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Floor Debate
May 22, 2013

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SPEAKER ADAMS PRESIDING

SPEAKER ADAMS: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the eighty-second day of the One Hundred Third Legislature, First Session. Our chaplain for today is Senator Carlson. Please rise.

SENATOR CARLSON: (Prayer offered.)

SPEAKER ADAMS: I call to order the eighty-second day of the One Hundred Third Legislature, First Session. Senators, please record your presence. Record, Mr. Clerk.

CLERK: I have a quorum present, Mr. President.

SPEAKER ADAMS: Are there corrections for the Journal?

CLERK: I have no corrections, Mr. President.

SPEAKER ADAMS: Any messages, reports, or announcements?

CLERK: Mr. President, I have neither messages, reports, nor announcements at this time.

SPEAKER ADAMS: While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR200 and LR210. Mr. Clerk, we'll move to the first item on the agenda. [LR200 LR210]

CLERK: Mr. President, LB507 on Select File. I have Enrollment and Review amendments. (ER94, Legislative Journal page 1236.) [LB507]

SPEAKER ADAMS: Senator Nordquist for a motion. [LB507]

SENATOR NORDQUIST: Mr. President, I move the E&R amendments to LB507. [LB507]

SPEAKER ADAMS: You've heard the motion. All in favor indicate with aye. Opposed? So moved. [LB507]

CLERK: Senator Watermeier would move to amend with AM1222. (Legislative Journal

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page 1258.) [LB507]

SPEAKER ADAMS: Senator Watermeier, you are recognized to open on your amendment. [LB507]

SENATOR WATERMEIER: Thank you, Mr. President. Good morning, body. Just give you a little general background here on LB507: I supported it but I did not support the amended part of LB625 that came into it. So on General File, Senator Conrad offered AM1173, which amended a revised version of LB625 into LB507. The amendment increased the number of persons eligible to participate in the federal childcare assistance program. For fiscal years '13-14, families with incomes up to 125 percent of the federal poverty level would be eligible; and for fiscal year '14-15 and thereafter, families with incomes up to 130 percent of the federal poverty level are eligible. The current qualifying level is 120 percent of the federal poverty level. AM1222 strikes the second increase to the 130 percent level, keeping eligibility at 125 percent of federal poverty level for the next fiscal year and thereafter. It is estimated that the increase to 125 percent of the federal poverty guidelines will increase the number on the subsidy by an estimated 173 children. With the average monthly cost for the low-income sliding fee group at \$413 a month, the total cost of the increase is projected at \$850,000 per year. Since the Federal Child Care Block Grant is capped in amount and is currently fully utilized, these additional costs will be out of the state's General Fund. If my amendment is not adopted and we increase eligibility to the 130 percent level, it is projected to cost \$1.7 million in fiscal year 2015. It is my understanding that there are four avenues to receive childcare subsidies. This amendment will affect one of these. Under the welfare reform provisions that went into effect statewide in July of 1997, families transitioning off of ADC were eligible for 24 months of childcare coverage with incomes up to 185 percent of poverty. Other low-income families were eligible for a childcare subsidy with incomes up to 120 percent of poverty. Depending on their income, these families are required to contribute to the cost of the care through fees, based on the sliding scale. Additionally, families receiving ADC are automatically eligible for childcare when a parent is working, in school, in job training, or while receiving medical services. Families receiving childcare protective services are eligible without regard to income. In 1998, the director of the Health and Human Services administratively increased the income limits for low-income families from 120 percent of FPL to 185 percent of poverty, the same level as those transitioning off ADC, which had the effect of eliminating the two-year cap. In fiscal year 2000, there was a deficit in childcare assistance program of \$13 million, and in fiscal year '01, \$15 million. The deficit was expected to be reduced approximately \$3.5 million each year with the use of federal funds and more aggressive claims reviews. In 2002, Governor Johanns line-item vetoed an appropriation bill meant to address the shortfall in the 2001 budget, returning the program to the eligibility standards in effect prior to 1998 of the 120 percent of poverty. The projected savings were \$4.6 million in fiscal year 2003. Consequently, DHHS drafted new regulations to reduce the income eligibility level for the program from 185 percent to 120 percent of

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the FPL. The reduction in the percentage of federal poverty level used for eligibility of the childcare subsidy was challenged and upheld in the Nebraska Supreme Court. I say all this because I just gave myself some history behind what I've tried to learn through the Health and Human Services Committee, and it's quite a process. I was in favor of LB507, but I was present but not voting on the amendment to do that because of the fiscal issue. Now I stand here in support of a lot of things that are going to help education, that are going to help childcare, that are going to help families get back to work, but this was a fiscal issue to me and I expressed that in the committee. And I was a little bit disappointed that it came out that way. If I was really against childcare, I could have come out and struck the whole amendment. But instead of taking it from 130 down to 120, I guess I split the difference. It's still going to be an \$850,000 increase to our General Funds every year. So be clear, I'm still in favor of trying to help families, trying to help kids, but this, to me, is just a fiscal issue. So I know I'm going to look like a bad guy here, but to me that's just what it is, black and white. So thank you, Mr. President. [LB507 LB625]

SENATOR KRIST PRESIDING

SENATOR KRIST: Thank you, Senator Watermeier. You've heard the opening on AM1222. Those in the queue: Senator Nordquist, Kintner, and Conrad. Senator Nordquist, you are recognized. [LB507]

SENATOR NORDQUIST: Thank you, Mr. President and members. I rise in strong support of the underlying bill but in opposition to the amendment. As far as the fiscal implications, since we debated this on General File--and I think Senator Conrad could probably go into more detail about it--the Fiscal Office, in working with the Department of Health and Human Services...actually, the Department of Health and Human Services came forward and said the initial estimates of the cost of moving us to 130 percent would be less than we initially projected. So those costs have come down significantly. Also, Senator Campbell has done a great job working and she has an amendment pending which will bring down the fiscal cost of the entire bill, the underlying component, including the quality rating and improvement system. The fact of the matter is right now we rank last in the country in eligibility for childcare subsidy. With Senator Watermeier's amendment, we would move up a couple spots. There would probably be three or four states behind us, but I think we can certainly do better than that. Just looking at some of our neighboring states: Iowa is at 140 percent of the poverty level; South Dakota is at 177 percent; Kansas is at 180 percent; Wyoming is at 231 percent. Well, I think we can get to 130 percent. We often hear people on the floor stand up, talk about rankings of our tax business climate. I think this is as equally of important of a ranking. This program helps people get childcare so they can move off of other government support. It's a critical work support, and we know that too many times families hold back. We've heard these stories in Appropriations Committee for years as we've made policy decisions on provider rates on this program and other things that

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people hold back on advancing in their careers because they know they make an extra quarter an hour, they work a little extra overtime, they are off of this program and that is not worth the trade-off for those families. So I think, you know, we are at a time now where we can look to incrementally increase the eligibility for this program. We will still be trailing most of our neighboring states. I think it's absolutely the right thing to do, to stay at 130 percent. The other aspect I just wanted to mention, and probably Senator Campbell will too, on the underlying bill and how important, how important it is that we move forward with a quality rating system and how other states have successfully done it. Just on Monday, there was some new proposed federal regulations on the Child Care Block Grants that we receive to fund the childcare program. And they say specifically that the proposed regulations would require states post information about the health, safety, and licensing history of childcare providers on a user-friendly Web site and establish a hot line for parents to submit complaints about childcare providers. But it also...the proposed regulations also build on practices adopted by more than half the states by requiring establishment of provider-specific quality indicators, such as through a quality rating and improvement system, like we have with the underlying bill, reflecting teaching staff qualifications, learning environments and curricula, and activities. This makes it easier for parents to compare childcare providers and choose providers that best meets their family's need. So eventually it looks like, you know, the federal regulations are pushing in a way that they're going to start requiring states to establish a quality rating and improvement system because they know that it's the information that parents need to make the best decision for their family. So we're lucky that Senator Campbell is in front of the curve here... [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR NORDQUIST: ...in moving this dialogue forward. It's a critical component but also moving us forward and helping low-income families make the transition off of social programs to a career, to a working environment. Helping them afford their childcare is absolutely critical and that's why we need to support the proposal that Senator Conrad had amended into this and oppose AM1222. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Nordquist. Senator Kintner, you are recognized. [LB507]

SENATOR KINTNER: Well, thank you, Mr. President. You know, I got to tell you, we're being hit with so many new programs. We're helping so many people with these government programs. We're regulating the heck out of things, sometimes good, sometimes bad. It's not all bad. But I got to tell you, you know, we...I'm being hit with these things so often, it's tough to figure out what's good, what's not good. So I finally, after this got through our first reading, I started looking at it and I visited some day cares and tried to get a handle on what we're doing here and what the ramifications would be and what the taxpayer obligation would be, which always concerns me. So, Senator

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Campbell, would you take a question or two? [LB507]

SENATOR KRIST: Senator Campbell, will you yield? [LB507]

SENATOR CAMPBELL: Certainly. [LB507]

SENATOR KINTNER: First, Senator Campbell, I want to thank you for your hard work here. My first question is, what's the problem? Do we have some data that supports that we have a problem in Nebraska? Obviously, if there is a problem, is it statewide or just certain areas? [LB507]

SENATOR CAMPBELL: Senator Kintner, what we know from the senators across that we have a large number--by the time the bill is fully implemented it would be 46 but we start with 15--of very large centers across the state who receive childcare subsidy dollars. And we have health and safety standards in place, but we do not have quality standards. We do not have those standards in place to provide an accountability: Is the early childhood education and development provided to these children, is it of quality? Does it follow a curriculum? Are the staff receiving ongoing education? Do we have in place the right materials for children as they are in those centers? I would have to say that one of the major components of the bill, and I'm going to talk about this when I talk about the new fiscal note, is an evaluation, a three-year evaluation, to answer your question to say how are we doing, is the quality being put in place working. And what's really significant is that in the fiscal bill the private sector has stepped forward and has offered to pay for that three-year evaluation at no cost to the state to give the kind of data that you're asking for. Right now, we have no quality standards across the state, so it's very difficult to say to you against what measure would we put that data. [LB507]

SENATOR KINTNER: So you think we have a problem and we need to do this to see what the problem is and how bad it is or if it's there? [LB507]

SENATOR CAMPBELL: Well, I think at this point we know that there aren't quality standards there. That's number one. Number two is I think what we're trying to work towards, Senator Kintner, is that we not only want to check whether we can get those standards in place but we want to help centers get there. And that's an important piece in education, is to provide that support to the centers to say we believe in quality, we believe that it's so important that we're going to provide help from both departments to reach that. [LB507]

SENATOR KINTNER: Are we going to help them train their employees and get their employees up to whatever the standard is? [LB507]

