in two-year increments, not knowing whether you'll suddenly be told you can't stay in the only place you know as home. And I am not the only one. Thank you.

KAUTH: Thank you for your testimony. Are there any questions from the committee? Seeing none. Thank you.

ITZEL LOPEZ: Thank you.

KAUTH: Next proponent.

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ZAYRA NAVARRETE: Hello. My name is Zayra Navarrete, Z-a-y-r-a N-a-v-a-r-r-e-t-e. And I am a community member from Hastings, Nebraska. I am here to express my support for LB299. I have had my DACA status since 2013. I'm currently employed as a financial advisor for the Community Impact Network. I have worked hard to earn my bachelor's degree in order to ensure I have a sustainable future. Having the ability to have work authorization allows me to contribute to my pension, life insurance, and unemployment. However, the state of Nebraska has overlooked and discarded the ongoing issue despite being made aware of it since 2020, during challenging and uncertain times. I fear that if I were ever to need unemployment, I would have absolutely no other option. This means I would have to take out loans to relieve some financial stress or sell all my assets to find myself in a stressful financial situation. I am constantly preparing alternatives for an emergency crisis. Not only has this affected me, but particularly became more impactful and brought greater awareness during COVID shutdown in 2020. DACA recipients were being denied their hard-earned unemployment, unemployment that any other documented individual in the state could access without restraint. This is true as it was five years ago with the financial uncertainty still in existence. As seen with federal funding on the verge of cutoff, this seems like a more possible possibility. Nebraska is one of the only states that denies DACA recipients access to their unemployment insurance. Why is a state that is benefiting over \$14 million in state and local taxes from DACA recipients not allowing us to access those funds? We should be entitled to unemployment in case of any unforeseen emergency or circumstance. The contribution of DACA recipients in many work fields is substantial, but the care and respect is minimal. To my fellow DACA recipients: I see you. I hear you. And I thank you for all you do. I hope the state of Nebraska can do the same by granting us access to unemployment insurance. I ask that you advance LB299 to General File. Thank you.

KAUTH: Thank you for your testimony. Any questions from the committee? Seeing none. Thank you very much for being here. Next proponent.

MARY McKEIGHAN: My name is Mary McKeighan, spelled M-a-r-y M-c-K-e-i-g-h-a-n. I am here today to testify as a proponent of LB299, which offers unemployment insurance for all work-authorized Nebraskans. I am testifying as a member and on behalf of Mothers and Others: Justice and Mercy for Immigrants. Our mission statement is to advocate with and for immigrants by being a public voice as we educate, challenge, and seek the common good. For me, passing this ballot is a simple matter of doing the right thing. Do the right thing

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by allowing people who contribute \$22 billion to the Nebraska economy each year the benefits of this insurance paid for by their employers. Do the right thing by rewarding this to all of people who have work-authorized status, those with TPS, DACA, people with per-- work permits, and so on. Do the right thing for the Nebraska foreign-born population who paid in 5.8% of the Nebraska state income, sales and gasoline taxes. These work-authorized people do the right thing by working hard every day in our kitchens, at our restaurants, in our agriculture jobs, and many other jobs. They provide a workforce that is sorely needed for the state of Nebraska. So do the right thing for them. Pass this bill.

KAUTH: Thank you for your testimony. Are there any questions? Seeing none. Next proponent.

HUNTER TRAYNOR: Chairwoman Kauth, members of the Business and Labor Committee. My name is Hunter Traynor, H-u-n-t-e-r T-r-a-y-n-o-r. I'm here today on behalf of the Nebraska Chamber of Commerce and Industry, the Greater Omaha Chamber, and the Lincoln Chamber of Commerce in emphatic support of LB299. Former Senator Williams stole a bit of my thunder, so I'll keep my comments brief. We have been involved with the Nebraska Alliance for Thriving Communities that he mentioned in his testimony. It's a very impressive collaborative effort of organizations spanning business to agriculture, to labor, to faith and just about every subset of industry in between. We hear from our members, as former Senator Williams stated, that workforce is the chief issue facing Nebraska businesses. And we've been active publicly in recent years, both with the alliance and otherwise, talking about robust legal immigration reform as a solution for some of those workforce challenges. And while that is a federal issue, this is a no-nonsense, no-brainer issue, I think, for the state to consider as it relates to, to immigration-related issues. This is a concept that the Nebraska Chamber of-- Greater Omaha Chamber and Lincoln Chamber have supported for years now, and we're hopeful that this year we can get it across the finish line and close the gap on us being the only state in the country that has not yet addressed this quirk. From the employer standpoint and private industry, we solely fund the state's Unemployment Insurance Trust Fund. It is a wholly employer contribution funded trust. And so for us, we see this as not only an issue related to workforce health, especially as it relates to that system's emphasis on reemployment and keeping the workforce in our labor markets strong and fully resourced, but we also see it as a consideration of fairness. So with that, I'll conclude my testimony

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and urge strong support from this committee on this piece of legislation. Thank you.

KAUTH: OK. Thank you. Any questions from the committee? Seeing none. Thank you very much.

HUNTER TRAYNOR: Thank you.

KAUTH: Next proponent.

KATHLEEN GRANT: Good afternoon. My name is Kathleen Grant. I was-- K-a-t-h-l-e-e-n G-r-a-n-t. I was born and raised in a farm family in western Nebraska and graduated from Creighton University's undergraduate and medical schools. I served on the faculties of Creighton University and the University of Nebraska Medical Center and at the Omaha VA Medical Center. I retired from the Veterans Administration after serving as the medical director and later staff physician for 30 years on the VA Substance Use Disorders Treatment program. I conducted research on how best to treat rural veterans for their addictions to medic-- to methamphetamine and nicotine and assisted with training Nebraska's probation officers. In addition to my career, I was fortunate to have opportunities to assist in providing medical care in the Dominican Republic and later served as visiting faculty at the Jesuit University in Nicaragua. After my retirement in 2019, I volunteered at the faith-based binational organization, the Kino Border Initiative, in Nogales, Mexico. This facility provides food, shelter, medical care, and legal assistance to immigrants. While there, I met a young family, a mom, dad, infant daughter, and toddler son who were fleeing south central Mexico. Their family had owned and worked a farm there for generations. One day, a group of men appeared at their home and told them they had to leave. Unfortunately for the family, their farm was sitting on a huge lithium deposit. They declined to leave. The next morning, they found their uncle's dead body at their front door. The men returned and told them their son would be next. What would you do? What would any of us do? They left that day. I don't know where that family is now. I hope they are safe and have found a welcoming place to call home. I know one thing: this family did the right thing. A family that will walk to the U.S. border with two small children will have applied for asylum and have work authorization. Their children by now are in school. They will apply for DACA if eligible. I'm active in OTOC, Omaha Together One Community, a member of the alliance that we've heard about already. We're composed of 30 churches and community groups. We support LB299. Nebraska does not allow work-authorized immigrants to

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access unemployment insurance even though their employers are required to pay into the program on their behalf. We support LB299 because it's the right thing to do. It's the Nebraska thing to do.

KAUTH: Thank you, Dr. Grant. Any questions? Seeing none. Thank you for your testimony. Next proponent.

MARIA ARRIAGA: Hello, everyone. Good afternoon, members of the Business and Labor Committee. My name is Maria Arriaga, M-a-r-i-a A-r-r-i-a-g-a. And I'm the Executive Director with the Nebraska Commission on Latino Americans. My office's in the sixth floor. I want to thank you for the opportunity to speak in support of LB299. My testimony comes not only in my capacity as executive director, but also as an immigrant, a citizen, and a constituent of this country and the state. And I feel the obligation to use my voice for the ones that does not have the right to use. So I peace-- I speak today as someone who was witnessing firsthand the significant contribution of DACA and TPS recipients and how their struggles have deeply impacted their lives. As part of the Latino community, I have seen resilience in challenges, their res-- their resilience in the challenges they face, and I believe it is crucial to support them with the same benefits that any other worker working legally in the Nebra-- in Nebraska is entitled to when they find themselves in a time of need. Currently, individuals authorized to work legally in Nebraska, such as those under TPS or DACA, contribute to the state's economy by paying taxes and participate in an unemployment insurance program system. However, they're excluded from receiving benefits if they lose their jobs despi-- despite paying into the system. This proposed legislation seeks to correct this, ensuring that all legally working individuals in Nebraska have access to the unemployment benefits just like any other worker. Since current law already requires taxation of these wages, this bill will not increase the tax burden on businesses. Nebraska's economy depends on workers from all backgrounds, including immigrants in sectors like agricultural, construction, hospitality, education, and many, many more. Extending unemployment benefits to these workers will treat them fairly while also supporting the state's economy by helping workers get back on their feet after job loss. When workers lost their jobs, they face great challenges, and those excluded from unemployment benefits struggle, struggles even more. These bills ensures that all work-authorized Nebraskans have the resources to support their families and continue contributing to the community without undue financial strain. In summary, LB299 addressed three key points. Ensures that all legally authorized workers in Nebraska who pay into the unemployment insurance system can access the

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benefits they are entitled to. It recognizes the valuable contribution of immigrant workers to the state economy and supports their ability to remain financially stable during times of unemployment, retaining talent, and fostering the sense of belonging, and helps reduce economic hardship for families contributing to the overall well-being of the community. We at the Nebraska Commission of Latino Americans fully support LB2-- LB299, as it ensures fair treatment for all workers. We urge you to-- to the committee to support this bill and allow it to advance to the full Legislature. Thank you.

KAUTH: Thank you for your testimony. Nice job wrapping that up. Any questions from the committee?

MARIA ARRIAGA: Yeah. Questions?

KAUTH: Seeing none.

MARIA ARRIAGA: All right. Thank you.

KAUTH: Thank you so much. OK. Next proponent.

NATASHA NASEEM: Good afternoon. My name is Natasha Naseem, N-a-t-a-s-h-a N-a-s-e-e-m. And I'm an attorney with the Center for Immigrant and Refugee Advancement, or CIRA. Here to offer our support for LB299. Our organization serves immigrants and refugees across Nebraska by providing free legal representation, social work services, and refugee resettlement. We represent clients in various forms of immigration relief, including Temporary Protected Status, available to certain individuals from designated countries to which they cannot safely return. Some need assistance to retain their status as DACA recipients. Many clients are seeking asylum or relief as victims of human trafficking or violent crime here in the United States. None of these forms of relief come quickly. In my three years with CIRA, I've yet to have a client called for an asylum interview, let alone receive a decision on their case. While clients await adjudication of their substantive relief applications, USCIS often grants employment authorization so they could work lawfully in the United States. Our state benefits-- excuse me-- our state benefits greatly from this work, as work-authorized immigrants perform vital labor in our manufacturing and food production industries, hospitals, schools, and in the construction and maintenance of our homes, buildings, roads. The passage of this bill will support these work-authorized individuals who are already contributing to our communities by clarifying eligibility requirements for earned benefits arising from

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or relating to their employment. This includes unemployment insurance and employment benefits for immigrants employed by the state, such as retirement, deferred compensation, scholarships, financial aid for education, et cetera. Currently, Nebraska statutes governing these employment-related benefits rely on a narrow definition included at 8 U.S.C 1621. This statute was intended to define which immigrants are eligible for means-tested public benefits, programs like SNAP, TANF, and other similar state programs, not earned benefits arising from employment. For that reason, the definition does not include all categories of immigrants authorized to work in the United States. The proper regulation for that purpose is 8 CFR 274a.12. It is common sense that eligibility to receive employ-- employment benefits like unemployment insurance or retirement should hinge on whether a noncitizen employee is working lawfully under 8 CFR 274a.12. By using the narrower definition, Nebraska is currently excluding many community members from being able to access benefits arising from their own work, and we are one of the only states in the country still doing so. If LB299 is passed, it would explicitly define our state's eligibility requirements so that all work-authorized immigrant categories can access these benefits. This includes individuals with DACA, TPS, pending asylum claims, pending applications for lawful permanent residents, and more, all of whom are legally authorized to work and are currently excluded. Apart from addressing deficiencies in our definitions, this bill in action will solve problems in unemployment insurance access identified during the pandemic five years ago. Unemployment benefits are paid by workers and their employers who may later need to access them in the event that they lose their job through no fault of their own. I will wrap things up because I know we have many more who are here to testify. And I apologize for the sounds that this microphone are making. But we, we urge and, and encourage you to support this bill. And thank you for your time.

KAUTH: Are there any questions from the committee? I actually have one.

NATASHA NASEEM: Oh, OK.

KAUTH: So-- I, I didn't quite hear what you said about the means-tested public benefits. So can you explain that again real quick?

NATASHA NASEEM: So-- and I'm sure there are other attorneys who will be testifying who can address some of this. But briefly, when we're

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talking about public benefits programs like SNAP and, and other means-tested-- meaning based on what their income is-- those are separate benefits from what this bill will address, which is based on their employment and the work that they are doing and the payments that their employer is making based on that employment.

KAUTH: Perfect. Thank you for clarifying.

NATASHA NASEEM: Yes. Thank you.

KAUTH: Thank you very much.

NATASHA NASEEM: All right.

KAUTH: Next proponent.

NICK GRANDGENETT: Good afternoon. My name is Nick Grandgenett, spelled N-i-c-k G-r-a-n-d-g-e-n-e-t-t. I'm a staff attorney with Nebraska Appleseed. Testifying in support of LB299. So the purpose of LB299 is really simple. It just ensures that all similarly situated employees have access to the same empeme-- employment benefits regardless of which immigration program authorizes them to work. Without this bill, individual DACA and TPS aren't able to access certain benefits even though those same benefits are available to people in other immigration programs. So I'll make just a couple of comments about the unemployment piece and about the retirement provisions. So first, with respect to unemployment, LB299 recognizes and corrects a gap in state law that prevents some work-authorized Nebraskans from accessing the unemployment insurance that they have earned and their employers have paid for. Like all insurance programs, the state collects the FUTA tax, which operates like an insurance premium from employers, and then uses that tax to fill the Unemployment Insurance Trust Fund. When the state pays a claim, it acts as a small financial bridge to help families make ends meet during a job search. Unemployment law reflects this and is structured so people cannot simply quit a job because they want employment. The law requires, for example, an applicant to be searching for a new job and available or authorized to take that new job. Although the state collects the FUTA tax from the wages of all employees, including those with DACA and TPS, they will not pay claims if somebody with DACA or TPS loses their job through no fault of their own. When the state is doing this, it's almost like a car insurance company collecting a insurance premium on all cars and paying claims for, like, Fords and Hondas, but not, like, Toyotas and Nissans. Also say just real quick about the fiscal note. The first year this bill

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came out in 2021, the state used the 2020 public benefits report to calculate the fiscal impact to the Unemployment Insurance Trust Fund. So they were using 2020 COVID-19 unemployment data to calculate that. So that's where you get the \$1.6 million. If you look at every other year from, like, 2022 to 2025 or any year before 2020, it's, like, 30 or 40 people who are excluded from the Unemployment Insurance Trust Fund, not the 300 people that's in the fiscal note. So I think a better number might be, like, \$160,000 as opposed to, like, the \$1.6 million. Second, on the retirement piece, LB299 ensures that when a work-authorized immigrant is employed by the state, then the state must offer access to the same employment programs such as retirement or deferred compensation that would be available to any other employee. Without this clarity, there's a risk, for example, that one public school teacher authorized to work through DACA may not be able to use a state retirement program while another teacher authorized to work through a green card or humanitarian parole could. I do think the Legislature intended to fix this problem last year with LB378, which was amended onto LB198. But there's need for additional clarity with LB299 for the DACA and the TPS part. With that, I'll conclude and I'll say that this bill is very popular. It's wi-- it's supported by a wide range of partners all across Nebraska, from the business community, the ag community, the faith community. And if you look at our accompanying fact sheet, you can see a full list of organizations in that gray column there. Again, thank you so much for your time. I appreciate the opportunity to, to be here and to advocate for LB299. Happy to answer any questions.