SENATOR CAMPBELL: What we're going to try to do is provide some ongoing education. What we would see probably in a school setting is continuing education, and

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in some cases perhaps provide some scholarships to get additional education for those staff, because that's a critical piece, Senator Kintner. [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR CAMPBELL: It's just like in school. [LB507]

SENATOR KINTNER: So it seems to me...thank you, one minute. It seems to me that we have a problem if we're warehousing kids, as some people say. This would be an Omaha-type problem, not something going on out in the hinterlands. Is that correct? [LB507]

SENATOR CAMPBELL: No, we have centers all across the state that would come under this program in the first 16. It reaches border to border. It's not just an Omaha problem. [LB507]

SENATOR KINTNER: Thank you, Senator Campbell, appreciate it. [LB507]

SENATOR KRIST: Thank you, Senator Kintner and Senator Campbell. Senator Conrad, you are recognized. [LB507]

SENATOR CONRAD: Thank you, Mr. President. Good morning, colleagues. I rise in strong support of LB507 and thank Senator Campbell for her strong work in between General and Select File to improve this legislation. I rise in equally strong opposition to AM1222, brought forward by Senator Watermeier. To be clear, colleagues, the primary policy concern that Senator Watermeier has identified in relation to his problems with this legislation are fiscal in nature. And I would urge each of you to look at your computer, look at the fiscal note, and look at the fact that we have a revised fiscal note on this legislation from May 3 of this year. When we first took up this debate on General File, we were planning over the biennium period for a price tag of about \$4.5 million. HHS has revised their fiscal note, as is typical as we work through the process, and now we have a new fiscal note over the biennial period for which almost cuts that figure in half to \$2.57 million to serve the same amount of kids. And that's a savings of just shy of \$2 million. So while I appreciate that we all have different priorities in this body, the only public policy issue that's been identified with LB507 and the corresponding increase in the childcare eligibility subsidy program has been fiscal in nature. That has been addressed through a revised fiscal note. I do want to also just provide a quick refresher to the body about what we're really talking about in regards to this issue. Nebraska has the last, the lowest in the country eligibility when it comes to this critical work support program. My original legislation was meant to restore this program to where it was way back in 2002. But knowing that we have a variety of important pressing issues before us, I asked the Health Committee to amend that from the original proposal of 185 percent down to 125 percent in the first year and 130 percent in the next year. So that is

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a very, very measured approach to addressing this situation and it helps to move Nebraska from 50th in the country to 47th and 44th respectively. And I don't think anyone can say that 44th is even good enough for our kids. But recognizing that this is a step in a journey, I think that the body should stand by its strong support for this issue and for this program, as was evidenced on General File. And let's remember when we talk about this again, no one is getting a free lunch. We're talking about working poor families. You have to be working or in a qualified work activity to even be eligible for this program. Currently, at 120 percent of poverty you're making about \$23,000 a year for a family of three. In 2014, at 125 percent of poverty you're only making about \$24,400; and when we move up to 130 percent, \$25,300. Obviously, there is still a great need for families that are only making \$25,000 a year to have a little bit of help with one of the largest and pressing issues in modern family budgets, and that's childcare. And don't forget as well that these families, again, are paying a copay which, dependent upon their family size and a variety of other factors, can range between 20 percent and 30 percent of their family budget. So they have skin in the game. They're working. They're contributing. And all this legislation does is ensure that respectively about 3,600 kids in the first year and about 7,300 kids in the second year can access safe and affordable quality childcare. [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR CONRAD: That's something that we should all agree on is important for our children and working families, as not only will it pay great dividends in terms of their immediate quality of life but it will ensure that we can continue our leadership when it comes to promoting quality early childhood programs in this state. And this is a critical aspect in that regard. So I urge the members to please look at the revised fiscal note and please reject AM1222 because I don't think that 47th is good enough for our kids, and that's what the result would be if the Watermeier amendment would be adopted. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Conrad. (Visitors introduced.) Back to discussion, Senator Bolz, you are recognized. [LB507]

SENATOR BOLZ: Thank you, Mr. President. I, too, stand in support of LB507 and in opposition to AM1222. I want us to take a step back for a moment and think about all of the positive things that we have accomplished this session. We have made smart, strategic investments in public education with an eye towards early education and the value of investing in the K through 3 grades, which are so important to children's development. We've made some strategic investments in preschool education. We've made sure that childcare centers have the liability insurance that they need to protect our children in the case of something that goes wrong. We have made investments in visiting nurses so that our most vulnerable moms can get the medical support that they need to have a healthy pregnancy. We have made a significant number of smart

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choices to make sure that our kids start life out right. And, colleagues, I simply don't think that this is the right place to leave a gap. In fact, this is a gap that I think we're capable of filling in and that is necessary to fill in, because kids in Nebraska spend a significant amount of time in childcare. Why? Because Nebraskans take seriously our commitment to that Midwestern work ethic. We rank number two in the nation for our participation in the labor force. And this bill falls in line with our other investments to take care of kids and families. It falls in line with our family values, and it falls in line with our value of work ethic. And I want to tell you just a brief story about an individual that I have worked with in my social work career, and I'll just call her "Rosie" in order to protect her confidentiality. But Rosie was a young woman who came to me and asked for some assistance in finding her way through the public benefits system. She was sort of a sad story. She was a very young widow with a young child. Rosie eventually got the support that she needed and she was able to get some experience and some job training actually in a childcare center. She found that she had a gift and a love for teaching young children. And, colleagues, I know sometimes we wonder about the investments that we make and their impact on the lives of the people in our communities and their impact on the lives of our voters and constituents. Well, colleagues, this program worked for Rosie. Rosie had her child in efficient care. She had the supports that she needs. And, colleagues, this semester, this semester that young woman showed up in my class, in my social policy class, pursuing a degree in social work from Nebraska Wesleyan University. And so that young woman is a success story. And, colleagues, this legislation will build more success stories, not just for kids but also for parents. And so, colleagues, I urge your opposition to the amendment and encourage you to support LB507 because it brings together all of those pieces of the puzzle that I am proud of in this legislative session and I believe you are too. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Bolz. Senator Bloomfield, you are recognized. [LB507]

SENATOR BLOOMFIELD: Thank you, Mr. President. Colleagues, I stand in support of AM1222 and I thank Senator Watermeier for having the courage to bring it forth. Senator Bolz is correct. We have thought of and reached out and helped virtually everybody in the state of Nebraska this year, with the exception of our taxpayers. At some point, at some point government cannot continue to grow and cost our taxpayers more money. At some point families are responsible. I think the 120 percent in this bill has worked. I think we should leave it there. And without this amendment, I cannot support LB507. Thank you. [LB507]

SENATOR KRIST: Thank you, Senator Bloomfield. Senator Kintner, you are recognized. [LB507]

SENATOR KINTNER: Thank you, Mr. President. Senator Campbell, will you yield to

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some questions? [LB507]

SENATOR KRIST: Senator Campbell, will you yield? [LB507]

SENATOR CAMPBELL: Yes. [LB507]

SENATOR KINTNER: Okay, back where we were, did you consult the private sector on this? Were they consulted? Were they brought in? Were they worked with on this bill? [LB507]

SENATOR CAMPBELL: Senator Kintner, this bill is the end of probably what I would call a ten-year project and is based on the underlying educational philosophy put together by one of our homegrown experts, Dr. Helen Raikes, who has worked on QRIS systems across the United States. And so of the centers that would be involved, focus groups were done across the state. For private providers, individual people, who, you know, this would be voluntary, were brought into focus groups and said what do you think about this system. We've already piloted it in the early 2000s, so we've had a pilot. We've had the educational research. We've done the focus groups across the state. [LB507]

SENATOR KINTNER: Have we had high schools complaining about children coming out of day care? Has that played a part in this? [LB507]

SENATOR CAMPBELL: I'm sorry, Senator Kintner, would you repeat that? [LB507]

SENATOR KINTNER: Have we had high schools complaining about the quality of day care? Has that played a role in this? [LB507]

SENATOR CAMPBELL: I'm not sure. [LB507]

SENATOR KINTNER: Or not high schools, just school district schools saying, hey, we're not getting good kids coming out of day care. Is that a problem? [LB507]

SENATOR CAMPBELL: Well, I think we're seeing a lot of effort, Senator Kintner, from Senator Harms's proposals, certainly from Senator Sullivan's work in the Education Committee where there are public and private partnerships across the state between schools on early childhood education. I think what we're seeing, as we spend \$94 million on childcare subsidies in the state, as Senator Bloomfield pointed out, the taxpayer should expect some accountability here. And that's what the quality system would do is to give an accountability of what that quality is. [LB507]

SENATOR KINTNER: And the reason that we're doing this is because government money, Title XX money, is involved. So if no Title XX money, no problems. [LB507]

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SENATOR CAMPBELL: Well, at this point, yes. We're trying to work, first of all, on a mandatory basis, Senator Kintner, with those who receive those large payments. [LB507]

SENATOR KINTNER: Well, that scares me a little bit when you say "at this point." If we go down the line, are we going to try to regulate all the day cares and set standards for all the day cares, even if they refuse government money? [LB507]

SENATOR CAMPBELL: The people who would be in this program and who might even do it voluntarily, Senator, have to start with that they are licensed. So this is not Mrs. Smith, your neighbor, who is taking care of a couple of kids and is not licensed. These are licensed centers and we start with that in this program. I doubt that we would ever go beyond any of the centers that are not licensed. [LB507]

SENATOR KINTNER: But in the future would we be looking at day cares that are licensed that, you know, make under \$250,000 a year and don't take any Title XX money? [LB507]

SENATOR CAMPBELL: At this point, the bill is set up to evaluate where we are with this before we go further, and I would expect that the Legislature at that point would have to look at the evaluation and determine whether we go any farther. [LB507]

SENATOR KINTNER: Well, see, that scares me. At this point we understand. What scares me is the future, if we try to put every day care underneath these standards. [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR KINTNER: I mean don't the parents have any say? Can't the parents evaluate what kind of education or what kind of day care their children are getting? And why would we need the government to be involved if it doesn't involve Title XX money? [LB507]

SENATOR CAMPBELL: Because at this point, Senator Kintner, there's nothing for a parent to look at. I mean that's what we're trying to do here is to create this system so that parents can see what the quality standards are and how those centers measure against it. That's important to parents. And, no, I don't think we're talking about every childcare center or individual in the state, no. [LB507]

SENATOR KINTNER: Thank you, Senator Campbell. I get trying to look at Title XX money, see if it's well spent. It's taxpayer money. I got that. There's some justification to try to do that. But it worries me that once we get some standards set for Title XX it's a

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very short reach to go down and get the rest of these people that have small day cares with 15 or 20 kids... [LB507]