KAUTH: Thank you very much. Are there any questions from the committee? Seeing none. Thank you for your testimony.

NICK GRANDGENETT: Thank you.

KAUTH: Next proponent. First one up there gets it. Good afternoon.

DYLAN SEVERINO: Good afternoon, Chair Kauth and the Business and Labor Committee. My name is Dylan Severino, D-y-l-a-n S-e-v-e-r-i-n-o. And I'm policy counsel at the ACLU of Nebraska. Here in support of LB299. In Nebraska, there are thousands of people who are able to work but who are unable to receive employment benefits. These people have been denied employment benefits due to their more precarious immigration statuses. Many of these people are DACA recipients, who you've heard from today, people who were brought to the United States as children and who have been continuously present since 2007. They undergo background checks every time they renew their DACA and every time they

renew their employment authorization document. People with these immigration statuses may pay into benefits that they will never be able to see and their employers pay into unemployment insurance that will never be paid out. LB299 is a commonsense fix in line with Nebraskan values. If you pay for something, you should get it. Right now, our friends, families, and neighbors are being denied these benefits. For these reasons, we urge you to support LB299 and advance it to General File. Thank you. And I'd be happy to answer any questions.

KAUTH: Thank you for your testimony. Any questions from the committee? Seeing none.

DYLAN SEVERINO: Thank you.

KAUTH: Thank you so much. Next proponent.

TOM VENZOR: Good afternoon, Chairwoman Kauth and members of the Business and Labor Community. My name is Tom Venzor, T-o-m V-e-n-z-o-r. I'm the Executive Director of the Nebraska Catholic Conference. Here in support of LB299. The Catholic Church has a long history of caring for the immigrant. This is because the church is fundamentally impelled by the witness of Jesus Christ who, as we hear toward the end of the Gospel of St. Matthew, urged his believers to welcome the stranger. At the beginning of that same gospel, we read that Jesus himself experienced the need to migrate and flee persecution. To use modern immigration law terms, we would say that Jesus, Mary, and Joseph were like refugees and asylum seekers in their flight to Egypt as they escaped the wrath of Herod. In addition to the life of Christ, the Church is impelled by the long-held experience, teachings, and practices of God's chosen people, the Israelites, who themselves experienced the plight of the immigrant. Through the-- through this experience of being strangers in a strange land, they learned about God's fidelity and love for them, as well as a moral obligation to meet the needs of the migrants they encountered. These biblical and ethical principles have led the Catholic Church in Nebraska and indeed throughout the world to involve itself in the development of public policy and work toward justice for immigrants. And these same principles, we believe, apply here in your support for LB299. Currently, Nebraska public employment benefits law contains a basic injustice that can be resolved by the Legislature. You know the details there. I'll skip to the next paragraph. This legal structure places a hardship on people like asylum seekers, DACA recipients, and people with Temporary Protected Status. And it creates ba-- basic

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unfairness and injustice for those who've worked hard to support their families, contribute to our local communities, and grow our state economy. This injustice is particularly-- this injustice is particularly apparent as it pertains to the state's unemployment insurance program. This is a program that employers pay into on behalf of employees so that those employees can access benefits at a time of need. Yet our state law collects a tax on these certain employees without giving them any access to the benefit when they would otherwise qualify. And such an act is not consistent with moral demands of justice. We have an opportunity through LB299 to adjust our state's public policy and provide work-authorized migrants with the same benefits their coworkers receive. This legislation makes not only economic sense if you-- as you've heard from others, but it also makes moral sense as the just thing to do. So we urge you to-- respectfully urge you to advance LB299 to General File. Thank you.

KAUTH: Thank you very much, Mr. Venzor. Any questions from the committee? Seeing none.

TOM VENZOR: All right. Thank you.

KAUTH: Next proponent. Are there any more proponents? OK. First opponent. I believe Interim Director Thurber's here.

KATIE THURBER: Chairwoman Kauth, members of the Business and Labor Committee. My name is Katie Thurber, K-a-t-i-e T-h-u-r-b-e-r. Interim Commissioner of Labor. I appear before you today in opposition to LB299. Under existing law, most noncitizens with work authorizations are potentially eligible for unemployment insurance benefits. In 2024, 3,083 noncitizens applied for unemployment benefits and only 33 were found ineligible for benefits due to their immigration status. LB299 as drafted creates a new definition of eligible alien. If an individual is an eligible alien as defined by LB299, they are then entitled to public benefits. Public benefits include unemployment insurance benefits. This new definition of eligible alien includes individuals authorized to work in the U.S. through the Deferred Action for Childhood Arriv-- Arrivals, or DACA program. NDOL estimates that this change will mean approximately 300 additional people will be eligible for unemployment insurance benefits each year. While only 33 individuals were denied due to their citizenship status in 2023, NDOL estimates the 300 additional people-- because it is believed several individuals with work authorization under DACA do not apply for bu-- public benefits as it is known in Nebraska they are not eligible. Nebraska's unemployment program is a federal-state partnership. In

order to receive federal funds to administer Nebraska's unemployment program, the state must meet certain federal conformity requirements. Any time proposed legislation impacts the Employment Security Law, the department is required to transmit the proposal to USDOL for review. LB299 was transmitted, and NDOL is still waiting a formal reply, but received an advance warning that, as drafted, LB299 likely creates a conformity issue. Because the notice was an advanced warning, little detail was given. But it is my understanding that the issue is that, as drafted, individuals are entitled to benefits even if they may not remain legally authorized to work in the United States. Unemployment insurance benefits is an insurance program with several eligibility conditions. It is not an entitlement. Individuals must have been legally authorized to work at the time services were performed for the wages to be used for unemployment eligibility. As drafted, LB299 requires broad eligibility regardless of when a person becomes legally authorized. Additionally, the reverse is also true. Individuals are federally required to be able and available to work. If you are not legally able to work in the United States, you are not considered available to work under federal law. Even if you worked legally in the United States, once you are no longer legally authorized to work, you're not eligible for unemployment insurance benefits. Maintaining conformity under LB299 becomes particularly concerning given the current uncertainty surrounding federal intent for the DACA program. The issue of DACA and public benefits is a federal matter and is best addressed through congressional action on their status. In 2017, President Trump's administration rescinded the 2012 memorandum that created the program. This was challenged, and, in 2020, the U.S. Supreme Court found the approach to terminating the program unlawful, but that if the administrative-- administration followed the Administrative Procedure Act, the program could be ended. There has been consistent litigation over the program ever since. President Trump has returned to office and has made illegal immigration one of his highest priorities. He has, however, publicly said that he will work towards a solution for Dreamers. At the current time, any proposed solution for the DACA program is unknown, and there is no certainty that LB299 will cover that solution. What is clear is President Trump is willing to act to address immigration to the United States of America. If the status of the program suddenly changes, LB299 may create even further conformity issues.

KAUTH: Director Thurber, I'm going to cut you off there. Does anyone have any questions? Senator Raybould.

RAYBOULD: Thank you, Commissioner Thurber. You know, Nebraska does have a conformity issue, a nonconformity issue. You know, we were the very last state in the entire United States to allow our DACA recipients, DACA-qualified people to have a driver's license in the state of Nebraska. We were the last state in the entire union that recognized the, the degrees that they have achieved through their hard work at, at our own universities. And so can you help us understand why 49 other states have already implemented this access to unemployment insurance for those that are work authorized and work qualified and why Nebraska is now the last state to, to acknowledge and recognize that?

KATIE THURBER: I can't go into why Nebraska is the last state, but I can definitely go into the issues surrounding the conformity. And while it's very-- we have a regional office that's very active. And as I told Senator Ibach-- I didn't get to that part. But I did meet with Senator Ibach this morning-- has its benefits, but it also has some disadvantages. So they have a little more time to review things. They take a very close look. But that doesn't mean they don't work with us. So Senator McDonnell's first version of his bill created a conformity issue. We worked with him through that and got it to a point where there was no longer a conformity issue. And so-- I'm not saying there aren't ways around. I'm saying as currently drafted, it would cost Nebraska's-- over \$400 million in tax credits.

RAYBOULD: Based on?

KATIE THURBER: Based off of the USDOL opinion that we'd fall out of conformity. Once we fall out of conformity, we lose the Federal Unemployment Tax Act credit, which is a 5.4% credit of your FU-- 6% FUTA tax. And so that would cost over \$400 million to Nebraska employers.

RAYBOULD: Even though you have heard from the Chambers of Commerce, other business organizations all across the state of Nebraska-- we're talking about Nebraska's workforce shortage. And these individuals have been essential to filling in those-- that workforce shortage and are in compliance with the federal laws. I find it really hard to believe that we in the state of Nebraska cannot get it right like all the other 49 states have done to make sure that we are in conformity with all federal laws and regulations like all the other 49 states are in recognizing that those individuals are entitled to unemployment benefits should they have-- be faced with unemployment. So help me understand why we're-- we, we keep missing the mark and not addressing

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each bill correctly. And it seems like if we do address it correctly, then it's not in conformity. And so it seems like we're just chasing that nonconformity standard when all the other 49 states have been able to successfully navigate this issue. So what are we doing wrong?

KATIE THURBER: Yeah. So right now, what the issue is and what is wrong in the current version of the bill-- which is ver-- which is different than the last version of the bill-- is that it makes it so that you are eligible regardless of if that work permit ends. And once that work permit ends, you're not able and available for work. And that creates-- that is a federal requirement, that you be able and available for work. And then once we fall out of conformity there, then we lose the \$14 million-- or, \$15 million administration grant. And we have the tax credit problem. As to the drafting, I did not write the bill. I did tell Senator Ibach I would work with her on getting around the conformity issue. I don't know why language in one state that-- I'm not the one saying it. It's coming from USDOL. So I can't fully answer as to how some states have gotten it through and some haven't. We have not. But we-- I know we need a version that meets federal requirements.

RAYBOULD: OK. And then I guess I'm hearing you say that you're willing to work with Senator Ibach on-- in getting the language correct so that we can unfortunately be the very last state in the United States to get something like this passed. But that's wonderful. Thank you for your offer of assistance.

KAUTH: Any other questions from the committee? Senator McKeon.

McKEON: I got a question. How does-- with the immigration and, and this whole thing packaged to work for these-- become citizens? How does that work together?

KATIE THURBER: Yeah. So--

McKEON: I mean, I'm just sitting here thinking, from a simple standpoint, if that's a possibility, then we don't have this discussion.

KATIE THURBER: That's going to be federal immigration reform. And I do-- I-- when preparing, I tried to go through and understand where we are at on that. And the big answer is it's a pretty big unknown right now. I would personally love federal immigration reform. I'm--

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McKEON: I'm just trying to be simple. You know, KISS method is really good.

KAUTH: Thank you, Senator McKeon. Any other questions? Thank you, Director.

KATIE THURBER: Thank you.

KAUTH: Next opponent. Anyone testifying in the neutral? Senator Ibach, are you prepared to close?

IBACH: Well, first of all, thank you very much, committee, for listening and, and-- to all the details of this and, and to the testifiers. These folks really have the most compelling stories and they're on the front lines and they actually experience this. So I appreciate their testimonies today. Senator Williams I think said it best in that the solution is to just support people. And I think that's what the goal of this bill is. And I, I think that's what the goal of what we're discussing today is. The Nebraska Chamber as well as Senator Williams noted the Nebraska Alliance for Thriving Communities, and this is one of their priorities. And so I think-- with their support, I, I think we can continue to have a positive conversation and dialogue around this. I would thank Nick from Appleseed also for, for clarifying the fiscal note. It does say 300, but that is-- during COVID, that was the number they used. And I appreciate his research in noting that there are only about 30 folks that are actually-- would collect this right now, which is the \$160,000 actual fiscal note. So I will follow up with that just to make sure that those numbers are accurate and correct. And, and I also say thanks to Interim Commissioner Thurber too because we had a really good discussion in my office this morning about how many have applied, how many were denied, why. I think they're doing their due diligence. And I, I really think that the federal funds and the federal requirements are a hang-up. But I think she truly is sincere when she says we're waiting for that formal reply and that for-- formal compliance so that we can move this forward. So I'm hoping that this exercise today actually puts pressure on those federal folks to maybe move this forward a little bit more expeditiously. So thank you, Senator Raybould, for your conversation with her. LB299 really simply just provides these work-authorized employees to be treated fairly. And I think that's the goal. And as long as we focus on the goal, I think we can get there. So with that, I would end my closing. If anyone has any comments. Otherwise, I appreciate your consideration on LB299.

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KAUTH: Thank you, Senator Ibach. Any further questions? We had letters: 46 proponents and 8 opponents and 0 neutral. So that concludes our testimony on LB299. And we'll open with LB363. Hello, Senator Ibach. Welcome to Business and Labor.

IBACH: Thank you. I'll switch gears a little bit. Thank you. Good afternoon, Chairwin-- Chairwoman Kauth and fellow members of the Business and Labor Committee. My name is Senator Teresa Ibach, T-e-r-e-s-a I-b-a-c-h. And today, I'm here to present to you LB363, a bill that would create the Apprenticeship Grant Act. LB363 was brought to me during the 2023 interim by a group called Ignite Nebraska, a registered apprenticeship program that has developed an excellent workforce model that connects community partners, employers, and educational institutions to provide paid apprenticeship opportunities with the intent of a full-time job offer in a high-demand, high-skilled, high-paying career. This proposal largely mirrors LB993 this committee heard last year. Testifiers following me will be able to explain what Ignite Nebraska is and provide an overview of their successes. LB363 seeks to expand this program statewide. LB363 provides grants to qualified businesses who are partnered with a registered apprenticeship program to provide on-the-job training and classroom instruction, either in person or online, to the employee enrolled in this program. For an employee to qualify for participation in this program, they must be underemployed and receiving economic assistance, such as SNAP, or under the Workforce Innovation and Opportunity Act. Upon graduating from this apprenticeship program, the business who received a grant must offer full-time employment to that employee with a salary for the apprentice to become self-sufficient. As of today, we are requesting \$4 million to help facilitate getting the program off the ground. As drafted, this would give over 100 people in Nebraska the ability to move past financial barriers at their current job to enter higher skilled, higher paid professions. LB363 also provides for grants for child care expenses for apprentices who are training as an apprentice in a building or construction trade. I am open to any can-- questions but would encourage you to learn more from the Ignite program, which, which this bill is based on-- excuse me-- would encourage you to learn more about the Ignite program, which this bill is based on, from the testifiers following me, who will be better at explaining this program. I fully believe that in the long term this program will save the state dollars, as this will reduce the number of citizens on public assistance by investing in upskilling of these workers. To me, this is a win-win scenario. Thank you. And I welcome your questions.

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KAUTH: Thank you, Senator Ibach. Any questions from the committee?
Seeing none. Will you stay to close?

IBACH: Absolutely. Thank you.

KAUTH: First proponent.

JONI WHEELER: Good afternoon, Chairman Kauth and members of the Business and Labor Committee. I want to thank Senator Ibach again for supporting and sponsoring LB363. My name is Joni Wheeler, spelled J-o-n-i W-h-e-e-l-e-r. I am the Executive Vice President of Talent and Enterprise Solutions at Blue Cross and Blue Shield of Nebraska and the founder of Ignite Nebraska. I am testifying on behalf of myself and Ignite Nebraska in support of LB363. The Apprenticeship Grant Act addresses the workforce shortage in Nebraska by helping individuals who are underemployed and receiving state-supported economic assistance access a pathway for employment and self-sufficiency. This bill also provides businesses with an alternative way to identify local, qualified talent and give them access to high-skilled, high-wage, high-demand, or H3, careers and other employment opportunities. A few years ago, I woke up in the middle of the night-- 3 a.m., to be exact-- with an idea to solve a far-reaching problem: how do businesses retain local talent and leverage our community's underutilized talent? And with that in mind, I created Ignite Nebraska. Ignite is a registered apprenticeship workforce development program designed to provide access to meaningful career opportunities for individuals who are active in the workforce but underresourced while also helping companies fill entry-level positions with local talent. Through this collaborative workforce development model, community partners, employers, and educational institutions provide paid apprenticeship opportunities with the promise of a full-time job offered in an H3 career upon completion of the program. Ignite is-- Ig-- Ignite Nebraska is, is an example of the Apprenticeship Grant Act in action. Our partnership with Bellevue University, the Department of Health and Human Services, community agencies, and corporate businesses help apprentices succeed by providing them access to higher learning at no cost, eliminating the financial barriers that can keep people out of the classroom. Accelerated, paid, on-the-job training for Ignite is a six-month program and enables apprentices to begin that H3 career as soon as possible. And access to family and financial resources, providing participants with wraparound resources and supports so they can focus on new skills they're learning without having to worry about losing access to assistance. Ignite launched in February of '22 with a pilot apprentice cohort at Blue Cross and Blue

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Shield of Nebraska. And through this model, participants divide time between in-classroom learning and applied on-the-job training in the workplace.

KAUTH: Can I have you wrap up?

JONI WHEELER: Sure. There are currently 15 graduates. Our objective is to scale the program across Nebraska. When we give someone a meaningful job, we give them hope. We give them pride. We give them purpose. And we give them the power to lift up their families. I would respectfully ask the committee to advance LB363. And I'll be happy to answer any of your questions.

KAUTH: Thank you. Are there any questions? Thank you. Senator Sorrentino.

SORRENTINO: Thank you, Chairperson Kauth. Can you tell me a little bit about the, the private support so far? Is it-- are there quite a few of them? Are they coming from the urban areas only? Are they outstate? Just a little bit about that, please.

JONI WHEELER: Sure. We have some local donations. We just got awarded Susan Buffett Award, and that was pretty significant. Blue Cross does a large part of the financial support right now. And then we have just a few other agencies. And, and we have private supports as well.

SORRENTINO: Is, is the target audience for this largely urban or do you get outstate?

JONI WHEELER: We actually-- so-- if I can interject Blue Cross as well, we hired 153 folks across the state, and they are in rural Nebraska. And Ignite really wants to do that, want to part-- we want to partner with local businesses across the state and really increase the opportunities for wages and success across our rural communities.

SORRENTINO: And if I understand this correctly, once they've completed the apprenticeship program, they are paid a wage and the Ignite programs fills the gap between that wage and some other amount, I think, is that correct?

JONI WHEELER: So they actually-- what the employer signs up for is the going rate of-- we have two roles in the technology environment, and they-- those salaries are between about \$45,000 and \$60,000 a year. So those employers sign up to pay that wage and to pay the hourly wage while they're in training. And then we get supports from Bellevue

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University for their training itself. They don't pay for any of the training. They just pay the hourly wage and then they sign up and budget for the salary.

SORRENTINO: But-- and this program, during the apprenticeship, they pay the business for that apprenticeship. Is that correct?

JONI WHEELER: We do.

SORRENTINO: All right. OK. Thank you.

KAUTH: Any other questions? So I, I actually have one. So-- did you have a question? OK. So, so you're asking for the state to pay for the businesses to develop workforce talent? Is that correct?

JONI WHEELER: We actually would like to pay the businesses. So businesses have a tough time budgeting for some of these roles. And, you know, as it is-- like, even our company, we're limited in the amount of new roles we can bring in each year. And so while they're very interested in the program, it's been tough for them to find that budget. And what this would do is pay for that first six months on the job. So the, so the, the company can take advantage of the program, get to know that employer, integrate them into their work environment, and really at no impact, negative impact. And then they take on that, that budget and that ownership of that salary from there forward.

KAUTH: So I-- I'm just a little confused. Isn't that what businesses are supposed to do anyway when you're trying to develop talent and develop their workforce? Isn't that what you do as a normal course of business?

JONI WHEELER: So there's a lot of training programs out there that-- companies don't really pay for that training and they want-- but they want talent to come into their organizations, right? We all have a workforce shortage. So we're looking for some of the training organizations to grow that talent. The problem is they're not growing them to the skills that they need in that-- in a, in a window where they can contribute quickly. So what Ignite's done, the curriculums we've developed is that those individuals are ready to take on-- what takes about someone two years to learn on average, they can come in and contribute right away. And they're also working day one in the job environment as well as going through the training program. So we're really covering the, the cost for that employer in that first year through the training and then the first six months on the job through

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this Grant Act Fund. And then the employer takes that on. So it brings them more confidence. Because what's happening is when they get folks out of these training programs, they're saying they're not ready. They're not skilled enough. And we're paying \$50,000 a year for someone that isn't ready to contribute.

KAUTH: And where are those-- what are those training programs? Are those things the state is also paying for?

JONI WHEELER: No. These are-- oh, you're talking about--

KAUTH: Like, the training programs where people are coming out and they're not ready to work. Where-- what training programs are those?

JONI WHEELER: They're just across the state. They're-- some of them are state funded.

KAUTH: I guess my, my concern is it sounds like the state is now paying for multiple times to train and educate someone when I'm wondering if it should be the employer's responsibility to hire the right people and train them themselves. So I-- that, that's just-- concerned about the double, double training, but.

JONI WHEELER: OK.

KAUTH: Thank you. Any other questions? OK. Thank you very much.

JONI WHEELER: Thank you.

KAUTH: Next proponent.

SHERRY HUTCHEMSON: Good afternoon, Chairperson Kauth and members of the Business and Labor Committee. My name is Sherry Hutcherson, spelled S-h-e-r-r-y-e H-u-t-c-h-e-r-s-o-n. I am an executive vice president at Bellevue University. And I am here today as a proud Ignite Nebraska partner and representative of the university to offer our testimony in strong support of LB363. With 20-plus years of working in talent retention and strategic problem-solving, I believe this legislation is a path to Nebraska's future talent. As an Ignite Nebraska educational partner, Bellevue University has worked in collaboration with the Ignite team to create customized, holistic, and high-quality courses for Ignite's apprenticeships. Registered apprenticeships provide an opportunity for hands-on learning, paired and customized training for industry-relevant topics that produce skilled talent. This dual approach ensures that apprentices do not

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gain a-- not only gain a deep understanding of the theoretical aspects of their chosen field, but also real-time skill development and on-the-job training. This is an essential pathway to career readiness and talent retention. This model also showcases the flexibility of postsecondary education attainment and provides an opportunity for partnership between educational institutions and industries. This legislation offers a forward-thinking approach that will strengthen Nebraska's workforce, one that is well-educated, highly skilled, and ready to contribute meaningfully to the growth and prosperity of our state. I respectfully ask the committee to advance LB363. Thank you very much for your time.

KAUTH: Thank you very much. Any questions from the committee? I want to ask you the question I asked the prior testimony-- testifier. Are you aware of training programs that are currently being used that are not helping people get the right jobs or not skilling people up correctly?

SHERRYE HUTCHERSON: You know, how we, how we, how we'll answer that question is what we're doing at Bellevue is taking a customize approach to the training that we're offering participants and apprentices that are in this program. Many of the participants that come may have been through training, but what we realize they're missing is a mentoring, customized approach to helping them understand and getting comfortable with learning. So we put forth a program in front of them, but they have coaches, they have people who can help them understand, people who can ask-- answer questions for them and spend time with them outside of that classroom but also outside of that workplace. So when they're learning and they're going into the workplace, they have some of that customized approach. And that's what we found. It's been very, very significant for all of our students that are in this particular category.

KAUTH: OK. And I, I think you're right that if you're learning it and doing it at the same time, it's much more effective. I'm just trying to figure out from the state's financial point of view. If we're funding training programs that are not working, we need to know that so we can free up funds for programs that actually are working.

SHERRYE HUTCHERSON: And I, I appreciate that. I would just answer the question from Bellevue's point of view, what we see, and our students.

KAUTH: Thank you very much for being here. Appreciate it.

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SHERRYE HUTCHERSON: You're welcome. Thank you.

KAUTH: Any other questions? OK. Thank you. Next proponent.

KELLEE MIKULS: Good afternoon, Chairman Kauth and members of the Business and Labor Committee. My name is Kellee Mikuls, spelled K-e-l-l-e-e M-i-k-u-l-s. And I am the Executive Director of Ignite Nebraska. And I am here today to offer my strong support of LB363. Now, I'm going to ditch a little bit what I was going to say because I want to give you greater clarity of what we're doing. So I have a family meeting coming up and I-- I'm going to explain to you what we do at Ignite how I would explain to my uncle. So at Ignite, we take participants that come into our program that are making \$22,000 a year. Most of them are on state assistance benefits-- SNAP, some of them are WIC-- and they come into our program eager to change the trajectory of their lives. And so our pathways-- Joni Wheeler, our founder, talked about-- our, our signature pathways Ignite tech. They can go and become an associate software developer or they can work at IT help desk with our average salary at the completion of six months at around \$54,000. To date, we have partners like Blue Cross Blue Shield, Werner Enterprises, Methodist Health Systems, UP Railroad, and we have Boys Town as our employer partners that we work with on a quarterly basis to get a certain amount of head counts of those roles ahead of time. So we are there talent pipeline for these roles. So we sit down with them and they say, Kellee, I've got two roles in IT help desk and it times up with our next cohort. So our participants come in and-- day one, they are doing on-the-job training and they are going to Bellevue University for their curriculum. They are getting paid 20 hours a week starting day one. One of the things that I don't think was mentioned is our lockstep partnership with Department of Health and Human Service and DOL. I love having Katie Thurber here because John Albin has been a huge champion of Ignite and has come to many of our graduations prior to his retirement. So we not only-- so one of the big things-- and to your-- answer your question about, you know, is there duplicity in these programs? Many of our participants come from DHHS. So they go through our program. And I want to tell you that 100% of our participants are off state assistance benefits 12-month post-Ignite. Our con-- our participants typically contribute about \$30,000 to the local economy. The average salary at Ignite is \$54,000. And we have a 93% retention rate at year two for our employer partners. That is huge. So what we are doing is making a huge impact on the generational poverty of people, getting them off benefits, increasing their course trajectory. So many of our participants come to us-- they're Uber drivers. They work at fast food. And they didn't

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know how to get into quality pay. Many of them have never had 401(k)s, had tuition reimbursement, have got to work at great cultures like Blue Cross Blue Shield. But because of Ignite, they have a clear pathway where in five years most of our participants will be making over \$100,000 in the tech industry. That is extremely powerful. Today, we have about 15 graduates. We have another two pe-- two participants are actively at employers, and we have other employers lined up for future cohorts. I'm-- thank you so much. And I strongly encourage you to pass this and advance this bill. I'm happy to take any questions.

KAUTH: Thank you very much. Are there any questions? I have one. So you said-- OK. You guys have been-- Ignite's been going for three years?

KELLEE MIKULS: Around three years, yes.

KAUTH: So on average, five people per year are graduating through or is it--

KELLEE MIKULS: It depends. Yeah, it depends. It's based on hiring needs, right? So different demands. Right now, we have some employer partners that expressing interest in cybersecurity. So we are very real-time demand based on our employer partners. UP came to us and said, Ignite, we're struggling filling this IT help desk role. So now we are their exclusive talent pipeline for IT help desk, which is amazing. They're on a hiring freeze. Not great for us right now. So we wait for that freeze to be unfrozen and we will be their exclusive pipeline for that. We've already had two participants there.

KAUTH: So-- and-- a question about the hiring freeze. So what happens if there is that hiring freeze and you have people who are stalled and your program is designed to go-- you get six months. So what happens then?

KELLEE MIKULS: Yeah. So we're, we're constantly building relationships with employer partners. So, you know, when things come up or, or hiring freezes happen, we would turn to our network. That is yet to happen. What happens is we're, we're a partner. We're a hiring partner for these organizations. CTOs, Kent Sono [SIC] at Methodist. We walk alongside them and they can project what their head count needs are. But if UP projected a hiring freeze, we back off. And those participants don't join the program until they're ready. So we really try to be intentional because we don't want people to get off-- you know, leave a job and, and not have the security of that. That's

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something that we are emphatic about, always making sure. Our navigators support people to manage that benefits cliff, you know. So if you're-- that's why our program starts at 20 hours a week. And we work every week with DHHS. We're on one-on-one calls with our DHHS. We have a memora-- an MOU, memorandum of understanding, with DHHS so that we have a special kind of pathway with them. It's really interesting, though. When I asked them, I said, you know, can we understand how ma-- can we understand the financial impact of getting all of our participants off state benefits? It's not something they track, but we track it. So we know 100% of our participants are off those benefits as a result of Ignite.

KAUTH: Congratulations.

KELLEE MIKULS: Thank you so much.

KAUTH: Any other questions? Thank you for your testimony.

KELLEE MIKULS: Thank you for your time.

KAUTH: Next proponent. Welcome.