SENATOR KRIST: Time, Senator. [LB507]

SENATOR KINTNER: ...and... [LB507]

SENATOR KRIST: Time, Senator. [LB507]

SENATOR KINTNER: Thank you very much. [LB507]

SENATOR KRIST: Thank you, Senator Kintner and Senator Campbell. Senator Chambers, you're recognized. [LB507]

SENATOR CHAMBERS: Thank you, Mr. President. Members of the Legislature, I was listening in my office when what to my wondering ear should come but this amendment from Senator "Scrooge McWatermeier." It would be good if people would read Charles Dickens' Christmas Carol, read it the way he wrote it and not the sanitized versions that you see on television. You will see one person asking, all this yackety-yakking about the poor, are there no workhouses, are there no prisons? There was an individual who said a cynic knows the cost of everything and the value of nothing. But let me tell you why I'm glad Senator Watermeier brought this amendment. I have railed against this false notion that Nebraska has a certain high-level standard of values of any kind unless it's business. You don't want the business ranking to be too low. That involves money and the big shots. But when it comes to the treatment of people, and especially children, it's all right to be near the bottom. It doesn't matter. Yet we have people on this floor who call themselves pro-life. They don't want to see a fetus, a zygote, or an embryo aborted. But when the children come into the world--this amendment shows you what I talked about yesterday--the children who were born do not count. How much is it going to cost to give these children any kind of a chance? It's not going to even make them lifted out of poverty. But maybe people are saying, since the "Bible" said the poor you'll have with you always, we have those among us who want to make sure there are plenty of poor people, especially children. I told you all I listen to the prayers when they're given. This morning, "Parson" Carlson regaled you all with a prayer, and me too because I listened. Among other things, he said, without faith, it's impossible to please God, and he added quickly something from the Book of James, "faith without works is dead." You all talk about having faith in family values in Nebraska. The works do not follow. This money is not going to impoverish anybody anywhere. I'm glad the Governor vetoed that \$200,000 for a golf tournament, which some people in the Legislature thought was appropriate, I mean the \$200,000. And we have poor and hungry children. See the babies with not enough to eat, see the little children with no shoes upon their feet, homeless people living in the street. But does that mean anything to the people on this floor? Oh, it means something to some of the people on the floor because they try

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assiduously to do something about alleviating that hunger, that poverty, that shame. This state, this nation ought to be ashamed of how its poor people are treated. There are philosophers who said many times, many ways, you don't judge a society by how the better-off people are treated but how do they treat their poor, how do they treat their women, how do they treat their children, how even do they treat prisoners. And Nebraska does not rank high in any category. The only time you see these people popping up talking about how much is this going to cost--something that would benefit poor women who are pregnant, trying to take care of the health of themselves and their fetus. How much is it going to cost? But, by God, we'll spare no amount when it comes to criminal law to punish people, and that was said when we talked about the death penalty. [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR CHAMBERS: Plenty of money to kill or incarcerate, but to help those who need it, law-abiding, hardworking but unfortunately poor people? Poverty is not a choice. Some of you have plenty of money, you have farms, you can take care of your children, you can take care of your family. It's so easy to hurt others when you feel no pain. It's easy to disregard other children when your children are taken care of. We need to be called out on this because we get away with too much of it. This talk of Nebraska values--poppycock, hogwash. This is a time not when we're saying give enough to really help these people. We're saying give enough to relieve to some extent the hurt that they feel. We're not making anybody whole. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Chambers. Senator Scheer, you are recognized. [LB507]

SENATOR SCHEER: Thank you, Mr. President. I rise, oddly enough, in opposition to AM1222. When I first listened this morning to Senator Watermeier, I thought it might be something that would be beneficial. But as I listened to Senator Conrad and the discussion, putting it into numbers rather than percentages, it changed my mind. And one tidbit: There's been very few occasions on the floor that I have changed my mind on things from what people have said, but this morning is a unique situation because I did change my mind based on what something was said on this floor. This is a program, as described this morning, as something that I think we should all be supporting. Twenty-five thousand dollars for a family of three, husband and wife and a child, is not a lot of dollars. It is based on an ability to pay, so it's scaled. This is the type of program that I've talked about for a large portion of my life where we actually are giving the person the ability to provide a service to them and let them work their way out of that program. We don't cut them at the knees because they make \$1 too much. We help them get out of the program and provide it on their own. But people need help. This is a help up, a help out of poverty, trying to get those families to a more prosperous situation. I'm a brand new grandfather. I have a new grandson, Miller James, born

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Saturday afternoon. It gives you a different perspective on childcare. I would hope that we would have quality childcare in the state of Nebraska. My grandson will not have to utilize state assistance, but there are a lot of children, a lot of families that will. Anyone that looks at divorce knows that the main cause of divorce is financial. If we're really interested in trying to keep family units together, then we need to do something to help those family units. If that means helping them provide some of those dollars for childcare so that those families, those parents can go out and work, I think that's a great benefit. It's something that we should all be looking at. This is the program that...I'm not ashamed, I'm conservative. But we talk about trying to help people out of certain circumstances. This is one of those unique ways, one of the unique programs that is based like that. I just talked to my aide yesterday, trying to figure out how we could help, how we could work with our social services so that we could continue to help people as they move up the ladder of success, so that they don't reach a pinnacle of whatever amount of dollars it is and so your caseworker will simply say, gee, you need to quit your job because you're going to make \$3 too much and you're going to lose everything. That's not the way that social services should be helping people. This is a really good example of how we should be helping people moving up a ladder, helping them to be self-sufficient, not forcing them to be dependent. I was told by my friend, Senator Howard, that at one point under the Johanns administration the percentage was 185 percent. I have no idea what the dollar amount is. I might have not agreed with 185 percent. [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR SCHEER: But certainly \$25,000 for a couple and a child is not a large threshold. I would doubt there are very few of us on this floor this morning that even as a husband and wife could get along on \$25,000, let alone have a child to support. I will not be supporting AM1222 because I do believe that at \$25,000 that threshold is probably appropriate. We do need to help the working young people with children, and this is an excellent way that we can do that. So I would urge your support of LB507 and to vote red on AM1222. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Scheer. Those still waiting to speak: Senator Hansen, Kintner, Nelson, Bloomfield, Chambers, Harms, Carlson, and Coash. Senator Hansen, you are recognized. [LB507]

SENATOR HANSEN: Thank you, Mr. President, members of the Legislature. We're off and running again, which is a good thing since we have very few days left to run the race. I want to relate a story, and I did on General File, but I want to relate that story now in just a little bit different way after we thought about it. And I talked to the childcare center in North Platte that's the biggest one, has a lot of income, and that's why the study was submitted. I think they receive something like \$200,000 in payment. They have 65 percent of their kids that come to that day care are state-assisted, state

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reimbursement. They have 35 percent, the remainder, is private pay. If it wasn't for the private pay people that were bringing their kids to North Platte day care, they couldn't operate. They couldn't operate that Head Start Program. They have a four-year Head Start Program. Kids that come out of that day care are doing very well and very ready for school. That's the idea of it, very well-run. What the problem is with the North Platte day care is the funding part of it, and the funding part of it, as I related on the...on General File, is that the private pay for North Platte day care for an infant is \$6. The state rate reimbursement is \$3. In Omaha and Lincoln the reimbursement is \$5. There's a difference in the reimbursement rate. It's so great that the North Platte day care struggles, but they're working within their budget. Now we come to the increase in enrollment, increase in the benefits that's going to change from that 65 percent that are on state assistance to 75 percent, 85 percent. We don't know for sure. But there are going to be more and more, and less and less private pay. Those private pay people are going to be...you know, they're going to have to go somewhere else, because the ones...the kids and the families that are on state assistance are going to use that day care more and more. If they do that, their budget is going to go down, their receipts are going to go down, the state pay is going to go down, and they're probably going to lose that four-year Head Start Program. Now who's being hard on the kids now? If we have an increase in enrollment of people on state assistance and they can't afford to have a four-year Head Start Program and get these young kids ready for school, who's being hard on the kids now? I think that the increase in the percent of poverty, you know, right now it's up to 120 percent so those people are struggling. They're getting educated. They're going out and joining the work force, hopefully. You raise it up to 125 percent, and then 130 percent, it's going to have more and more people say, well, we're going to welcome you back and you can stay in our day care for a while yet. Private pay people are going to have to go somewhere else. This is not the way to take care of kids in this situation in North Platte, Nebraska. May be fine in Lincoln and Omaha because of the state rate reimbursement, but it is so much different, so much unequal throughout not only North Platte, but it stops before it hits York and it's that way clear across the state. The reimbursement is not fair. And I've talked to Senator Campbell a little bit about that on the mike and I think that hopefully this, if they do a review and find out how... [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR HANSEN: ...how there's some really good care centers out there that are doing their job, doing the work, having a four-year Head Start Program, I think that's the ideal. But we have to be careful. If we have too many people in there that are on state assistance, they can't afford to do some of the things that they do. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Hansen. Senator Kintner, you're recognized, and this is your third time. [LB507]

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SENATOR KINTNER: Thank you, Mr. President. I want to respond to a couple things being said. First of all, Senator Watermeier, thank you very much for a thoughtful amendment in an attempt to address what you see as a problem, and I probably agree with that. Second, something Senator Scheer said, and I think he was right, we need to incent good behavior with our programs. This, you know, "you're making too much money, stop working" is wrong. We need to make sure that at stages that we're helping people, not incenting them not to work, and I think that's a problem. The next thing I'd like to point out was that Senator Chambers, I'm calling you out on this one. We treat people who are poor in our state pretty well. Our food stamp program is very generous. You can make over \$40,000 with a family of four and get food stamps. You got the federal programs like, you know, you can still get your "Obama phone." We don't count your food stamps against your income, so when you say that someone is making 120 percent of income, if you throw some of the other aid in there, they're doing better than that. Our Medicaid is very generous compared to other states. So, you know, you...we don't treat people who aren't working or people that have problems, we don't treat them that bad. There are some areas that we're not as strong in, I understand, and there's some areas we're very strong in. But overall, I think that we treat the less fortunate very, very well. And after this budget gets passed, we're going to be heaping money upon money upon money with these programs. Now back to the issue at hand, LB507. Senator Cook, would you submit to a question? [LB507]

SENATOR KRIST: Senator Cook, will you yield? [LB507]

SENATOR COOK: Yes, I will. [LB507]

SENATOR KINTNER: Yeah, I guess "yield" would be better than "submit." Sorry about that. [LB507]

SENATOR COOK: Yes, it is a better word. [LB507]

SENATOR KINTNER: (Laugh) You...during the hearing, you had concerns about regulating mom-and-pop day cares. What were you told and do you feel better now about this than you did before? [LB507]

SENATOR COOK: Well, thank you for that question, Senator Kintner. As you and I discussed off the mike, there had been an issue that arose many, many years ago among providers in...particularly on the near-north side of Omaha who were the mom-and-pop, or I'll call them the grandma, day-care providers where there was rather a conspiracy theory, if you will, that emerged that this effort to bring quality early childhood opportunities to children was really a squeeze on those businesses. So, was an interesting marriage, if you will, of our libertarian sensibilities and our desire to provide the best for our children. In the committee, I brought that up more than once directly with the Chair and with the other members, and I was offered assurances that

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this proposal does not mandate the grandma day care down the block to participate. She may avail herself, but she is not mandated. [LB507]

SENATOR KINTNER: Thank you, Senator Cook. You know, I don't at any time question the motives of Senator Campbell. She only wants what's best for people and she works very hard at it. My concern is always that once we regulate Title XX, it's just a very short step before we get the next group of day-care providers: those that refuse to take government money because they don't want to be regulated by the government, they don't want the government telling them what they should do and shouldn't do; and those that are small and don't ever want to be big, they just want to take care of a few kids in their house. I know the intent of this is not to regulate them, but it's just a very short step... [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR KINTNER: ...to bring them under the umbrella of big government. It always starts out, we've got to oversee a government program, and now we're overseeing that, let's just oversee everyone. I've seen it happen before. This is always a concern. I think once the camel gets his nose under the tent the rest of the camel is soon to follow, and that's always a concern on this. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Kintner and Senator Cook. Senator Nelson, you are recognized. [LB507]

SENATOR NELSON: Thank you, Mr. President, members of the body. I have some questions for Senator Conrad, if she would yield. [LB507]

SENATOR KRIST: Senator Conrad, will you yield? [LB507]

SENATOR CONRAD: Absolutely. [LB507]

SENATOR NELSON: Thank you, Senator Conrad. I'm reading from a brochure here that First Five puts out with regard to current childcare subsidy system. It says approximately 43,000 children statewide are receiving subsidies. Would that be a correct figure for child... [LB507]

SENATOR CONRAD: Yeah, I think that's probably accurate. [LB507]

SENATOR NELSON: Okay. And at least 66 percent are...okay. So then it goes on to say that this represents a public investment of approximately \$95 million per year. Is that in part paid by the block grant, federal block grant that's capped? Or is that what we're paying out of General Funds? [LB507]

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SENATOR CONRAD: Senator Nelson, I believe that's a combination of all public funds, so it would include the federal funds and then it would have a portion of state General Funds. [LB507]

SENATOR NELSON: Okay. But are you familiar with really how much the feds are paying on the subsidies and we as Nebraskans are paying? [LB507]

SENATOR CONRAD: I don't know that off the top of my head, but I'd be happy to provide that information at my next time on the mike. [LB507]

SENATOR NELSON: Oh, all right. Thank you. I'm looking now at the fiscal note on page 2. I think I told you, maybe I gave you a little warning that I'd be asking you some questions about the comments there on page 2 of childcare subsidies. That 120 percent apparently, if I understand this, we've got about 43,000 children that are being subsidized at 120 percent poverty level. Am I understanding that correctly? [LB507]

SENATOR CONRAD: That's right, Senator Nelson. And I will let you know, because Liz Hruska from the Fiscal Office just provided me updated information to your last question, and we estimate that it's about \$50 million in federal funds on... [LB507]

SENATOR NELSON: 50. [LB507]

SENATOR CONRAD: ...on that, on the entirety of the program... [LB507]

SENATOR NELSON: Okay. [LB507]

SENATOR CONRAD: ...as it exists today. [LB507]

SENATOR NELSON: The federal are paying \$50 million. [LB507]

SENATOR CONRAD: That's right. [LB507]

SENATOR NELSON: And then we're paying the rest. And when it says here that if we go up to 125 percent, then we're increasing by another 173 children. And it mentions the figure here, if I can see it, of \$400...there's a sliding fee of about \$413 a month. So when we talk about a subsidy, we're not helping the parents out in part. We're paying the full cost of the childcare. Is that correct? [LB507]

SENATOR CONRAD: No, that's not correct, Senator. That \$413 a month would be the state contribution towards the care, but the parent still has to provide for the copay. [LB507]

SENATOR NELSON: All right. Do you know what percentage of the care, on average, is

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being taken care of by the subsidy then? [LB507]

SENATOR CONRAD: It varies based upon family income and family size and a variety of other considerations. But most families who utilize this program expend somewhere in between 20 percent and 30 percent of their family's budget towards their portion of day-care expenses. [LB507]

SENATOR NELSON: All right. So it's conceivable that the actual cost for people on private pay is in the \$900 to \$1,000 a month for the... [LB507]

SENATOR CONRAD: Oh absolutely. Childcare... [LB507]

SENATOR NELSON: All right. [LB507]

SENATOR CONRAD: ...costs every bit of that. I can...I'd be happy to visit with you more about that specifically... [LB507]

SENATOR NELSON: Uh-huh. [LB507]

SENATOR CONRAD: ...from our experience at home. [LB507]

SENATOR NELSON: Okay. So here we are, where Senator Hansen was talking about the problems that they're having out in North Platte because the subsidies... [LB507]

SENATOR CONRAD: Reimbursement issues. [LB507]

SENATOR NELSON: ...are not helping foot the bills out there and keeping them in business, and they're going to have to do away with... [LB507]

SENATOR CONRAD: Right. [LB507]

SENATOR NELSON: ...the Head Start Program. [LB507]

SENATOR CONRAD: Senator Nelson, it's very similar dynamic, not exactly the same, but a similar dynamic to what we see in the Medicaid Program, for example, where our reimbursement rates don't cover the actual cost for the provider, whether that's in the medical context or in the day-care context. [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR NELSON: All right. So if we move up to 130 percent, we're adding another 173 children. So that's where we're getting to the \$1.7 million, and I figured that out. It does add up at paying it at the rate of \$413. So thank you, Senator Conrad. [LB507]

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SENATOR CONRAD: Thank you, Senator Nelson. [LB507]

SENATOR NELSON: I'm still listening on this. We are putting out a huge amount of money for a lot of children here in the state of Nebraska. It's an amazing number. I suppose, all things considered, adding another \$1.7 million isn't all that much. But it does appear that we're doing okay with 120 percent. So I just asked these questions to show you what the figures are, what the magnitude is, what we're going to be increasing on a continuing basis. And I thank Senator Watermeier for bringing the amendment so we can take a look at these figures and see where we are on this. [LB507]

SENATOR KRIST: Time, Senator. [LB507]

SENATOR NELSON: Thank you. [LB507]

SENATOR KRIST: Thank you, Senator Nelson and Senator Conrad. Senator Bloomfield, you're recognized. [LB507]

SENATOR BLOOMFIELD: Thank you, Mr. President. We're looking at roughly \$2 million here we're going to spend, and we're told what great good it will do and how we ought to do it. And maybe that's right. But, colleagues, we missed an opportunity earlier this session to return \$59 million to the taxpayers. At that time, we were told it was an insignificant amount, nobody would get any good out of it. Somewhere those numbers don't add up. At some point, we need to understand that taking money from Nebraskans to give to Nebraskans doesn't make all that much sense. I again want to thank Senator Watermeier for bringing this amendment. I don't believe we ought to be growing this program. I'm fine with financing it the way it is. I shouldn't say I'm necessarily fine with it; I'll go along with it. I don't like spending taxpayers' money. It's his money. If he wants to spend it, he can donate it wherever he wants. We get chastised constantly here for not doing things that we ought to do as Christians. Well, I draw a line there somewhere between what I ought to do as a Christian in giving individually and what I ought to do with my constituents' money to give away. That's his decision. That's his Christianity or whatever religion he may be, he or she. Again, \$59 million, when we could give it back to the taxpayers, was as nothing; \$2 million, it's the most important money in the world. It doesn't add up, folks. Again, I will be supporting AM1222. And if Senator Watermeier has something to say, I would yield him my time. Otherwise, he can waive it away. [LB507]

SENATOR KRIST: Senator Watermeier, 2:30. [LB507]

SENATOR WATERMEIER: Thank you, Mr. Senator Bloomfield. I did want to correct you. The amendment that I'm bringing forward here is going to raise...or Senator Conrad's amendment is going to raise it from 120 percent, where it is now, to 125

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percent in the first fiscal year, to 130 percent. My amendment lowers the second year down to 125 percent and which it would stay. So I am still supportive of the increase and the increase probably works out to 8 percent or 9 percent per year. But just to reiterate, when I see a fiscal note come through here and it's got an amount on the first year and double the amount on the second year, everyone needs to keep in mind that you're adding the higher amount to the baseline budget. That's the way it works. So you can just forget the first number. It's the second number you're going to have to live with forever and ever. And I'll probably be supportive. And maybe a couple years from now we raise this to 130 percent or 135 percent, whatever it is. It will be on the floor again. But my discussion today was strictly fiscal and I just felt at the time we need to be aware of every \$850,000 we spend in here does add up. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Bloomfield and Senator Watermeier. Senator Chambers, you're recognized. [LB507]

SENATOR CHAMBERS: Thank you, Mr. President, members of the Legislature. I'd like to ask Senator Watermeier a question or two. [LB507]

SENATOR KRIST: Senator Watermeier, will you yield? [LB507]

SENATOR WATERMEIER: Yes. [LB507]

SENATOR CHAMBERS: Senator Watermeier, are you a farmer? [LB507]

SENATOR WATERMEIER: Not today. [LB507]

SENATOR CHAMBERS: Have you been a farmer? [LB507]

SENATOR WATERMEIER: Yes, sir. [LB507]

SENATOR CHAMBERS: Are you opposed to all farm subsidies, all of them? [LB507]

SENATOR WATERMEIER: No, sir. [LB507]

SENATOR CHAMBERS: Are you opposed to crop insurance programs? [LB507]

SENATOR WATERMEIER: No. [LB507]

SENATOR CHAMBERS: Is federal money involved in these programs? [LB507]

SENATOR WATERMEIER: Yes. [LB507]

SENATOR CHAMBERS: Are farmers encouraged not to plant when they can get a

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subsidy? When they can get money for not planting, are they encouraged to plant or not to plant? [LB507]

SENATOR WATERMEIER: Well, there's several programs that would probably do that, yes. There's not just one. [LB507]