ALEJANDRA OROZCO: Good afternoon. Good afternoon, Chair-- Chairman Kauth and members of the Business and Labor Committee. My name's Alejandra Orozco, spelled A-l-e-j-a-n-d-r-a O-r-o-z-c-o. I'm an Ignite Nebraska graduate and now an intern at Ne-- at, at the organization. I graduated high school in 2020 while working at a fast food restaurant. Like many 18-year-olds, I didn't know the-- what my future held. I had an interest in architectural engineering, so I decided to further my education at University of Nebraska-Omaha. After a semester, I was feeling unsure about my interests and didn't know where to, where to start to ask for help and support. So I stopped taking classes in hopes of gaining some clarity. But I fell into a slump. I began working different customer service roles over the few years. Despite gaining experience, I struggled to find a company with a culture that truly aligned with my values. There were moments I wanted to give up. I was plagued with self-doubt and overwhelming thoughts that I wasn't enough. The stress took a toll on my health, leading to sleepless nights. I often found my-- found myself in a-- locked in a dark room crying over the uncertainty of my future. I was determined to find an opportunity that would support my growth, so I continued searching. That's when I found and learned about Ignite Nebraska, a program designed to teach technical and profession-- professional skills and connect participants with career opportunities. Ignite truly impacted

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me by providing the tools I needed to confidently navigate professional settings. For years, I felt uncertain and stuck, but the program showed me how to break through those barriers. With the right guidance and skills, I was able to learn technical skills and gain confidence to take on new opportunities. Because of Ignite, I have more opportunities now than ever before. The skills I gained and the connections I've made have opened doors I didn't think were possible. Ignite didn't just teach me professional skills. It empowered me to push beyond my limits and pursue a future that I'm proud of. This program has truly been life-changing.

KAUTH: Thank you very much for your testimony. Are there any questions? Senator Raybould.

RAYBOULD: Thank you very much for coming to testify. So how, how many months did you participate in the program? And tell us a little bit more about what you do now and, and how you've applied the skills that you've learned.

ALEJANDRA OROZCO: Yeah, definitely. So I was actually a part of the 10x10 program that they just piloted in July. And it was about ten weeks. They taught me emotional intelligence, some technical skills like Microsoft Word, like Office 360. They told me how to navigate difficult situations within the, the workplace, just how to, like, be more poised in the office environment and just teach the quiet rules of the office area. So I feel like this has given me more confidence than I would have had before. And I feel like I would have never been in this position to, you know, begin with if I were-- if I hadn't gone through the program at Ignite.

RAYBOULD: OK. Thank you.

KAUTH: Any other questions? Thank you very much for your testimony.

ALEJANDRA OROZCO: Thank you.

KAUTH: Next proponent. Going once, going twice. Are there any opponents? And anyone wishing to speak in neutral?

JON NEBEL: Good afternoon. My name is Jon Nebel, J-o-n N-e-b-e-l. I'm here on behalf of the Nebraska State Council of Electrical Workers. We are neutral. Moved up from opposition last year when this bill was introduced. We've been working with the senator for over a year on this, and I think we're very close to a resolution for our concerns with the bill. What you have before you is an amendment that we came

up with late last week after-- actually, it was after a hearing we were in last week with-- in this room. And Senator Ibach mentioned on a, on a board elimination it-- was there any other boards that we could find to do what we needed them to do for worker training? So I started looking into it and found a board that I think could work for this, I think can work for the implementation concerns of what we were talking about with-- as far as, like, what programs were and were not working. And just a little background as to what our concerns are with the bill. First, it starts off on a great footing with the National Apprenticeship Act. We've been utilizing that act since 1937, so about 88 years. We have experience with apprenticeships even before that, just not in this, in this form. The bill itself allows for a business to apply for apprenticeship grants, up to five of them per, per company. And our concerns are-- construction is a temporary industry. And there's, there's-- any given amount of time, you could work for-- apprenticeships are three to four years. You can work for one contractor for the whole time or you can work for a dozen contractors in those three to four years. Just really depends on how busy the contractor is. If you find yourself in a situation where you have five apprentices and you apply for the grant, you get yourself \$185,000 and you can start manipulating your bids to gain work to kind of monopolize the industry on how apprentices are gathered and, and moved throughout our industry. Another problem with it-- with that happening is all of our apprenticeship personnel go through one training facility, and we have over 132 contractors that pay into that. So at any point, you could be over here monopolizing the industry, hoarding the apprentices just because you were fortunate enough to have work at the time and all these other apprentice-- all these other contractors are kind of losing out on that but still paying in. Basically, the pay-in goes that every hour that a person on the crew works, a portion of that is paid in for the training side of it. So every hour that a journeyman works, \$0.20 goes in. So we're front-loading that. So our amendment would push the construction industry through Section 5, which we think is the best way to make sure an apprentice is successful if we want to expand our apprenticeships. Most of the time-- and I'm sure I'm going to run out of time, so I hope I can get this all in. Most of the time, it's not a first choice to come work construction. It's something you find out later in life that, oh, I think I could be good working with my hands, want to get out in the field. At that point, life happens. A lot of times people have children and you can't take the pay cut to get down to the level of the starting wages and still afford the child care. So we say, if you can subsidize the child care while a person gets into the starting

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wages, eventually they're going to get to the point where they can cover that side of it. Sorry. I'm, I'm out of time. I'll, I'll continue if I can, but.

KAUTH: Let's see if anyone has any questions.

JON NEBEL: OK.

KAUTH: Does anyone from the committee have questions? Senator McKinney.

McKINNEY: Thank you. Do you got anything else you want to--

JON NEBEL: Yeah. So if we get to a place where we're subsidizing the, the child care side of it, we, we think an apprentice is going to be more apt to come in. And the critical part of the second part of that amendment is to get them-- get that conversation happening through a board. That's-- basically seats at the table in the industry. I think the intent from the senator is to keep the, the program available to as many industries that want it. And this Workforce Development Board has, I think, over 30 members. So it's a way to build that rapport. I know Ignite mentioned that they have a, a standing relationship with the Department of Labor. Ours is through the boards mostly, so we keep it at the board level. We can, we can adapt and change on the fly rather than trying to come into statute and break it open again.

KAUTH: Any other questions? Thank you for your testimony.

JON NEBEL: I just want to say, if that amendment is attached, I will be-- full throw of support. It's a great idea to use the apprenticeships in this mechanism. Thank you.

KAUTH: Thank you very much. Are there any other neutral testifiers?

ANTHONY STRAWN: Hello. My name's Anthony Strawn, A-n-t-h-o-n-y S-t-r-a-w-n. I'm here on behalf of the International Union of Operating Engineers, Local 571. Today, I am testifying in the neutral position. As this is a apprentice grant act, this bill represents a significant step forward to addressing the needs of underemployed and unemployed cit-- citizens by providing them with the job training and classroom instruction necessary to secure a livable wage and reduce their reliance on economic assistance programs. However, LB363, while it's a commendable initiative, we must ensure that it fully supports the interests of our labor unions and the hardworking individuals they represent. With Senator Ibach, we look forward to continuing the work

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that-- to, to-- find the, the needs for labor and get those worked out. We'd like to ensure the successes we've had from unique construction apprenticeship programs, continue to have success, and have LB36-- with LB363, we will continue to have success as long as we can ensure those labor unions are, are [INAUDIBLE] throughout the process. Thank you. Any questions?

KAUTH: Does anyone have any questions? Thank you for your testimony. Any other neutral? Senator Ibach, are you prepared to close?

IBACH: Thank you very much. Just a couple of clarifications. First of all, thanks to the committee for listening and, and to those testifiers who shared their experiences. Hearing firsthand experiences really can, can set the stage much better than I can. And that was very helpful. Thanks to Joni Wheeler. She-- when I first brought this bill the last session, she was so excited about where the program was going. And I think just to validate that, Methodist, Boys Town, UP, they've all added-- or, all joined the Blue Cross Blue Shield movement. And that network program really, really has grown-- or, the, the network businesses have grown. I would just reiterate-- to your question, Senator Kauth, you must be on assistance to qualify for this program. And so, yes, it's easy to say, shouldn't businesses already be supporting an internship program? I mean, millions of businesses do, but not to the extent that this program does because you have to be on assistance. And like I said in my opening, it's a win-win because if you get people off of assistance and into good-paying jobs, they become very productive folks and citizens of-- in society. I would also thank the neutral testifiers. Jon, we have talked a, a little bit about maybe alternative types of internships that we hadn't thought of originally. And I think construction, welding, those types of jobs are very important to the success of this program too. And I would be excited and encourage anyone in those, those-- experts in those fields to continue to consider Ignite students and employees as part of their makeup of their companies. So anyway, with that, thank you very much. Any questions?

KAUTH: Any questions from the committee? I just have one. So there was a question about Section 5, the amount for child care costs.

IBACH: Yes. Thank you very much for reminding me of that. So the intent is up to \$37,000 for-- per grant that we would use. In the language, it does say \$37,000 for child care. And we will amend that because that's definitely an oversight in, in drafting the bill. And

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we will address that in an amendment should this bill go somewhere, which I hope it does. Thank you.

KAUTH: Thank you very much, Senator Ibach.

IBACH: Thank you very much.

KAUTH: That closes our hearing on LB363. We had 7 proponents, 0 opponents, and 1 neutral. And next, we will hear LB75.

HUNT: Good afternoon, members of the Business and Labor Committee. I'm Megan Hunt, M-e-g-a-n H-u-n-t. And I'm bringing LB75 before you today to create and enforce protections for tipped workers in Nebraska and to be sure that they're being paid what they are owed. Our state's tipped wage of \$2.13 has not increased since 1991, nearly 35 years ago. Since that time, between acts of our Legislature and initiatives enacted by voters, the state's standard minimum wage has increased ten times, with another coming next January. The tipped wage of \$2.13 has not kept pace with the times, and unfortunately past attempts to increase it have failed. Despite some positive momentum on wage equity, tipped workers who we relied on as front workers-- frontline workers during the pandemic, those who we expect to serve us when we go out for a meal, they rely largely on the whims of the customer, how generous we're feeling that day, to earn a living wage. And we as state leaders have left them out of most conversations about Nebraskans who need relief in today's economy. Nebraska's current minimum wage statute states that for tipped workers, the sum of wages and gratuities paid must meet or exceed the standard minimum wage for all other workers and that the burden of proof is on the employer to meet this requirement. Nebraska's minimum wage is currently \$13.50 an hour, and the tipped wage is \$2.13 an hour. That is, if a tipped worker's wages plus tips adds up to less than \$13.50 an hour-- the standard minimum wage-- the employer is required to make up the difference. However, the problem is that our current statute doesn't provide for enforcement, nor does it provide a process or protections for tipped employees who believe they are not receiving the proper wage. That's why I'm bringing LB75. Under this bill, the statute would be amended to first make explicitly clear that it's the responsibility of the employer to ensure that tipped employees are being paid an equivalent of the regular minimum wage. Second, it would establish a process and protections for employees to submit complaints to the Department of Labor if they reasonably believe they aren't receiving the proper wage. And finally, it would require employers to keep records of the amount paid each pay period to employees and their

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hours worked and to provide these records to the Commissioner of Labor upon request. The Department of Labor would be authorized to take enforcement actions or to forward credible complaints to the appropriate county attorney. This bill language reflects language from other states that have similar laws, drawing mostly from Missouri's statute. Our neighbors, Colorado, South Dakota, Iowa, and Missouri, all provide a better tipped wage than Nebraska does. This bill adds clarity, enforceability, and due process for employees and employers to the existing law. This will contribute to more tipped workers being assured that they are receiving the wages they're owed and gives them the power to advocate for themselves if they're not. By providing sanctions for employers who violate the law, employers who aren't doing right can be held accountable. I know that-- you know, the majority of employers who are already doing the right thing, they won't be harmed under this bill. And all this does is give workers kind of something in statute that has some teeth so that they know what the process is to go through if they have a complaint about the wages they're receiving. I'd be happy to answer any questions.

KAUTH: Thank you. Are there any questions from the committee? Senator Raybould.

RAYBOULD: Thank you, Senator Hunt. I know you had mentioned Missouri law and that this is what you modeled it after.

HUNT: Mm-hmm.

RAYBOULD: Can you tell us a little bit about what was their tip wage before or, or-- did they ever increase it or-- but-- ours you said is \$2.13?

HUNT: Since 1991, yeah. I've introduced a bill, I mean, maybe twice, maybe four times to try and raise the tip minimum wage. And I've always been unsuccessful. But one thing I heard from a lot of restaurant workers was, you know, a big problem is the wage theft. You know, the tip minimum wage is a problem that I still am passionate about fixing. I don't have a bill to do that this year. This is my solution instead this year. But what this really gets after is the wage theft. And when Attorney General Hilgers was in the body-- he was a senator when I brought one of the bills in the past. And that was a solution that was workable to him. I remember having conversations with him about that. It's like if the problem is the wage theft, why don't we cut back on that and try to find an enforcement mechanism to put in our statute to address that? So Missouri's is kind of one that

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I looked at. I think it's a politically similar state to Nebraska. They have raised their tip minimum wage. I don't know if they did that ballot initiative or-- from the Legislature or what, but the language they have in their statute is similar to what I'm proposing here.

RAYBOULD: OK. Thank you.

KAUTH: Thank you, Senator Raybould. Senator Sorrentino.

SORRENTINO: Thank you, Chairwoman Kauth. Thank you, Senator Hunt. I think it's the first time I've had a chance to talk with you ov-- over a bill. I have a few questions. Is there, is there evidence that would suggest that this practice of employers not paying what amounts between tips and wages to be \$13.50 in Nebraska? Is it common or is it rampant that we need legislation like this?

HUNT: I would say-- based on two things. First, anecdotal evidence from years of testimony from tipped workers here in the Legislature and from complaints to the Department of Labor. I mean, in my leftist, liberal brain, I would say it's rampant. In your mind, maybe you would say it's a problem, it's been reported, so. Yeah, there is evidence both from the Department of Labor and from just people's anecdotal, you know, experiences that they've shared on the record as well in Nebraska.

SORRENTINO: OK. Part of the bill is the bill requires the employers-- I'm just going to quote from it-- maintains strict records that detail who each employee is, how much they worked, how much they were paid, and rate of pay. These records are to be made available to the Department of Labor upon request. And I'll-- talked about the department. I'm-- I only-- this, this is the way I work it. There's a-- something called a 941. It's just-- you're probably familiar with it.

HUNT: Sure.

SORRENTINO: Where you report income tax withholding. And line 1 of that, wages, tips, other compensation, such, et cetera. So I would think that most compliant employers already have that information because they have to report it every quarter-- if they're a bigger employer, even more. Is that familiar to you, the 941?

HUNT: Yes, absolutely. I'm an employer as well.

SORRENTINO: I kind of thought you were. I wasn't sure.

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HUNT: Have been for about 20 years.

SORRENTINO: So you have to file it too.

HUNT: Totally-- well, I don't have tipped workers, but I totally understand that. And that's why this shouldn't be a problem for most employers, because they already keep these records.

SORRENTINO: And in the bill, it says, records be made available to the Department of Labor. This aforementioned 941, which is filed quarterly or maybe more often. These returns can already be audited-- I'm using that word-- to ensure compliance with Nebraska laws, but it's by the Nebraska Department of Revenue, not the Department of Labor, which, under the Benefit Payment Control Unit, oversees unemployment insurance. So does, does the bill as introduced really want the Department of Labor involved in this or they really want Department of Revenue?

HUNT: The bill wants the Department of Labor because they would be doing the investigation into any reports of wage theft. So the intention is that they would be able to see the records of payments to that employee in the course of their investigation.