SENATOR CHAMBERS: Thank you. Thank you, Senator Watermeier. Members, these farmers get plenty of money in subsidies. I'm not going to go into the details. I used to be invited to Ames, Iowa, every year to a youth farm conference, so I studied the subsidies that farmers get, and they don't want to lose those subsidies. And they are paid not to plant. We pay you not to work. Then we have people in farming on this floor talking about, well, if you raise it this much, they're going to be encouraged not to work. Twenty-five cents more an hour? It's disgusting to me and you don't like to hear it. I'm not talking to Senator Watermeier now. I meant in general. See, my net is broader than you, Senator Watermeier. But I get sick of this stuff and Senator Kintner talking about how well Nebraska treats the poor. He probably has never been poor. We're talking about peanuts. Federal money is spent in many programs that these big shots benefit from and certainly the farmers. You're talking about a water study program and you want to leverage as much federal money as you can, and that's to help primarily the ag sector. Senator Christensen wants to pay money to certain farmers for the usage of certain water under certain circumstances--taxpayer money. Senator Bloomfield benefits from taxpayers' money. When he drives his car on the road, tax money paid for some of that road. When you put your wheels on the highway, federal money pays the lion's share. Stop driving on the highway. Stop mooching off the public. He doesn't mind people's money being spent to run roads into his community that they cannot afford to pay for. Other people's constituents pay for it. It's foolish for us to even get into that level of discussion. As elected officials we know where money comes from and we know Nebraska gets more money back from the federal government than Nebraskans pay into the federal government. Nebraska couldn't function without federal money that is paid into the treasury by people who are not Nebraskans, who will not benefit from any of that money. So why do we talk that nonsense? We know better. Then you have G.E. hiding over \$100 billion overseas and not paying a penny in taxes, the big shots. Who complains about that? Yesterday, Senator Harr persuaded you all to move a bill that rewards workers... [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR CHAMBERS: ...who have stock. There was no opposition to that. There's money coming out of the General Fund for that--\$800,000 to \$900,000. That's money that they didn't pay into the treasury. It's other people's money and you all let that bill go. And there are other subsidies that will be given. Ethanol is one of the most highly subsidized entities, ventures; gets federal subsidies, state subsidies. I don't hear people on the floor criticizing that. I will. So when you all bring those things up it raises me

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hackles and I have no choice other than to respond. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Chambers. Senator Harms, you are recognized. [LB507]

SENATOR HARMS: Thank you, Mr. President, colleagues. I rise in opposition of the amendment and support LB507. Colleagues, Nebraska ranks second in the nation, according to the research that we've done in our long-range planning, in both parents working. Not only that, we have found that not only are both parents working, some of them have two and three jobs. And the most important thing we can do in this session is make sure that our early childhood development programs are funded appropriately. Do you realize that we have 150,000 children from zero to five in the state of Nebraska, and out of that 150,000, 60,000 of those children are at risk? If you want to go a step further, from zero to three, 30,000 of those children are at risk. And what "risk" means, they're not ready to go into kindergarten. They will not have the skills they need to have because, quite frankly, parents are working. We have more teenage pregnancies. I mean the society has changed so much that we cannot let these children continue to go. And the standards and what Senator Campbell is doing is exactly where we need to be. It's exactly what needs to be done in this state. We cannot any longer turn ourselves away from these children. They are our future. They are our hope. They will run this country. And for every child that drops out, that's one child gone. And if you make the investment in the front, it's better than the back, because in back it will be jail, it will be prison, it will be a welfare program. The only way out of poverty is through education. And if we don't give them the skills to start with, by the time that child reaches 3rd grade and you talk to the teachers in our public school, they'll say this kid is not going to make it. We cannot make up five years. Parents don't understand what a good day-care center is. They don't understand what the standards are. Colleagues, we cannot walk away from this. We cannot walk away from the future. These children are our future. And I would urge you to vote against AM1222 and support LB507, because it's the best investment you're ever going to make. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Harms. (Visitors introduced.) Returning to discussion, Senator Coash, you are recognized. [LB507]

SENATOR COASH: Thank you, Mr. President. Colleagues, I also...I'm in support of LB507 but opposed to the amendment. And when Senator Conrad brought the original amendment that we discussed on General File, it caused me to do some research, because I know that in this body we've been looking for ways to assist the less fortunate with insurance. We had a lengthy discussion on that and I'm not going to go there. But I do want to talk about what my research...what I have found and some others on this floor have already said is a path to assisting people in getting their own insurance. One of the biggest barriers to people having insurance is their inability to work in a job that provides it, and the barrier for their work is the ability to get childcare. So if you want to

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take a run at more people getting insurance through their employment and less people getting insurance through a government program, LB507 is your path to that. It's a work force issue. LB507 is a work force initiative. The barriers to work are the barriers in childcare. And so when we try to find ways to get people to work and we've talked about incenting people to work, incenting people to be self-sufficient, this is the path to that. And we are low in how we approach this. We don't provide the kind of childcare support that we used to provide 15 years ago, and we may be seeing the outcomes of that in the numbers of uninsured in our state. So no matter how you land on expansion of healthcare for poor working families, I believe that LB507 is a better bang for your buck because it has better long-term outcomes. If you can get people to work and remove barriers to work, they get jobs where they can get insurance, they don't need government insurance. And for that reason, colleagues, I will oppose AM1222 and hope to see LB507 move forward. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Coash. Senator Campbell, you're recognized. [LB507]

SENATOR CAMPBELL: Thank you, Mr. President and members of the Legislature. I keep looking around the Chamber looking for Senator Hansen and I don't know where he is, but I'm going to go ahead and respond to his question. For those of you that have worked with me, you know that if somebody asks me a question I'm going to really try to find that answer. And when I get to the amendment, I found a lot of answers to questions. But for Senator Hansen, we proposed his question and sent his letter, the letter that came, to the Nebraska Department of Health and Human Services and asked them to respond. And I'm going to read this so that I don't misinterpret: The Nebraska Department of Health and Human Services is required to conduct a market rate survey, or what's called an MRS, every two years, according to the regulations of the Child Care Development Fund. That's the federal fund that we're talking about. The department is then required to establish rates based on the results of the MRS. The MRS is broken down geographically by urban, trade center, and rural. Urban counties are in a metropolitan statistical area and have a population greater than 100,000. Trade center counties are in an MSA or have a population greater than 20,000 but less than 100,000. And rural counties are not in an MSA or have a population less than or equal to 20,000. For the state fiscal years of 2011 to 2013, the childcare provider rates were set at 50 percentile of the MRS. This rate was set according to the revised statutes of Nebraska, and then they give all those, as approved by the Governor. Lincoln and Omaha do receive a higher rate of reimbursement as a result of the MRS because they're in their own MRS. Regarding the issue of the North Platte community childcare center private pay rate being close to the childcare subsidy childcare center rates in Lincoln and Omaha, Lincoln and Omaha's rates are based on the 50th percentile of their geographic area. Lincoln and Omaha's private pay rates are higher than their rate of reimbursement from the Child Care Subsidy Program. The MRS reveals that there is a significant difference between private pay rates of each of the geographical areas. So, in other

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words, North Platte is compared within its geographical area, not necessarily Lincoln and Omaha. The department does offer a higher rate of reimbursement if a childcare provider does acquire national accreditation. The department does understand that a childcare facility acquires additional costs as they attempt to improve the quality of care they are providing. If the North Platte community childcare center would become accredited, they would be eligible to receive a higher rate of reimbursement than they are currently receiving. The accredited rate that the center would be eligible for is more than 75 percent of the MRS. Colleagues, when we get to LB507, one of the things we're trying to do there is to help centers become accredited and also I would certainly think that the center in North Platte would be eligible for some of the bonus money as they move from one step to the next or as they have reached that quality center. If they are an Early Head Start, they're going to start at tier three, which would allow more dollars to flow to them... [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR CAMPBELL: ...from LB507. So I think it's important to know how these percentiles are arrived at and who is judged against who. It's almost like the free-market system in which you're judged against all the competitors within that geographical area. And I hope that helps. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Campbell. Senator Price, you're recognized. [LB507]

SENATOR PRICE: Thank you, Mr. President, members of the body. The discussion this morning and the discussion so far this session has provided me the opportunity to interact with my constituents, sometimes on a more regular basis than what I was used to. But I had a couple constituents asking me some questions, and I gave them what I thought were the answers. And then they wanted clarification and thought it might be good to have the discussion in a public forum, on the mike. So with that in mind, I'd like to ask Senator Campbell to yield. [LB507]

SENATOR KRIST: Senator Campbell, will you yield? [LB507]

SENATOR CAMPBELL: Certainly. [LB507]

SENATOR PRICE: Thank you, Senator Campbell. And this is just an academic discussion not necessarily directed only and solely at LB507 but at the programs that have various thresholds for participation. We'll say, if a family or an individual is at 120 percent of poverty. We've had a lot of discussions using those thresholds. When we use those thresholds, are they inclusive of benefits or is that solely predicated on income? [LB507]

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SENATOR CAMPBELL: I believe that's based on their income. [LB507]

SENATOR PRICE: Okay, thank you very much. Ladies and gentleman, and for my constituents who are paying attention, and the idea is if...and I'm going to just throw out the numbers. If the poverty level for an individual, federal poverty level, is \$18,000/20,000--the number is not necessarily the important part; it's just that there's a threshold--and then that family or that individual receives federal aid--and they may get multiple types of federal aid--when they're added together and when you listen to the general media you're hearing that an individual could be receiving a total of \$40,000 or \$50,000 in benefits. Now I don't know what the number is, but that number isn't added on. So in other words, if I'm...if I have \$20,000 of income and then I apply and I get food stamps and whatever that dollar amount is a month, that's not added into my total earnings when I apply for another program. So in other words, baseline of \$20,000 and I add \$5,000, I'm not at \$25,000 or 125 percent. I'm still at the original amount. And so if I add on housing, if we add on childcare, if we add on food stamps, if we add on the various different programs available at different thresholds, that threshold is always actually static at just your income, not in addition to your benefits. However, if I'm out there and I'm fortunate enough to have a job and I'm earning six...whatever it is that takes me out of the window--let's just say 140 percent of poverty I believe I'm not in the window or 185 percent of poverty I'm not in the window--then everything is always counted. And there are people out there who are seeing a division that they don't view as equitable. If you're receiving something of value, why is it not counted for some and it's counted for others to get in line, to get other things of value? Now that's not a discussion limited solely to LB507. I'm fairly supportive of what we're doing in LB507. I understand the fiscal nature of the discussion to a point. [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR PRICE: Thank you, Mr. President. But the question, the greater question, that hasn't been talked about and doesn't get much airplay is how you add and aggregate all the benefits, on top of the basic federal definition of poverty, to where there are individuals in our communities who are seeing people who are better off than they are. They perceive it because the aggregate of benefits far exceeds what people who are just over that threshold get. It's not a difficult concept, and I feel and I can understand the plight of that middle-class family that doesn't qualify for programs but, yet, when you add all the programs up to someone who's \$5 under the threshold, it far exceeds what family is getting, whether it's tuition assistance for schools and different things of that nature. [LB507]

SENATOR KRIST: Time, Senator. [LB507]

SENATOR PRICE: Thank you. [LB507]

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SENATOR KRIST: Thank you, Senator Price. Senator Bloomfield, you are recognized, and this is your third time. [LB507]

SENATOR BLOOMFIELD: Thank you, Mr. President. I believe I am beginning to understand Senator Chambers' taxing theory. When we were discussing the \$59 million that we could have given back to the taxpayers, I asked him a simple yes-or-no question: Were it a billion, should we give it back? He told me he couldn't answer that in the single yes-or-no question. Senator Chambers, I'm going to have another simple yes-or-no question for you. [LB507]

SENATOR KRIST: Senator Chambers, will you yield? [LB507]

SENATOR CHAMBERS: Let me make something clear first. I believe in nuanced thinking and, if I'm asked a question that will not be answerable by a single word, I'm not going to answer it. [LB507]

SENATOR BLOOMFIELD: I respect that and I understand that. My perception of your taxing theory would lead me to ask, if I send 60 percent of everything I make to the federal government and give 30 percent of everything I make to the state government, should I be allowed to keep at least 10 percent, or should I give that to another branch of government somewhere? [LB507]

SENATOR CHAMBERS: Give that to me. [LB507]

SENATOR BLOOMFIELD: Thank you. I believe that answers the question. [LB507]

SENATOR CHAMBERS: Okay. [LB507]

SENATOR KRIST: Thank you, Senator Bloomfield and Senator Chambers. Senator Brasch, you are recognized. [LB507]

SENATOR BRASCH: Thank you, Mr. President, and good morning, colleagues. A moment ago, a colleague walked past with one of the cards, saying, are you still with us on LB507? And I do believe in LB507. I firmly believe that LB507...what it says here is, accountability for public funds invested in childcare and early childhood education, to help providers who choose to improve quality, to inform parents who seek childcare and early childhood education for their children, to improve child development and school readiness. As I said before on LB507, I think that giving our working parents peace of mind, a surety, accountability, and confidence, when they drop off their child in the morning, that they don't have a worry, that a lot of working mothers...which I was a working mother. You kind of leave with a heavy heart and you pray that, you know, at the end of the day, that your little one is there, happy and healthy and ready to come home with you. That's very important. I was very disappointed to learn that we do have

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substandard day cares across the state. I was told that, behind the glass, that there is a need for alarm, and that truly does alarm me. So yes, I do think that, if we can start our kids off and families off to a good start, then they're a part of our solution. I think that's what Senator Nelson was saying earlier, that they're not a part of the problem, they're a part of the solution. As far as...and looking at the amendment that Senator Watermeier added, and I don't know if that's just a time on it. Would Senator Watermeier yield to a question? [LB507]

SENATOR KRIST: Senator Watermeier, will you yield? [LB507]

SENATOR WATERMEIER: Yes. [LB507]

SENATOR BRASCH: Can you quickly tell me, is it that you want to see an end date on it? That's...it's such a short amendment. I was trying to...what is your intent? [LB507]

SENATOR WATERMEIER: Let me just go back to the original bill, LB625, that Senator Conrad had brought forward. Right now we're at 120 percent of poverty level, and below then you would qualify for childcare subsidies. Senator Conrad's amendment would add it...raise it to 125 for the first fiscal and 130 for the second fiscal, okay, so after that, indefinitely would stay at 130 percent. What my amendment does is just lower that second fiscal down to 125 percent, which is that is where we would be at indefinitely after that. So I'm in favor of raising the rate for childcare subsidies, but I'm going to...I'm in favor of raising it to 125 percent level. Does that make sense? [LB507 LB625]

SENATOR BRASCH: Okay, yes, thank you, Senator Watermeier. And I do believe that when a parent does choose to work--and I encourage that, but I also encourage the parent who chooses to stay at home, should they be able to do that--that's a family's choice. But I believe that, that parent, when they enter the work force, they do have an opportunity to perhaps get more education, to become more successful in their occupation, to raise themselves out of that poverty level, and employment does offer that path. I speak personally from that. Senator Chambers had asked about poverty. Yes, I do understand poverty. Been there, done that, had a used pickup I bought from a farmer that I had to put rags in the floor of...to keep the snow out. I can go on with how-poor-was-I stories where the same dress from kindergarten made me through the--my good dress--through the six grade, but my mother put inseams in it so it would fit around the middle. [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR BRASCH: We were poor. So I do want to help with LB507. I think the parent will naturally, slowly advance out of that poverty stage, as I did. Slowly but surely I did get my degree, worked a full-time day, went to college at night, got a few promotions here and there. So I believe, in that sense. My question remains with Senator Campbell

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on why it's taking until 2017 for that Web page. And I know I'm out of time but, maybe, if she has time in the queue. But that is way too long. They already have many programs in place, many checks and balances, as we do. And I think Web design is not a new science or technology. I would encourage that to be no longer than a six-month period, if possible. Thank you, Mr. President, and thank you, colleagues. [LB507]

SENATOR KRIST: Thank you, Senator Brasch and Senator Watermeier. Senator Wallman, you are recognized. [LB507]

SENATOR WALLMAN: Question. [LB507]

SENATOR KRIST: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; opposed, nay. Please record, Mr. Clerk. [LB507]

CLERK: 27 ayes, 5 nays, Mr. President, to cease debate. [LB507]

SENATOR KRIST: Debate does cease. Senator Watermeier, you are recognized to close on your amendment. [LB507]

SENATOR WATERMEIER: Thank you, Mr. President. I appreciate the debate today, I really do, and I really failed to thank Senator Campbell and the work on LB507. And I apologize for the discussion leading away from LB507. And I hope I made that clear at the very beginning that my discussion is fiscal. When a note comes up, when it's got a small amount the first year and double that amount the second year, you have to realize that's what you're adding to the baseline budget. That's the way it is. As far as Senator Chambers' questions about the federal issues, we're not changing anything there with the federal dollars. We're receiving those dollars the way they are. And I'm not saying that that's what's going to happen. This is strictly a General Funds issue. So I just appreciate you consider this, as it is, to AM1222. Thank you. [LB507]

SENATOR KRIST: Thank you, Senator Watermeier. You've heard the closing on AM1222. The question is, shall the amendment to LB507 be adopted? All those in favor vote aye; opposed, nay. Have all those voted that wish to? Please record, Mr. Clerk. [LB507]

CLERK: 10 ayes, 27 nays, Mr. President, on the amendment. [LB507]

SENATOR KRIST: The amendment fails. Mr. Clerk. [LB507]

CLERK: Mr. President, the next amendment I have is Senator Campbell, AM1485. (Legislative Journal page 1513.) [LB507]

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SENATOR KRIST: Senator Campbell, you are recognized to open on your amendment. [LB507]

SENATOR CAMPBELL: Thank you, Mr. President and colleagues of the Legislature. We will get right down to what the amendment does. The amendment makes some technical changes to the E&R amendment, and I'm going to go through them so that it's very clear what we're doing. It strikes Section 9. This section was removed due to concerns expressed by some childcare programs that nonparticipating programs might be disqualified from state and federal assistance because this section is not necessary to achieve the purposes of the Step Up to Quality, and so we deleted it to avoid any potential confusion. And I actually think that Senator Nelson might have raised that issue with me and we did check it out, so we removed it. The sections are then renumbered due to the removal of Section 9. It strikes the word "rankings" and replaces it with "ratings" so that that's a consistent language throughout the bill. It adds "participating" prior to "applicable programs" in Section 13 to reiterate that the program is voluntary for those beyond the largest recipients of subsidy. It clarifies that childcare programs whose licenses are reinstated after a revocation of a license may participate in the Step Up to Quality. In other words, we afford them a way back in. The amendment makes two substantive changes to the Step Up to Quality Child Care Act regarding financial incentives for quality in the tiered childcare subsidy and in the bonus. And, Senator Nelson, this goes to the questions that you and I talked about in an exchange. And you had said, you know, could we refine that to be a little bit more definite? So what we did is, under the amendment, bonus incentives will begin at step two. So if you move from step one to step two, you do receive a bonus. But you'd only begin getting any tiered childcare subsidy reimbursements for quality when you get to step three, because that's really where the bulk of the quality measurements are, in terms of the criteria. Step one is the same as licensure, and that was my response to Senator Kintner. This is the basic requirement for childcare programs. To move up to step two, programs are required to have additional training for their childcare providers. And at step two, then the incentive bonus will begin; and then, in step three, we do the quality. The second major thing I want to talk about is the change in the fiscal note. And here's where we really tried to work: Brought together both the Department of Education and the Department of Health and Human Services and the private sector, through First Five, and said, let's really look at this. So if you are watching the revised, it will be revised again, all right? It is anticipated that we will go with the third revision, which will come into place if we pass this amendment, that we will go, over the biennium, from \$6.5 million to \$4.3 million, and that includes the amendment that you just approved. So let me tell you what some of the differences are in the fiscal note that we anticipate. The childcare subsidies were lowered, as Senator Conrad talked about, and we've pretty much thoroughly gone through those figures. In the fiscal note you might note, where it talks about scholarships and tiered childcare subsidies and step, those are the refinements that we made. So on the first fiscal year there would be no cost to those because we're setting everything up and making sure we're ready to go. In the second

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biennium those components--scholarships for continuing ed, bonus if you move up to step two and, three, that quality that begins at the third step--would be \$126,700. So we have really refined this to be very clear about the money. If you look on your fiscal note, we had, previously, \$50,000 a year for evaluation. And First Five was able to talk to some private donors who are willing to pick up that cost for a three-year evaluation, with zero cost to the state, because they so believe in the importance of quality. So the private sector has stepped up to help with this project. And the last point really went back to Senator Price's question because his question to me on General File was, I know they are getting some quality dollars, can we use some of the existing quality dollars to begin offsetting costs? So we looked at that and took \$750,000 from existing quality and plugged it into this program. And I cannot thank enough the two departments and First Five and Voices for Children for all the work that has gone in to really hone this down to a very refined and specific program. The last thing I want to mention in my opening is I want to go back to something Senator Nordquist talked about. Last Friday I received an e-mail from Mike Calvert in the Legislative Fiscal Office and, also, at the same time almost, an e-mail from NCSL, notifying me that the federal government was coming out with its proposed rules and regs with regard to the childcare money that comes down from the federal government, which is called the Child Care Development Funds, OR CCDF. And it's very clear in that the federal government is moving to what we're talking about here. They are also moving to quality. They want accountability for their dollars just like we are saying, for \$94 million we need some quality accountability. And in fact, they will be recommending that states look at a QRIS system, which we are implementing in LB507, as a way to begin tracking and looking at quality. So we should position Nebraska very well for the future in LB507. And I want to go back to an important point of why should we care about quality. You know, we're throwing around a lot of terms, and Senator Kolowski came over and said, maybe you ought to mention that. When we talk about day care, day care is somewhat of an outmoded idea. It infers or implies--I always have that problem with that--that it's more like baby-sitting. You know, are the kids safe? Is their health and safety okay? What we're talking about here is the quality that comes from an early childhood development program, birth to five. You know, I used to think I was doing a great job as parent when I'd play with my kids a little bit when they were real small. And I'd have them watch Sesame Street. I was on the cutting edge. Now my grandson goes to an early childhood development center and, at two and a half, counts to ten in Spanish. [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR CAMPBELL: Folks, this is the future. It's no longer good enough to park the kids in front of a TV or let them play with toys. There has to be a curriculum. There has to be the development of the teachers. That prepares that child for exactly what Senator Harms was talking about: to be ready for kindergarten. LB507 and this amendment is that important step. Thank you, Mr. President. [LB507]