SORRENTINO: OK. A couple more questions.

HUNT: Sure.

SORRENTINO: Why-- I, I'm trying to-- going on fairness-- why should industries who have employees that receive tips be subjected to more regulations than employers who don't? I mean, if I-- my company just pays wages, so we would-- this wouldn't affect us. Is that an issue for you at all?

HUNT: The reason I think that they should be subject to more regulations-- first, I guess I-- I don't know if I accept the premise that it's more regulation than any other employer, but it's because wage theft is so rampant in-- you know, for tipped workers. And tipped workers are, you know-- they're more likely to be marginalized in other ways. They're more likely to rely on public assistance. They're more likely to fear retaliation from employers. They're more likely to be taken advantage of. And that's, you know, based on a lot of years of court cases, a lot of anecdotal evidence, a lot of testimony from people who have come to talk in the past who are tipped workers. So once again, you know, employers that are following the law, who are paying their tipped workers up to the standard minimum wage, they

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shouldn't have anything to worry about. Any employer who's already keeping records of wages shouldn't have anything to worry about. All this does is give those workers who are experiencing wage theft a process and a mechanism to file a grievance to, to make that right.

SORRENTINO: That's a perfect blend to my next question. Is there a reason that employees-- tipped employees, we'll call them-- now cannot make complaints, then they need a statute to be allowed to make that complaint?

HUNT: The problem is that there's no enforcement in the, in the law as it's written now. So what this bill attempts to do is just say, you know, if you're not receiving the right wage, here's what you can do about it. And here's how the Department of Labor will investigate it.

SORRENTINO: OK. Bear with me.

HUNT: It's kind of silent on it other than that.

SORRENTINO: OK. The bill calls for liquidating damages. I, I guess I've never encountered liquidating damages outside of a contractual arrangement. And even then, the liquidating damages-- typically, they're in writing. And of course, they have to be reasonable to be enforceable. Nebraska being an employment at-will state, are we suggesting that we need to have employment contracts with these tipped employees? I mean, if not, I, I don't know how you would communicate and enforce these liquidated damages because oral liquidated damages aren't enforceable in Nebraska. Could you dive into that a little bit?

HUNT: Well, I'm not an attorney like you are, so I'm not going to be, you know--

SORRENTINO: Just off the top of your head.

HUNT: --using all that kind of language like you use. The point of the bill, which was drafted by attorneys, is to make sure that people who are owed wages can get their wages back. So there may be someone behind me who can speak to that question.

SORRENTINO: But, but in your opinion, we shouldn't divest ourselves of employment at will to enforce this bill, right, and go to contracts?

HUNT: I, I don't think that's what would happen under this bill.

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SORRENTINO: OK. Maybe I can ask that of a subsequent person. Bear with me. A couple more. Why are employers asked to retain these records for three years? Any opinion on that?

HUNT: Just so-- if there's a claim, that, that can be investigated.

SORRENTINO: OK.

HUNT: It could be two years. It could be five years. I think-- I thought three years would be good.

SORRENTINO: OK. Employees have to have a reasonable belief that the employer is in violation to, you know, make a question or, or report them. Do we have any idea what reasonable means?

HUNT: That's a standard that we use in lots of different statutes. So I would say, you know, in any other case where we talk about reasonable this, reasonable that, it would be the same type of thing. It would be up for the courts to decide.

SORRENTINO: OK. Last question, I promise.

HUNT: You can ask me as many as you want.

SORRENTINO: There, there's restrictions on retaliation by employers. I understand that. That's very common. What about protecting the employer against baseless claims? I didn't get enough tips. I'm getting the wrong shifts. Now they start making complaint after complaint. How do we protect that employer who's basically being, you know, hassled over that? Any ideas on that?

HUNT: That's why they would be showing the record of the wages paid. That would protect the employer because they would be able to point to that and say, no, here they are making minimum wage every day, so.

SORRENTINO: They just have to expend the time and expense to prove themselves, though, correct?

HUNT: If they get taken to court, they would have to do that anyway, so, yeah.

SORRENTINO: Thank you.

HUNT: Yeah. Thank you.

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KAUTH: Any other questions from the committee? I have a couple. First, what is the definition of wage theft that you're using here?

HUNT: Wage theft. Is it in the bill? Or-- hey, Hanna? No? So to me, wage theft would be when a worker is owed a certain amount and they are not paid it by their employer. And in-- I would say in the restaurant and hospitality industry, this is really common. I worked at a restaurant when I was a teenager and I did not receive tips-- so I've never had a tipped job, actually. But if you talk to a tipped worker, they can tell you what that's like. Because if it hasn't happened to them, they know someone it has happened to.

KAUTH: But there's no real definition for it.

HUNT: I don't know.

KAUTH: OK. And how do you-- how are you calculating the tips?

HUNT: How are you calculating the tips?

KAUTH: Mm-hmm.

HUNT: That's up to the--

KAUTH: I mean, people get it in cash. People get it on the credit cards. How exactly-- what if they just don't report that they got cash tips?

HUNT: That's up to the employer. They all run it different ways. Sometimes-- I mean, you know how it is when you go a restaurant. Sometimes they take cash. Sometimes you tip on a credit card. Sometimes restaurants have a policy where servers have to tip out the front and back of the house, so they don't even get to keep all of their tips. You know, there's-- in the server community, there's a lot of conversation about, like, what are the good restaurants to work for and the bad restaurants to work for? Who lets you keep your tips? Who makes you tip out the front of the house? All this other stuff. So each restaurant does it differently.

KAUTH: But how do you prove that someone-- like, you leave a 20 on the table-- because again, tipping is supposed to be for exemplary work. If you leave an extra 20 in cash on the table for the person who served you, how do you prevent them from just pocketing it and not reporting it?

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HUNT: Well, it's already the law that they have to report it.

KAUTH: Right, but how do you prevent them from doing it? Because what you're asking is for the employer to be making people whole, but you have no way of proving that that person is being honest.

HUNT: That's true. But I guess I'd say that's already the case.

KAUTH: OK. So wouldn't this tend to make all employers just get rid of tips if they have to pay \$13.50 anyway? Wouldn't they just get rid of tips and maybe raise their prices?

HUNT: That'd be fine. That's up to them. Sure. I don't think they would. But if they wanted to, sure.

KAUTH: Would that negatively impact tipped workers?

HUNT: There's a lot of debate about that.

KAUTH: OK. Thank you.

HUNT: That's part of the whole conversation around tipping, you know.

KAUTH: Senator Raybould.

RAYBOULD: I just thought of this one. And conversely, if the person gets tipped a lot more, they would be making more than that \$2.13, and the difference to get them to that \$13.50. They could be making-- with all the tips they've earned, they could be making, like, \$25, \$30 an hour. So it's the employers-- I guess, in wage theft-- I don't know what the real definition is, but wage theft could be that the employer just pockets a lot of that tip and not pay out. I don't know if that's the terminology--

HUNT: You hear many-- I mean, there's a, there's a restaurant in my district that recently closed where the employer was doing that. And it certainly happens.

RAYBOULD: OK. All right.

KAUTH: Thank you, Senator Raybould. Any other questions? Thank you.

HUNT: Thank you.

KAUTH: First proponent.

KEN SMITH: Good afternoon, Chairperson Kauth, members of the Business and Labor Committee. My name is Ken Smith. That's spelled K-e-n S-m-i-t-h. I'm the Director of the Economic Justice Program at Nebraska Appleseed. And we're here in support of LB75. The rationale behind LB75 is straightforward. As you heard, Nebraska has not raised its minimum wage for tip-- tipped workers, which still stands at \$2.13 per hour. So, you know, Nebraska law provides that tipped workers' wages have to equal or exceed the standard state minimum wage. But we know that tipped workers are particularly vulnerable to wage theft and they're not always paid for what, you know, what they are owed. So LB75 seeks to strengthen the enforcement of existing Nebraska wage laws that protect against wage theft. As Senator Hunt mentioned, there is ample evidence that shows tipped workers are especially prone to suffer wage theft because they're treated differently under wage laws. There's a study by the Economic Policy Institute that I'm-- I'd be happy to share with the committee. It went through-- wage theft in, I think, ten states over a period of time-- and I, I forget the exact years, but they found a total of \$8 billion of wages that were owed but not paid. It's hard to find Nebraska-specific information on wage theft. We know from the Department of Labor that does, you know, wage theft investigations. You know, we kind of have a, a general understanding of, of the scope of wage theft generally, you know, by looking at currently filed wage complaints. But it's hard to tell which of those are related to tipped, tipped wages versus, versus not. Currently, enforcement of the requirements that tipped workers be compensated at least equal to the general state minimum wage is largely left to the tipped workers themselves. So in, in order to succeed in holding employers accountable for wage theft, a tipped worker would need to carefully track their own weekly hours and tips and know the amount of other wages that they're owed. And our tipped wage law-- and I think this is one of the really important things that LB75 does-- where our current law does not specify the period of time over which weekly tips are supposed to be calculated. LB75 would improve enforcement by clarifying that tipped workers' wages must be equal to the general minimum wage in each instance of payment. It also requires employers to maintain records that would allow for proper determination of wages owed, ensure that the Department of Labor has access to those records. And I want to say-- I know my yellow light's already on, but in the past, this bill, the general opposition has been less focused on the substance of the bill and more on the notion that we don't need it because there's already a general complaint process for wage theft. I would just say that this acknowledges the particular vulnerability of tipped workers and adds teeth to that

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enforcement mechanism for them specifically as, as a response to that. So with that, I'd say we support the bill. And be happy to answer-- or, try to answer questions you may have.

KAUTH: Thank you very much. Senator Sorrentino.

SORRENTINO: Thank you, Chairwoman Kauth. Thank you for your testimony, Mr. Smith. Would you take a crack at my question from Senator Hunt about the liquidating damages? To the best of my knowledge, employers of tipped employees don't enter into a contract. They're an employee at will. How do we go about the process of using liquidating damages to penalize these employers when we don't have a contractual arrangement? We have, at best, an oral agreement. Not even that. I've just not seen in my law practice where that would ever be enforced. But what's your opinion of that? I, I think you're an attorney based on your resume, correct?

KEN SMITH: Yes, that's right. And, and-- so let me, let me just make sure I'm understanding. The, the question is, how the, how the parti-- how the liquidated damages provision in this draft would be en-- enforced?

SORRENTINO: How is it authored? Who's it between? How is it enforceable?

KEN SMITH: I mean, I think-- I, I think that specifically defining it as the amount of, of unpaid wages. I mean, I guess you could-- an employer could go and try to say that that's unreasonable. As you mentioned, liquidated damages are only enforceable if they are reasonable. But I think liquidated damages are provided for in many other statutes. I don't think it changes the--

SORRENTINO: In an employee-employer relationship?

KEN SMITH: I guess I can't provide you specific examples of, of that.

SORRENTINO: Yeah, I can't think of any. I was just curious. I-- I'm not against liquidating damages and contractual. Both parties agree to them, they're reasonable. But I come to work for you as, as a waiter or, or host or whatever and I get tips. Where have we sat down and agreed that, hey, if this doesn't work out and you're not paying me my \$13.50 an hour, you agree that you're liable for liquidating damages? I don't see that in that relationship.

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KEN SMITH: I-- and I think-- yeah. I'm-- so I'm not able to give a specific example of a statute that provides liquidated damages in an employee-- employer-employee relationship. But I think that there are examples of liquidated damages that derive from statute instead of from contractual language.

SORRENTINO: Yeah. I-- and I know where you're going, but I, I think those typically have to be written. And oral-- and typi-- in Nebraska typically is, is not enforceable. Just, just my opinion.

KEN SMITH: And I, I think that that-- I mean, I, I, I think we can-- we could certainly look at that and just make sure. There's-- I think there are-- there, there, there are probably good arguments for why it would be good arguments for why it wouldn't. If there are ways that, that, you know, we could craft a liquidated damages statute to address some of those concerns. Well, I guess I shouldn't speak for the senator, but I would be interested in, in at least learning about that.

SORRENTINO: Thank you, sir.

KEN SMITH: Mm-hmm.

KAUTH: Senator Raybould.

RAYBOULD: Thank you, Ken. Not to mee-- beat a dead horse, like I've been known to do, but I guess talking about liquidated damages, maybe that was the wrong choice of word. But it would be-- after the Department of Labor reviews the violation, or whichever agency, I-- or the board that would review that, they would just ask the employer to make that employee whole. And these are the amounts that we are specifying based on the shortfall of the records that you provided and the complaint by the employee. And I don't know if liquidated damages is the correct terminology, but it would be-- this is, this is the deficient amount that you have not-- that you have withheld from this employee. That's, that's how I interpret it. But again, I'm not an attorney and-- but it just seems like that's a reasonable approach to evaluating what that, that meant, rather than your interpreta-- very strict interpretation as a contractual obligation. So I don't, I don't know. You had mentioned in other statutes that they use those words, but-- without a, a contract being implied in the, the use of the liquidated damages.

KAUTH: Did you have a question?

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RAYBOULD: Is there a question? Am I interpreting it correctly?

KAUTH: There you go.

KEN SMITH: My reading of the bill is that it-- it's basically saying that an employer who violates, you know, their obligations is, you know, has to pay back to the employee the amount of unpaid wages as well as a liquidated damage amount. And so-- you know, that, that's my understanding of, of, of what it says. And that, that amount is equal to the amount of, of the unpaid wages.

RAYBOULD: OK. Thank you.

KAUTH: Thank you, Senator Raybould. Any other questions? Thank you for your testimony.

KEN SMITH: Thank you.

KAUTH: Next proponent. Are there any opponents? Hello, Mr. Otto.

RICH OTTO: Good afternoon, Chairwoman Kauth, members of the Business and Labor Committee. My name is Rich Otto, R-i-c-h O-t-t-o. I appear before you today in opposition to LB75 on behalf of the Nebraska Hospitality Association, the Nebraska Chamber of Commerce and Industry, and the National Federation of Independent Businesses. We believe each of the goals in LB75 are already being addressed by the Department of Labor. The statement of intent and the senator went through three major goals of the legislation. First of all, LB75 makes it expic-- explicitly clear that the responsibility of the-- is on the employer to ensure tipped employees are being paid the equivalent of the regular minimum wage. I refer to page 1 of the handout that the page just gave you. The Department of Labor does require employers to place a poster in visible sight. The Department of Labor-- the first point, I guess if you go down after the wage amount for each year as it's continually going up by the ballot initiative, does state what we've heard many times, that the employer is required to make up the difference between the tip wage and what is our minimum wage of \$13.50 today. The second page is-- also, we do have those posters in Spanish so that it is aware for all that the tipped wage-- gratuities plus the tip wage does need to equal the \$13.50 per hour. Second, LB75 establishes a process for employees to submit complaints to the Department of Labor if they regularly believe they aren't receiving proper wages. Page 3 of my handout is the wage complaint form that's currently on the Department of Labor website. A quick Google search of

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Nebraska wage complaint, that is the number one pop-up, top of the list right there. This complaint can be filled out computer, smartphone, or by calling the Department of Labor's number. We believe the existing process is clear and accessible. Third, LB75 requires employers to keep records of the amount of pay for each employee and the employee's hours worked. The Department of Labor already requires for employers to deliver or make available to each employee by mail or electronically the work provided at the place of business, the hours, all shifts, the wage statement showing what they were paid, the identity of the employer, and the pay beginning and ending dates. Again, we just feel that each of the major goals that LB75 is trying to accomplish are already in law. The Department of Labor does have the authority to investigate these. And I know the Department of Labor lists their violators on their websites and fines that were given in each instance. Again, we just believe that LB75 isn't needed and there are adequate and very easy to use wage complaint tools on their website for any employee that might need to file one. Happy to answer any questions.