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SENATOR KRIST: Thank you, Senator Campbell. You've heard the opening on AM1485. Those wishing to speak: Senator Chambers, Schumacher, Conrad, Gloor, Hansen, Davis, Wallman, Schilz, and Carlson. Senator Chambers, you are recognized. [LB507]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, during that last discussion we had, Senator Wallman called the question before I could make a comment relative to the fact...and I'm not trying to patronize him. I like Senator Watermeier, and we've discussed issues. And ordinarily I can be very civil and, when I'm talking to him, one on one, I can. But the discussion took a turn that impelled me to make comments that were outside of even what Senator Watermeier had talked about and what he was trying to do with his amendment. But when certain things are brought up, then I've got to deal with them. And I had a question I wanted to put to Senator Brasch, but I don't see her here. And I'm going to tell you, when she was talking about poverty...and she said something that I had never heard before. She mentioned somebody putting rags in the floor. And you know what I was going to ask Senator Brasch? They had floors? (Laughter) Those kind of things...I'm going to mention something that people always mention when you're going to talk about how bad you had it yourself, and everybody has heard this: When I was a lad just three foot three, certain questions occurred to me, so I asked my father quite...oh, that's something different. I've got to stay on this. When I was younger and went to grade school, I had to walk nine miles through the snow and was up to my shoulders--and Senator Bloomfield has got it--and it was uphill both ways. Now who can have it worse than that? When I talk about the things that I do, I'm very serious about them, because all we do here is speak about a certain issue in isolation; then, whether we win or lose on it, we can go away and forget about it. But the people who are in need, are in need. And if they are able to listen to how we discuss these issues, they cannot help but feel a sense of desolation, a sense of hopelessness on top of the helplessness. For those of you all who don't know, now I've never had to go seek aid. And I'm glad. You all don't realize how demeaning, how degrading this process can be. There are some people who have these jobs, and it gives them a chance to lord it over somebody who is less fortunate. They are mean. They pry more than they need to. They will threaten to have people's children taken from them if they don't behave in a courteous, acceptable manner. And they're on the dole, they're on a payroll, and it's because of these poor people that they even have a job. They are disrespectful, then they're going to say somebody ought to respect them. You all need to get out in the real world and find out how real people live and what they go through. And except that Senator Kintner is not here, I was going to ask him, if the poor people have it so well, why doesn't he, like Jesus say, sell everything you have and become poor? And it will be a lot better for you. You've got all these government programs. You don't have to work. Everything is given to you. You can just lie back in a hammock and take it easy and wait for the government to feed you. That's insane, and I get tired of hearing these people say it. And if they've got businesses, they'll cut every corner they can to find a tax shelter, find a tax credit, find a tax exemption, anything they

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can find to hold onto money. [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR CHAMBERS: Now Senator Bloomfield asked me a question, and I'm just going to...not to have him on the mike because I've only got a short time. Did you say, if you paid 50 percent to the federal government and 30 percent to the state? Is that what you said? [LB507]

_____ : (Inaudible) [LB507]

SENATOR CHAMBERS: Sixty? I'll have him stand up because I'm not getting it. And maybe we'll run out of time. [LB507]

SENATOR KRIST: Senator Bloomfield, will you yield? [LB507]

SENATOR BLOOMFIELD: Yes. [LB507]

SENATOR CHAMBERS: What did you say? Again, lay it out. [LB507]

SENATOR BLOOMFIELD: I said, if I, as a taxpayer, were to send 60 percent to the federal government and 30 percent to the state government, should I, as a taxpayer, be allowed to keep the 10 percent (inaudible). [LB507]

SENATOR CHAMBERS: Did you say 60 and 50? [LB507]

SENATOR BLOOMFIELD: I said 60 and 30. [LB507]

SENATOR CHAMBERS: Okay, and then I said, give the other to me. [LB507]

SENATOR BLOOMFIELD: That's correct, and I assume you would then do with it (inaudible). [LB507]

SENATOR CHAMBERS: And would you feel bad, if they're taking 90 percent and I'm merely going to take 10? That makes me a pretty good guy, doesn't it? [LB507]

SENATOR BLOOMFIELD: Yeah. [LB507]

SENATOR CHAMBERS: Well, thank me. [LB507]

SENATOR BLOOMFIELD: And it leaves me with what the government would like to leave me with as it now stands,... [LB507]

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SENATOR CHAMBERS: Well, thank me. [LB507]

SENATOR BLOOMFIELD: ...which is zero. [LB507]

SENATOR CHAMBERS: Say thank you to me. [LB507]

SENATOR KRIST: Time, Senators. [LB507]

SENATOR CHAMBERS: You're welcome. (Laughter) [LB507]

SENATOR KRIST: Thank you, Senator Chambers and Senator Bloomfield. Senator Schumacher, you are recognized. [LB507]

SENATOR SCHUMACHER: Thank you, Mr. President and members of the body. In one of his earlier remarks Senator Chambers pointed out something that I think is pretty interesting, and that is, when it comes to this federal money, Nebraska gets out more than what it pays in, something on the order of we put in \$1 and get \$1.10 back. Folks, in Connecticut and New York, it's a reverse situation. They get about 90 cents back or thereabouts. Now maybe that's going to change a little bit because we're going to be paying in on some programs here in the near future and we're going to tell the federal government we don't want any of the money, so maybe that will even out a little bit. But we tend to think that we can pat ourselves on the back, saying that, you know, we don't print money and sell it to the Federal Reserve or borrow from the Chinese. Well, folks, we do. The reason the financial crisis didn't hit us very hard is, financially speaking, we are a fairly unsophisticated economy and we have a lot of business activity that conducts itself at very, very low wages, yet, expects people to be available to work; yet, expects people to show up for work every day, reliably, so we can conduct our simple businesses; and really does not want and maybe cannot pay the kind of wages for them to have decent childcare. I almost look at LB507 as a business subsidy bill because what it's doing is enabling that very low-paid work force to show up for work if they have kids. It's a business subsidy. If you look deep enough in most of these things, you'll find it's a business subsidy because it's part of our economy and our economy is business. Now the Planning Committee, long-range Planning Committee, notes something farther, and that is that, when kids get behind and they move on in age and into school, the "behinder" they are, the "behinder" they get. And that results in a problem with the juvenile system and the big bills associated with it, with early pregnancies and the bigger bills associated with it, and really bad cycles that we somehow have got to break. Now the effort here that Senator Campbell is making seems, to me, to be an attempt to not only baby-sit those kids so the folks can go to work for low wages, and then it's a fact that most of our folks are working. We're really ranking very, very high in working couples supporting their kids. But it also tries to break the other part of the cycle, saying, as long as we're paying for those kids to sit someplace, is there anything we can do break that increasing, interlocking schedule where they fall "behinder" and "behinder"

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because of inattention and because of the situation we have. This is a big problem. This is a little attempt, in comparison to a lot of other money that we spend, to try to break some of those cycles and get into the middle of it. So this is good government. It carries a bit of a price tag, but maybe not so much if we look at it as a business subsidy. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Schumacher. Senator Conrad, you're recognized. [LB507]

SENATOR CONRAD: Thank you, Mr. President. Good morning, colleagues. First, I rise to thank you all for your strong support of ensuring that more kids and more families can access this important work support program. Thank you for standing up for almost 4,152 kids in need each year, which is what LB625, as amended into LB507, will do. And I just want to address a couple quick points in relation to LB507 and then the package as a whole. It was noted by some that this is somehow a creeping government influence that is trying to substitute the will or judgment of parents. Colleagues, I think that, in fact, quite the opposite is true in regards to LB507. This is about consumer choice. This is about empowering parents with information so that they can make good choices for their family, because they're currently operating in the dark right now and they don't have any other way to get this information. Think of it in the simplest terms. We have information available for consumers when it comes to rating the health standards of our restaurants. Shouldn't we at least have that same sort of rating system, that same sort of information, available when it comes to those that we entrust our children with? I think, absolutely, yes, and I applaud Senator Campbell for bringing forward LB507 and Senator Bolz for making it her priority bill. And it was also noted by some opponents that somehow this would be a slippery slope in regards to government reach for those who don't participate in the government childcare subsidy program. And, folks, you can't have 14 or 15 kids in a childcare and not have a state license, so let's be really clear what we're talking about in that regard. And as Senator Campbell and Senator Cook have so eloquently noted, when it comes to providing assurances to those grandma day cares, those smaller day cares, this is an optional program for them if they choose to participate, and I hope many of them do, because they do a great job as part of our critical childcare network. Finally, I want to note--and I think it's evidenced by the last vote--the strong support across the political spectrum in terms of not only the childcare eligibility issue but this quality issue. This isn't a liberal or a conservative issue. This is about standing up for our kids. This is about standing up for working families and recognizing, without programs like this, one study estimated that unemployment rates for low-income families with children under six would be 15 percent higher if we didn't have access to these kinds of programs. So when we talk about how the safety net should be a hand up, this is exactly the kind of program that does that. Nebraska consistently ranks as one of the highest states in the country with both parents working outside of the home. Those...that evidences our strong work ethic, our strong Nebraska values. And all LB507--and LB625, as amended in--does in that regard is strengthen

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that Nebraska value, strengthen that Nebraska work ethic, and ensure, when both of those parents are outside of the home and working, kids have a safe place to be. So thank you, colleagues, for your strong support. Thank you, Mr. President. [LB507 LB625]

SENATOR KRIST: Thank you, Senator Conrad. Mr. Speaker for an announcement. [LB507]

CLERK: Mr. President,...

SENATOR KRIST: I'm sorry. Mr. Clerk for an announcement.

CLERK: Thank you, Mr. President. Government Committee will have an Exec Session at 11:00 in Room 2022. Thank you.