KAUTH: Any questions? Senator Raybould.

RAYBOULD: Thank you, Mr. Otto. Can you tell us a little bit how the process works? So I'm an employee and I feel like I've been underpaid and I fill out this complaint form online--

RICH OTTO: Right.

RAYBOULD: --and then what does the process after that do?

RICH OTTO: Well, the Department of Labor will look-- I think it's first a quick call or email. I don't know the-- don't want to speak for the department on how they reach out, but they do reach out to employers. I think they'll ask for, you know, the time frame and to show probably, you know, W-2-- you know, it just-- anything from your payroll system, any more payroll systems. Almost every restaurant is on electronic payroll too. It is a standard feature that if you don't have the tips to make up, that the payroll system just automatically gets you up to the \$13.50. So I think most restaurants would just, you know, do a quick query of their HR system, send over their report, show the, the pay stubs that-- for each hour worked, the employee was compensated at least \$13.50 per hour.

RAYBOULD: So is it a lengthy process or does-- do they notify, hey, we got your complaint. We're starting--

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RICH OTTO: I can--

RAYBOULD: --the process of investigating. You know, we should have some information to get back to you.

RICH OTTO: I can ask the department a little bit more, but I don't know all of the details.

RAYBOULD: Thank you.

KAUTH: Thank you, Senator Raybould. Senator Sorrentino.

SORRENTINO: Thank you, Chairwoman Kauth. Thank you, Mr. Otto. Two quick questions. Do you have any statistics as to, you know, how often in a hour shift, four hours, whatever, that the employers need to make up the difference in wages? I mean, you're \$2.13 an hour, so you roughly need, what, \$11 of tips per hour? Is it common to go home after a four-hour shift, eight-hour shift and the employer has to make it up? Or is that extremely uncommon? Do you have any idea?

RICH OTTO: I can tell you just from personal experience that when I was in my 20s, I waited tables and did get-- I noticed a few times in my paycheck where I was up to the minimum wage. Typically, it's bad weather, that the restaurant just was slow, if, if we got six inches of snow or something to that effect. But rarely does tip wages-- rarely does this come into account because usually the front of a house, those getting tip wages, typically their wage far exceeds the back of the house. When I talk to my members, many tipped employees are well over \$20 an hour.

SORRENTINO: How would you handle under this bill-- and I'm not suggesting you're the one to administer it if it becomes law, but-- I'm just going to guess. There's employers that are bad and this law should go after them. There's probably employees who, maybe not as much these days with credit cards, get cash tips and the employer's never aware of them. Possible?

RICH OTTO: Oh, it's all possible. I mean, cash tips--

SORRENTINO: Either way. I mean, employer being bad, anything.

RICH OTTO: We are seeing-- as more and more people pay with card, we're seeing more and more tips on cards. And-- so obviously, all of those are being reported. We encourage and want-- obviously, it's the law that employees do need to be reporting these cash tips as well. I

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know that Senator Conrad has another bill that she thinks would help encourage servers to employ-- or, to show all of their tips without them being taxable. There is benefits to the servers to show their tips. We consistently say you need to be doing this so that you can get a car loan, a home loan. Because without that income, it's very difficult to show the bank that you have the income for the loan, so.

SORRENTINO: Very good point. One more question. How do-- in those instances where the, the waiter, waitress has to take care of the bar and, you know, they got to split it three ways, how does that work for payroll purposes? Who knows who's getting what?

RICH OTTO: Well, the-- typically, what goes-- there's a sheet at the end of the night. You have your tips. And then they-- it's usually based on a percentage of alcohol sales or whatever what goes back to the bartender. So you do tip out. A lot of restaurants have a tip-out policy. But then your final-- at the end of the sheet, it'll show what your final tips--

SORRENTINO: So they break it down individually who got what.

RICH OTTO: It's deducted before you--

SORRENTINO: OK. Thank you.

KAUTH: Senator McKinney.

McKINNEY: Thank you. And I know you said that most restaurants have this somewhere displayed in the restaurant. And most-- you said most restaurants are doing the right thing. But as Senator Hunt stated, there are a lot of employees complaining about wage theft and not getting adequate wages. So why wouldn't this bill be necessary to address that issue?

RICH OTTO: Well, they can already go on the department site. We encourage any employee that thinks they're suffering from wage theft or any of these situations to report it. Really, without employees reporting this to the Department of Labor, there is no way to know about the bad actors that are intentionally, you know, are, you know, underpaying their employees. We don't want that. I don't want any employee to be not getting-- receiving their full minimum wage or the full wages they deserve. So we would encourage them to file the complaint. My point is it's already out there. There is a process. The department takes those serious. Those employers are being looked into.

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McKINNEY: Why not streamline it, though?

RICH OTTO: I've-- you know, it's online. I, I did it. I don't know how it can be-- the process can be more streamlined. This actually adds a burden to the restaurant to have to keep these records for three years different than their other employees. It's a-- it's another layer of compliance for the--

McKINNEY: But wouldn't that help both sides? It would lift the burden off the restaurant to say, hey, actually, we, we got the records that we did pay you correctly.

RICH OTTO: I believe we have the records that we paid them correctly today and that we're filing with that with the Department of Labor. I don't see--

McKINNEY: So it shouldn't be too much of a lift then, right?

RICH OTTO: We're already doing it, Senator, is my answer. I don't know why the additional reporting-- yes, we could comply. I think Senator Sorrentino brings up other questions about some of the other language at the end. Again, I'm just here to say there is a process. We do keep our records. Whether or not we're required to keep them for additional three years, we would comply with the law, but we just still don't find it necessary.

McKINNEY: And--

KAUTH: Just a minute. Senator Ibach had a question.

IBACH: Thank you.

McKINNEY: I had one more.

KAUTH: OK. Hold on. You just asked four in a row. I want to get Senator Ibach a que-- some time in.

IBACH: I just have a curiosity question, actually. So with your experience, do you think with the increase in wages, the minimum wage, with competition amongst restaurants, especially after COVID, do you think there's a shift away from tipping and more toward just a flat minimum wage?

RICH OTTO: Well, I would say the restaurant industry is changing and we see continual movement to the fast casual, I'd say. There's less

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full dine-in, sit-down restaurants. So more-- you go into a lot of fast casual and it may be a kiosk you're ordering from, that there's not even an employee. And so then you just have the back of the house cooking the, the food and-- an attempt to lower labor cost. I would say there's definite a, a decline in the number of restaurants that have tipped employees.

IBACH: So this bill, although relevant-- maybe more relevant today even though you're kind of contradicting the, the need for the bill. But you think-- futuristically, will we shift away from any of this wage theft or tipping protocol?

RICH OTTO: I think tipping's here to stay. I think those that like to go to full service, sit-down restaurants and have their order taken like to tip their server, like that process. We've seen in other states and even in other countries where servers push back, that once you kind of go to a full streamlined approach where you pay for everything upfront that their wage actually diminishes compared to the tipped wage.

IBACH: OK. Thank you very much.

KAUTH: Senator McKinney.

McKINNEY: Thank you. And out of respect, next time I'm asking questions, I don't, I don't think I should ever be cut off. But my last question, do you have a HR policy that when people are being onboarded they're being told these processes?

RICH OTTO: Yes. I-- all employees are aware that the tips-- their tip wage plus tips needs to get up to the \$13.50. Yes, restaurants do disclose that.

McKINNEY: I'm talking about the processes to file the claims if they're-- they feel like their wage is--

RICH OTTO: So the number is-- the best I can tell you, Senator, is that the department does list their phone number on the poster as well. And so I think the phone number you call, they can be of assistance over the phone to file the claim or instruct you online is my understanding on the process.

McKINNEY: But-- they're told this through the onboarding process.

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RICH OTTO: Each restaurant-- I, I can look into that, Senator, on what each restaurant does as far as policy during their training on how to report.

McKINNEY: All right. Thank you.

KAUTH: Thank you, Senator McKinney. Any other questions? Thank you, Mr. Otto.

RICH OTTO: Thank you.

KAUTH: Next opponent. Anyone in the neutral? Senator Hunt, would you like to close?

HUNT: Thanks, everybody. I just have a couple points to share. First, I'll share some statistics from the Department of Labor here in Nebraska. I asked them, oh, just maybe an hour ago, like, yes, we're kind of preparing for this hearing here, what kind of data they have about wage complaints in Nebraska. And they told me that in 2024, there were 1,735 wage complaints, 1,282 of which were investigated. In 782 instances, the employer just paid the wages at issue during the investigation. And there were 243 cases they found where no wages were owed. And they issued 196 citations. So out of over 1,700 complaints, only 243 of them were found in favor of the employer. So that's a lot of cases every single year-- in 2024, anyway-- where we know that, you know, wage theft was happening and it was investigated by the department. And the fiscal note on this bill shows that the Department of Labor thinks that this will lead to more wage theft complaints for them to investigate. And we know based on their own numbers that I just shared with you that those complaints have merit. By and large, most of them do. So if we look at the current language that we have in statute, all it says-- on page 4, lines 18 and 19, all the current statute says is that the burden of proof shall be on the employer. It doesn't say anything about the process. It doesn't say anything about, you know, what course of action employees can take and also what protections employers have in cases of these, you know, erroneous complaints or whatever. So I think it is a good thing to just sort of spell it out, to make sure that workers know that they have recourse. It's one thing to say, you know, just file the form. But without having that in statute, that could change at any time. It's not clear to people. And it's clearly not clear to people because workers have complained. So that's why I think this bill is important and matters. And for employers that are doing nothing wrong, nothing will change for them. And for employees who are not making a fair wage, this will

help them a lot. You know, one thing I mentioned in my opening was that we've raised the minimum wage in Nebraska 10 times, and we're going to be going on 11 times since the tipped minimum wage was increased. It's still at the federal minimum-- like, the lowest it can possibly be, at \$2.13 an hour. And you all know going to a coffee shop, going to a restaurant, going to-- I mean, I can think-- there's probably dozens of other examples. I feel like we're asked to tip on more and more interactions. You know, they say the thing-- you-- they-- you swipe your card on the iPad and they go, oh, it's just going to ask you a question. And they turn it around and it's like, OK. You want to tip \$1, \$2, or \$3 and-- it's on every transaction. And any-- you need to know: any time you have the opportunity to tip a worker, that worker might be earning \$2.13 an hour. And the reason these workers deserve more protections than employees getting standard wages is because we rely on customers to subsidize their wage to a degree that nobody else in any industry has to face. Nobody earning a standard minimum wage or higher is expected to have their wage subsidized by the customer. Every other type of employee, we just say, you know, you're going to be compensated by your employer, by your boss, and what you earn is going to be between you and the boss. But if you're a tipped worker, you're really just kind of relying on the goodness of other people who come through your restaurant or come through your coffee shop to help you pay your bills and live your life. So that's why I think enforcements are important. This bill doesn't get rid of the tip minimum wage. It just provides more protections to workers who are, are experiencing wage theft. Thank you.

KAUTH: Does anyone have any questions? I have one. Is there a chance for retribution? Could you have employees filing false claims? Because it sounds like a lot of the doc-- the employers just settled because they had a claim. And how would you guard against that?

HUNT: I don't, I don't, I don't think so, because there's an investigation. And if they have to show and prove that they paid the wages, then they wouldn't really have a, a claim. You know, all the investigations that the Department of Labor has done in past years, they weren't finding frivolous claims. And that's something you can talk to the Department of Labor about as well.

KAUTH: OK. Thank you. OK. If there are no further questions. We had 13 proponents and 2 opponents. And that closes the hearing on--

HUNT: Thank you, everybody.

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KAUTH: --LB75. We're going to take about a five-minute break. And we will reconvene at-- we'll take an eight-minute break. 4:00.

[BREAK]

KAUTH: --LB45. Senator McKinney.

McKINNEY: Thank you. Good afternoon, Chairwoman Kauth and members of the Business and Labor Committee. My name is Terrell McKinney, T-e-r-r-e-l-l M-c-K-i-n-n-e-y. I represent District 11 in the Legislature, which encompasses north Omaha. I'm here to urge support for LB45, which provides for grant for jobs programs for historically underserved youth. This bill is about creating real opportunities for young people in Nebraska who have been historically left behind. While meeting with youth, one of the things I've heard over and over was the need for job opportunities that will keep them busy and out of trouble. They want to work, they want to learn, and they want to build a better future, but too often they don't have the chance. This bill will provide grants to job training programs to help underserved youth gain skills, experience, and connections they need to find stable, well-paying jobs. Too many young people in Nebraska face serious barriers to employment simply because of their circumstances. Some have experienced homelessness, been in the foster care system, and are growing up in low-income families. Without support, they struggle to find work that can set them on a difficult path. LB45 helps to change that by investing in job training. This bill sets up a five-year pilot program to fund job training, mentorship, and employment opportunities for those underserved-- underserved youth in both urban and rural communities. It targets the greatest-- those in greatest needs. The initial rollout focuses on communities where poverty and unemployment are the highest, ensuring the funds go to where they can make the most and biggest impact. It also tracks results and accountability. Grant recipients will report on employment outcomes, wage growth, and job retention to make sure the program is working as-- is working as intended. It also encourages businesses and educational partnerships. LB45 promotes collaborations between local businesses, schools, and workforce development groups to create a real pathway for training and employment. LB45 is not just about helping young people. It's an investment in Nebraska's future. When we provide job training opportunities for youth, we all benefit. This bill creates a stronger workforce. Business-- businesses need skilled workers, and this bill helps build a pipeline of trained employees for industries like health care, IT, and skilled trades. It lowers dependence on public assistance. When young people have stable jobs, they are less likely

to need government aid. It also creates safer communities. Studies show that employment opportunities reduce crime and help young people stay on a positive path. LB45 gives the opportunity to make a real difference. It gives young people hope and opportunity while strengthening Nebraska's workforce and economy. And I, I just personally think this is very important, especially this session with a lot of the conversation and with having bills that are aimed at locking up youth at younger ages. And, you know, a lot of those youth are going to come from my community. In speaking with kids from my community, youth from my community, they really need opportunities like this. They need opportunities at success, opportunities like gaining skills, and-- and that's what they need. They don't need to be locked up. And that's what's missing, is the opportunities. When I was coming up as a kid, there was more opportunities in the community. A lot of those have been pulled away over time. And that's why-- some might say there is an increase in youth getting in trouble. It's because we've-- for whatever reason, the city of Omaha and the state have taken away opportunities at employment, skills, and training. And this bill is aimed at bringing that back and making sure that those who have been underserved can get more chances and opportunities to be successful in life. And I think that's, you know, a great investment for our state. And it prioritizes that. With that, I'll answer any questions.

KAUTH: Thank you. Are there any questions from the committee? Senator Raybould.

RAYBOULD: Thank you, Senator McKinney. So can you clarify-- the pilot program is five years?

McKINNEY: Yes.

RAYBOULD: OK. And then tell, tell us who you envision-- like, what entities that may come to mind, say, in north Omaha or Lincoln that would be providing for the grant funds?

McKINNEY: Organizations that work with underserved youth. Businesses, community organizations that work with these youth. Those, those who I envision, you know, applying and, and utilizing the pilot program.

RAYBOULD: And then in-- do they have to have, like, a set curriculum to help youth develop to their potential, like different tracks? You know, I think of a lot of the-- some of the amazing programs that we have in the city of Lincoln with the Career Academy or even in Macy

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at-- the Omaha Tribe has a career academy where you can go down different tracks. Is--

McKINNEY: So some of these organizations-- so for example, in Omaha, we have the Step Up program. So they have curriculum. They help with mentorship, skilling young people up and those type of things. So it's not just getting them to a job, but it's also helping with the soft skills and, and, and those type of things as well. So it's, it's a, it's a holistic approach. There's other organizations as well.

RAYBOULD: OK. Thank you.

McKINNEY: No problem.

KAUTH: Other questions? I actually have one. Don't we have a lot of these programs already in effect? We have the, the Step Up, the Heartland Workforce. We have the Workforce Innovation and Opportunity Act, Nebraska Developing Youth Talent Initiative, American Job Center. We have a lot of these programs already. And north Omaha just got, like, \$160 million to do development in that area. Is, is developing jobs for kids or helping those people get jobs not part of that money?

McKINNEY: Some of it is, but I would argue that it's never enough. It's not.

KAUTH: OK. Thank you.

McKINNEY: Thank you.

KAUTH: Any other questions? OK. First proponent. Good afternoon. Thanks for being here.

TIM CLARK: Hello. My name's Tim Clark. That's T-i-m C-l-a-r-k. Thank you for this opportunity, Chair, and to the Business and Labor Committee. I serve as the Chairman of the African American Affairs Commission here for the state of Nebraska. I'm, I'm here in support of LB45, which establishes a five-year pilot grant program to support job training, employment, and mentorship to underserved young people in urban areas. The need-- the workforce challenges in Nebraska are well-documented. Many industries report a sort-- a shortage in skilled workers and businesses across the state that's struggling to fill critical positions. According to the U.S. Chamber of Commerce, Nebraska has only 38 individuals available to fill 100 jobs in the state. Meanwhile, historically underserved youth, particularly African-American youth, face significant barriers to employment,

economic stability, and long-term career success. These barriers are included. Some of the barriers: limited access to high-quality job training programs, lack of mentorship and career guidance, disproportionate representation in the juvenile justice system, economic instability that focuses many young-- youth in low-wage jobs and no career advancement. The opportunity that's in front of us with LB45 directly addresses these challenges by providing industry-recogni-- industry-recognized training certifications. This bill will help underserved youth receive practical, job-ready skills in high-demand fields, expand mentorship and career development. LB45 fosters a direct connection between youth and employers, ensuring long-term career growth, not just short-term employment, focusing on high-need areas by prioritizing job training. And I'm going to submit this, you know, for your record, but one of the-- one of the things I want to point out, you know, that, you know, a, a recent stat that came out, 38% of Nebraska high school students are clueless in terms of what's next for them. This bill, I, I, I would ask that you give it strong consideration. I think it's just doing good business for the state in how do we prepare a pipeline of students and get them ready for high-demand skill jobs that we need. Out of 100 available jobs, 38 skilled workers are ready to fill those jobs. 38% of high school students have no idea in terms of what's next for them. So I just wanted to encourage you guys to support and give it strong consideration.

KAUTH: Thank you, Mr. Clark.

TIM CLARK: Thank you. Any questions?

KAUTH: Any questions from the committee? Yes.

IBACH: Thank you, Chair Kauth. Give me a little bit of an idea of what you would propose as far as an approach. I think job skills or interpersonal skills are so important with making those matches.

TIM CLARK: Absolutely.

IBACH: And I know programs like the Gallup StrengthFinders, I know they even go into junior high and high school now sometimes. Can you give me an idea of how maybe that connection would benefit a, a program like this?

TIM CLARK: Far as just having that-- like, a Gallup approach to--

IBACH: Or connecting skills with opportunities.

TIM CLARK: Yeah. I, I, I think-- you know, I think first we have to help young people identify, and I think a strong component should be exploratory. And, and so the work that I'm in and that I've been in for many years, I think the shortfall to some degree has been really trying to-- and that's why you have 38% of students not knowing what's next. And so it's matching, you know, skill and really helping young people identify early on. Because when you think about the labor force in Nebraska, where is it going to come from? You know, really what's happening nationally and-- where are we going to get the workers? I think we have to focus in terms of an internal strategy of building and growing our labor force from within. And this is just a good business strategy to do that. But I think to your point, Senator, matching skill to the young people, but I think a part of it is helping to identify the shortfalls in terms of skills that we must build so they can. I think when you think about the-- filling jobs like McDonald's and-- that really doesn't require a lot of high skill, this is a different track and a different strategy. If we're going to truly say we're going to prepare a workforce for-- to fill the future jobs for Nebraska, it has to be very intentional that, that we're focused on the areas that we are short: health care, IT, all of those kind of things. And it takes a certain skill level and a training program. So we may say, hey, there's a whole-- a plethora of training programs out there. We have to be, be about the business of zeroing in and focusing in on what's going to help protect the economy of Nebraskans and prepare them-- and prepare young people-- we got to prepare them-- more young people to fill some of these open jobs.

IBACH: Thank you. Thank you very much, Chair.

KAUTH: Thank you. Any other questions? I, I have one. Do you know-- are you familiar with public schools that are working on-- working with businesses to kind of do exactly that, figure out what's-- what do they need versus what are they working on in the schools?

TIM CLARK: Yeah. I think, I think what, what's happening-- you know, I'm, I'm just speaking in terms of-- from my perspective of Omaha, you do-- we do see public schools now, particularly the one I'm familiar with, Omaha Public Schools, working directly with industry. I'm employed at Metropolitan Community College, and we are, we are intensely involved with those kind of things, [INAUDIBLE] what we call a credential college to address the fact that 38% of high school students are clueless in terms of what next for them. Why can't we give them some, some-- with a step up, start up kind of thing? So to your point, it has to align with industry, the-- these skills that

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we're talking about, H3s, the-- we're giving them, you know, not only soft skills, but skills that's going to end up at the end-- at the end of the certification a job. And we really with this strategy can start while they're in high school and then transition them into a, a living wage.

KAUTH: OK. Thank you very much. Any other questions? Senator Raybould.

RAYBOULD: I know-- I sort of asked this of Senator McKinney too, so-- and maybe I didn't articulate it very well. In the city of Lincoln, we have a career academy, and it does exactly that. It takes high school students from all the high schools in the city of Lincoln. And you can be applying in different tracks. You could be in the business side. You could be in the mechanical side and have a, a full-blown garage at your disposal with all the training and technical skills. You could have general contractors if you want to go into that type of market. Early childhood educators, and they have a nursery and daycare there. Or you want to be culinary arts and hospitality, they have a, you know, a, a state-of-the-art kitchen for helping students learn these skills while still going to high school and, and train them. There's-- the-- there's so many other tracks. And I know-- I brought up-- again, it's the current career academy in Macy, Nebraska that the-- Omaha Tribe run that one, but it's the same program. And they have-- they really try to focus on skill sets and learning the different trades and skills, like the exploratory stuff. They, they get mentorship. They get support and-- about this is a potential career that you might want to consider. So I guess, does Omaha-- doesn't, doesn't Omaha have something similar to that too in the high school system? I mean, Lincoln has one big one that the high schools can all feed into.

TIM CLARK: And, and Omaha-- yes. There's some of the-- that's going on. But I would say that with some of the-- with some-- you know, like, I think he identified Step Up. It's kind of what MCC is doing with career, career college, some of those things. But when you, when you look at the state of Nebraska and 38% of students not knowing, we got a lot of work to do. And I don't think we ha-- I think we have a very fragmented strategy around work solutions. And, and, and I just think we need to really look at, you know, you know-- you may say, well, dang, there's enough that's going on. Something is not happening when you have 38% of students that don't know what's next for them. And when you think about the shortage and the gap of 100 jobs available and only 39 that's skilled enough to take those jobs, I think we got to start with our young people. And, and to, to answer your question, we're trying to-- just like Omaha Public Schools. But

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when you think about underserved areas and stress areas, there's a-- there's so many distractions. And we got to call attention to a right-now situation in terms of this state, the lack of skilled labor force. And, and I think we got to get real serious about that. And it starts with our young people. So that's why I think this is just doing good business for the state of Nebraska to help ready a, a workforce.

RAYBOULD: Thank you very much.

TIM CLARK: Thank you. Thank you.

KAUTH: Thank you. Any further questions? Thank you for your testimony.

TIM CLARK: Thank you. Thank you.

KAUTH: Another proponent. Welcome.

NADIA SPURLOCK: Hi. Good afternoon. My name is Nadia Spurlock, and I am so excited because I am here as a proud graduate of the Step Up Omaha Youth Employment Program--

KAUTH: Excuse me. Nadia, can you spell your first and last name for us? Just so we have it for the record.

NADIA SPURLOCK: Nadia, N-a-d-i-a; Spurlock, S-p-u-r-l-o-c-k.

KAUTH: Thank you.

NADIA SPURLOCK: I'll start over. Good afternoon. My name is Nadia Spurlock, and I am so excited because I am here as a proud graduate of the Step Up Omaha Youth Employment Program, a current employee of the Empowerment Network-- the very organization that launched Step Up Omaha in 2008-- and a strong proponent for LB45. Step Up Omaha recruits, trains, prepares, and places Omaha youth and young adults ages 14 to 21 in meaningful, paid, summer and year-round job opportunities. Since its inception, the program has connected 9,000 young people to career exploration, hands-on job training, internships, entrepreneurship, civic engagement, and leadership development. The impact of Step Up Omaha is strong and evident. In 2024 alone, \$900,000 was allocated in wages to Step Up Omaha interns, an investment that not only benefits individual families but also strengthens the local economy. Furthermore, Omaha saw remarkable achievement in the summer of 2024 with zero homicides and significantly lower arrest rates in both June and July. This accomplishment has been directly correlated to the Step Up Omaha

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Program by the Omaha Police Department, Police Chief Todd Schmaderer, and others. Step Up Omaha is also a shining example of collaboration and collective impact, with strong partnerships involving stakeholders such as the Boys and Girls Club, Urban League of Nebraska, Hope Center, and many other organizations and local businesses as well. Our partnership with the Omaha Public School District will also allow for Step Up interns to receive credit towards graduation for the first time starting this 2025 season. This partnership is also in alignment with recent research from the Brookings Institute that shows positive outcomes when graduation rates are increased and youth are connected to employment. I personally experienced the transformative power of this program. My first job ever was through Step Up Omaha at the north Omaha Boys and Girls Club. The program met me where I was, equipping me and my peers with essential skills such as interview preparation, workplace etiquette, budgeting, and career exploration. Additionally, I was introduced to many local organizations and business leaders, which opened doors to countless opportunities in my community. These connections paved the way for my career, ultimately leading to immediate employment upon my graduation from the University of Nebraska-Lincoln in 2023. Not only did I secure a job in the exact field I had dreamed of, but I now have the privilege of working for the Empowerment Network as the Community Engagement Policy and Fund Development Specialist. It is truly an honor to directly support the program that helped shape my journey. And I'm not alone. Many other graduates share a similar success story, demonstrating the profound impact of Step Up Omaha on retaining youth talent. This same impact can be expanded across the state of Nebraska with additional support and collaboration. Each year, between 1,500 and 2,000 applications are received, highlighting both the demand for and the opportunity to grow this program. Thank you so much for considering programs like this that empower our youth, families, organizations, workforce, and economy. If you have any questions, I will be happy to share more, as I could talk about Step Up Omaha and its life-changing opportunities all day.

KAUTH: Thank you for your testimony.

NADIA SPURLOCK: Thank you.

KAUTH: Senator Raybould.

RAYBOULD: Thank you, Ms. Spurlock. Can you, can you say that again? How many applications for-- that have-- you read it and--

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NADIA SPURLOCK: Yes. It's--

RAYBOULD: --I didn't catch it.

NADIA SPURLOCK: --between 1,500 to 2,000 applications received on an annual basis.

RAYBOULD: For how many, I guess, positions or possibilities or--

NADIA SPURLOCK: Yes. And for the 2025 session, we're aiming to provide 100 opportunities for-- I mean-- sorry-- 1,000 opportunities for employment: 700 for the summer portion and then 300 for the year-round program.

RAYBOULD: OK. Great. Thank you.

NADIA SPURLOCK: Mm-hmm.

KAUTH: Any other questions? Thank you for your testimony.

NADIA SPURLOCK: Can I address some things that-- some previous questions were asked for the last--

KAUTH: You have to wait for a question.

NADIA SPURLOCK: OK. Thank you.

KAUTH: Another proponent.

TAMI ROBINSON SOPER: Good afternoon, Senator Kauth and-- yeah. Good afternoon, Chairman Kauth-- Chairwoman Kauth and members of the Business and Labor Committee. My name is Tami Robinson Soper. It's T-a-m-i R-o-b-i-n-s-o-n. And the last name's Soper, S-o-p-e-r. And I'm the Advocacy and Policy Advisor for Boys Town. We are here today to testify in support of LB45. We would like to thank Senator McKinney for introducing LB45. This bill is aimed at providing job training, employment, and mentoring to historically underserved youth that are 18 years of age and, and younger. We have-- Boys Town has intentionally served youth of all backgrounds from its founding in 1917, seeking to reach those most vulnerable, like the young people described by Senator McKinney in this bill, and offer them guidance, education, support, and a second chance at a healthy, productive life. Five years ago, Boys Town launched our Successful Futures program. Successful Futures provides a transitional living program and transitional support for those young people who graduate from Boys

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Town with little or no support of their own when they're transitioning into adulthood. We-- the transition from high school, we recognize, can be really scary for anybody regardless of what support you have available to you. But for those young people who are leaving without strong family support, it can be even more challenging. Planning for transition, doing things like developing independent living skills and seeking and finding your first job, finding a place to live, all of the things that are involved in just finding your way as an independent young person can be incredibly difficult when there's not somebody there to ask, how do I make a doctor's appointment? How do I-- what do they mean on this job-- and what is a W-2? All of the-- those questions that my daughter sometimes still calls and asks me. Successful Futures is a program that we put in place that collaborates with our Boys Town Family Home program, our residential program, to provide support to our high school students while they're still in high school, including those historically underserved youth, beginning at their senior year, beginning right at, at the start of their senior year, to help them develop a student-driven plan for success. And with a strong focus on senior planning, proactive supports, individualization of life skills training and workforce development, the program really emphasizes the development of social and trade skills that will help them to lead-- that'll help lead them to certification or qualification for employment in high-demand or living-wage fields. Our goal there is to ensure that the young people don't just-- they don't just survive, but they thrive when they leave the program. Many of the folks that we repre-- represent, that we serve come from those low-income homes. They, they come from areas of poverty, generational poverty. We could-- serve-- most children that we serve come from child welfare or juvenile justice systems. And so we're familiar with the impact that healthy adults and supports and opportunities can make in bridging the gap for these children and breaking the cycles for these children. And with that in mind, we support this bill.

KAUTH: Thank you.

TAMI ROBINSON SOPER: And I would encourage you to do the same.

KAUTH: Are there any questions? Senator Ibach.

IBACH: Thank you, Chair Kauth. Can you tell me about how many students in that program you would serve a year?

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TAMI ROBINSON SOPER: So we have several different components. In our actual residential program, we serve about 30 that-- remember, we only serve, as I mentioned, students that are graduates from Boys Town. And so-- but we do keep them from year to year. So as our time goes on, we're have-- we have more people in the program because we've got more students from the years before. But we also work to help them while they're in high school, anywhere from a hundred students each year we're helping with driver's license, filling out FAFSA, all of those types of things each graduation season. Then transitioning to college, transitioning to a workforce environment, whatever that looks like for them based on their individualized plan.

IBACH: Great. Thank you very much. Thank you, Chair.

KAUTH: Thank you. Any other questions? Thank you for being here.

TAMI ROBINSON SOPER: Awesome. Thank you. And I do-- I want to say that, that generational poverty is not just a north Omaha thing. It happens all across the state of Nebraska.

KAUTH: Thank you very much. Any other proponents? Good afternoon.

KATIE NUNGESSER: Thank you, Chairperson Kauth and members of the Business and Labor Committee. My name is Katie Nungesser, spelled K-a-t-i-e N-u-n-g-e-s-s-e-r. And I'm here today representing Voices for Children in Nebraska in support of LB45. When we invest in young people, we invest in our collective future. Youth need opportunities to build skills and develop their interest to pursue their educational and vocational dreams. These types of opportunities are especially important for historically underserved youth who may have experienced poverty, homelessness, or other adverse childhood experiences that undercut their ability to break out of generational cycles. Voices for Children supports LB45 because it represents a proactive step to support young people in our state who have big dreams and so much to offer, but they may be missing a resource that they need to make those dreams a reality. Investing in youth jobs is economic and workforce development. I don't have to tell this committee about our unemployment rate-- it's one of the lowest in the nation-- coming in at just 2.6% in December. Employers are crying out for more trained workers, especially in high-demand fields such as health care and skilled trades. Targeted programs to bring more young people into these fields will foster Nebraska's continued economic growth. Investing in youth job programs is also crime prevention. Voices for Children Nebraska has a long history of advocating in the space-- of

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space of youth justice, and the research is clear: at-risk young people-- an ill-defined category which frequently overlaps with historically underserved populations, the-- underserved populations LB45 describes-- they need stairways to opportunity. Programs like the ones that would be funded by this grant allow young people who may be at risk of a justice system involvement see a different future and develop skills to pursue it-- importantly, while receiving compensation that allows them to participate. Young people growing up in poverty do not have the leisure to participate in unpaid internships and may experience additional barriers to participation. We need job programs that are committed to meeting young people where they are, teach valuable skills while paying a wage, and then evaluate for success in a proactive investment in community safety generation. For these reasons, we'd like to thank Senator McKinney for bringing LB45 and respectfully urge the committee to advance it. Really quick, I also wanted to-- to Senator Raybould's comment-- and Lincoln is what I know better, but those programs are there but it is applications. It takes going to the open houses, adults that are supporting you. And I think what this bill looks at is, how do we help those kids that maybe don't have all those supports in place to get them into those really great programs that might already exist? There may be some extra work there, but this bill could help with.

KAUTH: You slipped that in the--

KATIE NUNGESSER: Yeah. Sorry. I didn't know if I was going to have time.

KAUTH: Does anyone have any questions? Seeing none. Thank you for being--

KATIE NUNGESSER: Thank you.

KAUTH: --here. Other proponents? Are there any opponents? Anyone in the neutral? Senator McKinney, would you like to close?

McKINNEY: Thank you. LB45 I think is a great bill and a great solution to, you know, making sure that our youth are prepared for the future. It is a bill and a pilot for both urban and rural communities. It's not just for north Omaha. It's clear in the bill that it's for urban communities and rural communities. And it's not enough, especially with, you know, years of disinvestment into our youth, especially our underserved youth. You know, our state spends a lot on prisons and detention centers instead of investing in our youth. That's the

problem. And that's the problem I'm trying to address. The money we're wasting away on prisons we could be putting into our kids and making sure they would never end up into a detention center or a prison, especially with the disproportionate representation of black kids, Latino kids, Native American, Native American kids in our prison systems and in our adult systems. We also have poor educational outcomes in the state of Nebraska. And we could look at the disproportionate rates there. It's a systematic issue that this bill's also looking to address. And, and that's the biggest thing, because the alternative is what has been happening hasn't been working. We have a bunch of people sitting in our state prison being paid slave wages when we could be skilling those people up so they never have to end up in those situations. And a lot of people talk about public safety, and public safety to me is making sure that people are getting their basic needs met, making sure they have food on the table, making sure they have housing, somewhere to sleep. And this is trying to address that, especially for our youth. If we're talking about public safety and not talking about making sure youth have opportunity and skills to make sure that they're not ending up in those situations so people are not bringing bills to lock them up at 12-year-olds, then I don't know what type of conversations we're having in this place. That's why I think this bill is important. We should be trying to invest in our youth as much as possible. We talk a lot about loving our kids and protecting our kids and trying to protect their futures. And that's what I'm trying to do here, is make sure that no other kid, especially a kid from my community, ends up in our state penitentiaries, ends up in another detention center, another kid doesn't get lost in the child welfare system. That's what I'm trying to address. So for me, it's never going to be enough, especially with the years of disinvestment this state has failed to do, this country has failed to do. And I'll just leave it there. Thank you.

KAUTH: Are there any questions? Senator Raybould.

RAYBOULD: Senator McKinney, I wonder if I misunderstood, but it seems like the funding would come from the Nebraska Training and Support Cash Fund, right?

McKINNEY: Yes.

RAYBOULD: So-- and that fund is fueled by the State Unemployment Unsur-- Insurance Trust Fund. And so do you know what, what is in the Nebraska-- how much money is in Nebraska Training and Support Cash Fund? Because I was thinking it would be, like, a new request coming

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from general funds, but it sounds like it's coming from a segregated fund, which probably has money in it.

McKINNEY: I don't know how much is in there, but I can get that for you.

RAYBOULD: Yeah. So I, I was thinking general funds in the fiscal note, but it seems like it's--

McKINNEY: I think I know the number, it's just slipping my mind right now, but.

RAYBOULD: Yeah. OK. All right.

McKINNEY: Thank you.

RAYBOULD: Thank you.

KAUTH: Any other questions? Seeing none. Thank you very much.

McKINNEY: Yep.

KAUTH: And for this, we had 16 proponents, 3 opponents, and 0 neutral. And that closes our hearing on LB45. And we will open on LB402. Good afternoon, Senator von Gillern.

von GILLERN: Ready to go?

KAUTH: Yep.

von GILLERN: All right. Good afternoon, Chairwoman Kauth and members of the Business and Labor Committee. For the record, I'm Senator Brad von Gillern. I represent Legislative District 4. My name is B-r-a-d v-o-n G-i-l-l-e-r-n. I'm appearing before you today to introduce LB402, which I introduced this session on behalf of the Department of Labor. LB402 would provide the Department of Labor an additional mechanism to collect debts owed to the department by individuals who've received unemployment insurance benefits to which they are not entitled. Specifically, this allows gambling winnings to be applied to debts incurred by individuals found to have deliberately defrauded the department in order to receive benefits. This is similar to a bill I brought last year that allowed the Department of Revenue to collect taxes due from tax cheats through data-matching technology. The Department of Labor would collaborate with the Department of Revenue and share information on individuals who owe, owe the state for

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fraudulent unemployment claims in order to collect the repayment due. Individuals who were overpaid benefits through mistakes or errors on the part of the department are not affected by this bill. LB402 would only impact individuals who have unjustly enriched themselves at the public's expense by claiming benefits through deception. I'm planning to bring an amendment to ensure that the first offset of winnings continues to go to child support. This amendment currently is in Bill Drafting and will be ready for introduction soon. This concludes my introduction of LB402. And I'm happy to answer any questions you may have.

KAUTH: Thank you, Senator von Gillern. Senator Sorrentino.

SORRENTINO: Thank you, Chairman Kauth. Senator von Gillern, thank you for bringing this. I will be very brief. If you would bear with me, I just want to walk through a hypothetical. So I receive an overpayment of \$1,000 on, on unemployment benefits and I defrauded the state. I go to Horsemen's Park in Omaha, I win \$5,000 on a slot machine. Now, Horsemen's Park has no idea that I'm upside down with the state, so they pay me out the \$5,000. Probably less federal withholding and state withholding because it's a lot of money. So Horsemen's Park somehow, I'm guessing, notifies-- or, the-- the state of Nebraska somehow becomes aware that I won that money, I suppose because there's a reporting from the casino. So, so within 20 days then, the DOL contacts the obligor, me-- I'm the bad guy-- says, you owe us \$1,000, and proceeds accordingly. Is that the gist of it?

von GILLERN: Yes. Except you didn't-- in your scenario, you didn't state whether you intentionally-- the only thing this applies to is if you intentionally defrauded.

SORRENTINO: Right. I intentionally defrauded them.

von GILLERN: OK. All right. You said you got an overpayment, and I didn't, I didn't know if you meant because you intentionally sought to get an overpayment or if the department had--

SORRENTINO: I was the bad guy. So that's the scenario.

von GILLERN: You're the bad guy. They're coming for the money.

SORRENTINO: So the last thing is, I don't see a, a revenue-- or, a, a revenue note here. I'm only guessing because you don't know how much you can collect--

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von GILLERN: Bingo. Yeah.

SORRENTINO: That's it. Thank you.

von GILLERN: Yeah. Thank you.

KAUTH: Any other questions? Will you stay to close?

von GILLERN: I will stay to close. Thank you.

KAUTH: Thank you very much. First proponent.

von GILLERN: My other option's going back to Banking.

KAUTH: Oh, are they still going?

RAYBOULD: We're much more exciting.

KAUTH: Good afternoon.

JOEL GREEN: Chairwoman Kauth and members of the Business and Labor Committee. My name is Joel Green. That's J-o-e-l G-r-e-e-n. Acting General Counsel for the Nebraska Department of Labor. I appear before you today as Acting General Counsel for NDOL in support of LB402. I want to thank Senator von Gillern for introducing this legislation on behalf of the department. Nebraska Employment Security Law is designed to be a safety net for society by making benefit payments to eligible individuals. As the Supreme Court of Nebraska has wisely said, these benefits exist to ameliorate ills growing out of labor troubles and unemployment. However, not everyone who applies for these benefits does so honestly. Some individuals who are experiencing no labor trouble or unemployment seek to avail themselves of these benefits through deception. The department is continuously working to better detect bad acts before benefits are paid while balancing out the need of quick payment to those experiencing a sudden economic downturn through no fault of their own. Unfortunately, some acts of deception are only discovered after the unemployment insurance benefits have been paid and the amount of benefits paid out in those instances are placed into overpayment under Nebraska Revised Statute Section 48-663.01, which applies only to overpayments incurred as a result of misrepresentation. These overpayments are a debt owed to the department. LB402 will allow the department to set off against gambling winnings to recover these debts. Individuals who are overpaid benefits through honest mistakes or department error are not affected by this bill. LB402 is designed to and will in effect only impact

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individuals who have unjustly enriched themselves at the public's expense by receiving benefits through deception. Additionally, LB402 removes the statute of limitations on offset against future unemployment benefits. So under current law, the department is only authorized to offset against future unemployment benefit claims for three years. However, all other collection activity has no similar limitation. This concludes my testimony. And I'd be happy to answer any questions you may have.

KAUTH: Thank you very much. Nice timing. Are there any questions from the committee? Senator Raybould.

RAYBOULD: Thank you very much for testifying. How, how does this all get triggered? Doe-- how do you launch an investigation? And you mentioned that the funds go in your overpayment category. And do you have investigators that dive into those case-- specific cases to see what is the cause of this overpayment?

JOEL GREEN: That's a great question. So within the department, we have what's called BIU, or a Benefits Integrity Unit, and they are constantly using several tools to assess to make sure claims either at the time or after-the-fact claims that we dec-- you know, identify as potentially deceptive are through misleading practices. Some of those tools that we use recently would be NIDVO, National Identity Verification Offering. It requires individuals that may have a detection of possible fraudulent activity, requires them to go to the U.S. Post Office, and I-- show their identification to verify they are who they're saying they are. We often check against deceased, like, vital records at HHS to make sure that no one has passed away, is maybe claiming benefits for a family member that has passed away, or some of that nature. So those are some of the tools that we generally use and constantly within the department checking to verify.

RAYBOULD: And so help us understand-- then, then how do you proceed to collect and-- or-- and/or prosecute?

JOEL GREEN: Again, a good question. So we provide overpayment notice when we have detected an overpayment through some formal means. The individuals will provide-- be provided notice of overpayment. And that will then allow and trigger them the right to maybe appeal. In most instances-- and I think in 2024, we had 295 overpayments estimated for what I'd call deceptive activity. In each of those instances, we'll send monthly statements. Future benefit offsets are possible. But in

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these cases, we often do work with referrals to county attorneys and to the Office of Inspector General for possible prosecution.

RAYBOULD: May I ask another? So do individuals-- once they get a notice, do they say, yeah, I, I did something wrong? And do they, like, write a check and make restitution and, and it's done and over with? Or how does--

JOEL GREEN: I wish it was always that easy. Certainly not always the fact. I think relevant for-- in 2024-- and I believe this encompasses both what we're talking about in terms of misrepresentation as well as other general overpayments. We recovered \$2.1 million in, in overpayment funds. So it is an action that sometimes, yes, they will willingly-- those individuals that, that I would say more along the lines of those that misrepresent willfully or forget to aren't as forthcoming in repayment. Those that may be through honest error of their own, we have seen more willingness to work with the department to recoup those funds.

RAYBOULD: OK. Thank you.

KAUTH: Thank you. Any further questions? Seeing none. Thank you for being here.

JOEL GREEN: Thank you very much.

KAUTH: Other proponents? Any opponents? Anyone wishing to speak in the neutral? Senator von Gillern, would you like to close? Waive close. And we have 3 proponent, 0 opponent, and 0 neutral letters. And that concludes our hearing for LB402. Thank you all. We are done for the day.