SENATOR KRIST: Thank you. Returning to debate, Senator Gloor, you are recognized. [LB507]

SENATOR GLOOR: Thank you, Mr. President. Good morning, members. Senator Conrad's comments are a good segue to my comment, or story, anyway. As Senator Bolz has relayed a specific example she had with an individual, I'd related a specific example that I had with an organization, my own and others. Many years ago...I have to use that term carefully. Some years ago, back in the 1990s, when we were going through another cycle where there weren't enough healthcare staff to provide services for those people who are seeking care, struggling across this state--and it seemed to be more state-specific back in those days--challenges in finding trained medical personnel, we were able to hook up with Lieutenant Governor Maxine Moul's--who many of you know--program. And Maxine was...the Lieutenant Governor was very interested in economic development and looking at innovative programs. And several hospitals, working with community colleges, working with the Department of Economic Development and the Lieutenant Governor's Office, were able to put together a program. And I'm going to give you the name of it. It's probably a close representation, but I know the acronym is accurate: Rural Area Medical Business Opportunities (sic). The acronym is RAMBO. That's RAMBO. It was called the RAMBO program, and they came up with that name specifically because they wanted to catch people's attention. What it was designed to do is take people who are on public assistance and provide them the opportunity to get trained in needed healthcare professions--phlebotomist, respiratory technicians, transcriptionist--not positions that require several months of training but a couple of years of training, the type of training that's provided through our community colleges, moving these people from being users of public assistance dollars to generating tax dollars and, at the same time, address a need throughout rural Nebraska for these trained healthcare professionals. It worked great except for one problem, and that was finding the opportunities, the locations, a way to provide care for

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the children of the people who were trying to go to school on pretty much a full-time basis and, when they weren't in school, they were doing rotations within hospitals in their area that was a chosen...their chosen profession. That got to be the hang-up, and it became a significant hurdle, one that we were eventually able to deal with. But I use that as an example of a program that ultimately was successful but only successful because we were to...we had to come up with, as part of the program, and had to devise ways of providing appropriate childcare services for these individuals. It's why I have to be supportive of AM1485 and LB507 is because I recognize what it will do and has done in other programs that I've been involved in. Appropriate childcare services do address a need out there that individuals have, male or female, to have someone care for their children while they work or while they get the appropriate training so that they can work. It's a commonsense approach. It was the reason that the RAMBO program was successful while it existed, before it was displaced by other programs that tried to do similar things. It's why I think this is an important piece of helping people help themselves, and that's why I've been supportive. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Gloor. (Visitors introduced.) Back to discussion. Senator Davis, you are recognized. [LB507]

SENATOR DAVIS: Thank you, Mr. President, members of the body. I rise in support of LB507. But I have a few questions of Senator Campbell and then a few comments to make. So, Senator Campbell, when we talk about the subsidy rates going up, can you give me an idea of what that income is per family? [LB507]

SENATOR KRIST: Senator Campbell, will you yield? [LB507]

SENATOR CAMPBELL: Yes, certainly. Thank you, Mr. President. At 125 percent, the federal poverty level would be, for a family of two, \$19,388, and at 130 percent of the federal poverty level it would be \$20,163. Keep in mind--I wish Senator Price were here--we did double-check, and certain of the assistance programs--again, it depends which one you're in--would be counted in that income, so not just a salary, and I think that's part of what Senator Price was trying to get at. So we did do some checking on that, but that would be the price. At 125 percent of poverty, that's probably full time at \$9.32 an hour, and then the other one would be \$9.69. But there's more expense than just that gross income figured in. [LB507]

SENATOR DAVIS: So that's a family of two or a family of three? [LB507]

SENATOR CAMPBELL: A family of two. [LB507]

SENATOR DAVIS: So that's a mom with a child that then is in day care. [LB507]

SENATOR CAMPBELL: Correct. [LB507]

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SENATOR DAVIS: And so, colleagues, if you think about what that is, that's before those people pay rent or do anything else with their revenue. These are the working poor. These are the people that are out there putting in their 40 hours a week, and this is why it's important for us to get behind this and support it. I think anybody that's ever worked with schools will understand that SPED costs are extremely expensive, and a lot of those issues can be worked with in the preschool level if you've got good quality health...quality day-care centers available. And so you look at it as an investment in our young people and in our future in the state. You know, we talked for hours yesterday about other kinds of investments, in wind energy and those types of things. And we heard Senator Harr talk about the ESOP programs and why those are valuable. I think Senator Chambers made a reference to that. The body supported that, and we need to support this because this is the right thing to do. What this reminds me of a little bit, the discussion about whether we can afford it or not: Some years ago I tried to talk my school board members into looking at a breakfast program at our school. And they polled the parents in the community and they decided they didn't want to do it because the parents thought that it was really the obligation of the parents to feed their kids. And you can't argue with that logic, except it's not happening for all the kids. And when it's not happening, who pays the ultimate price? It's the school district and the taxpayer, eventually, because we've got to catch those people up. This is a good bill. Let's get behind it. Thank you. [LB507]

SENATOR KRIST: Thank you, Senator Davis and Senator Campbell. Senator Carlson, you are recognized. [LB507]

SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. And this is probably the only time I'm going to speak on this bill this morning. And first of all, I would say to Senator Campbell that I am in support of LB507, the Quality Child Care Act. But I want to discuss a few things that I think that need some consideration. LB507 is a government entitlement program, and we have a lot of these. But as members of the Legislature, we're here to solve problems. We know we can't solve them all, but we can try to solve some. And I'm going to get Senator Chambers' attention here. I was trying to figure out a word to describe him, and the first thing came to my mind and I wrote down, Senator Chambers is not a governor. Now a governor is an apparatus on an engine that controls how fast it runs. It only lets it run so fast. But Senator Chambers is more high-test fuel on our bills. He drives for more and more dollars on social programs because he is a defender of the downtrodden. Now what he does serves a purpose. It helps keep us accountable and it makes us think more seriously about decisions we make and whether we're willing to stand on those things that we say we believe in. He called out Apple this morning for apparently hiding \$74 billion from U.S. taxes over the past four years. And I've got the article that talks about that, and that, if true, is wrong. It's deplorable. But at the same time it looks like the federal government, who really is the major contributor to the entitlement system, is over their head in real problems for

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many areas of government. I think, I really believe, that we have good intentions on most of our social programs. We mean to do right, but we know we can't do everything. We can do something. We can't solve all the problems; we can solve some of the problems. We can't rescue everyone, but we can rescue someone. And that calls for balance. And balance in life and balance in legislation is really tough; it's difficult to come by. It's tough to have the right kind of balance personally--I know it is for me--and it's tough to have...determine what the right balance is politically because we can't do everything. Now I believe the Good Book does not instruct the government to help the widows, the orphans, and the foreigners. I think it instructs the believers, the faithful, the followers of the Most High, and we haven't done a very good job. And so we're trying to figure out what is enough and when is enough, enough. In my view, we're rather heavy on committing and very short on oversight. We're long on giving out... [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR CARLSON: ...and short on accountability. We're quick to provide and slow to encourage self-help and demand self-help. And so, as we get into childcare--I'm afraid I'm going to run out of time, and maybe I will press my light again--I have some suggestions for, whether it be childcare or whether it be unemployment compensation or some of these other programs, how some commonsense might help us, help people, help themselves to become more self-sufficient. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Carlson. Senator Burke Harr, you are recognized. [LB507]

SENATOR HARR: Thank you, Mr. President, members of the body. I stand in support of LB507 and AM1485. We so often, as a body, try to figure out what is the right thing to do, and we sometimes stand on the shoulders of those who came before us. And in the past we have said, public education is good and education is the great equalizer. And that's what this bill provides is education. What we've...we're a little more sophisticated than our predecessors. What we've learned is that kindergarten, unfortunately, is too late, that there are some kids, by the time they get to kindergarten, are so far behind it's almost impossible for them to catch up. And it's what we've talked about. It's what Senator Schumacher talked about. The further behind you are to start, the further you are continually, and you fall further and further behind. If we want to break the cycle of poverty--which I think we all do; I don't think there's a person in this body that wants to see anyone in poverty--we have to start with those who are given the least. So 20 years ago it was decided on a federal level that we needed to do welfare reform. We can't have a hammock out there. We have to have these adults out there, working, so they set a good example. And I think that's probably right, and it was a good policy. So we...but let's look at what the situation was at the time. If you were on welfare...and a little background. At this time, when this was all going on, I was working Jesuit Volunteer Corps for an organization that worked to get, mainly, mothers off of welfare.

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But when you're on welfare, you had free day care, yourself, and you had free healthcare and you probably had subsidized housing, and you probably didn't have much education. And it was very difficult to get off of welfare, to move to that next level, because you're going to start in a low-wage job and you're probably going to be worse off than you were before, short term. Long term, you develop a work ethic, you show your children you have a work ethic, they develop that work ethic, and they don't...they see the importance of education. Well, this is a step towards helping the next generation because this allows parents the ability to work. And a lot of these parents aren't going to have 9:00 to 5:00 jobs. It's going to be difficult, and these day-care centers aren't going to be open at all times. But this is a start. It provides those kids with a chance that they may not otherwise have to learn so that, when they get to school, they are ready. I can tell you my kids are in day care, and I'm amazed at what they learn, absolutely amazed. I come home at night and--again, I said this on General File--I thank Senator Kolowski. His wife started the day-care center that my kids go to, and it's a great, great program. And you see how they just light up and how excited they are to learn. And you've got to catch them early so that learning is exciting and not frustrating. That's what this bill does. You want to talk about an investment in our future? The more education you have...if you want to talk about how we can decide how much money you're going to make down the road, it's through education. Education is, again, the great equalizer. So that kid, that young child who has done...again, through no fault of its own, is born into poverty, is already a step behind, and now you can give that kid that opportunity. If you get a high school degree, you're going to make more money. And this is going to encourage that kid to stay in school. You get an associate's degree, you're going to make more money. Or if you even get a college degree, you'll still make more. But these kids have to have the foundation, and that's what this day care...that's what this bill does is it calls for accountability and it provides a way for these--... [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR HARR: ...thank you--most vulnerable in our society to help come to neutrality. It's an investment in our kids. It's the most important...it's not a handout; it's a hand up. Nothing forces anyone to do this, but it gives them the opportunity to do something greater. And the more education you have, the more money you have, you learn delayed gratification, you learn that you're probably less likely to go to prison, less likely to have a child out of wedlock, and then the social bills on the back end are cheaper. Again, this is an investment. Don't look at it as a cost. Look at it as an investment. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Harr. Senator Chambers, you are recognized. [LB507]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, when I was driving down here this morning, I was listening to public radio. And they were

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talking about these women who are members of the baby boomer generation, how many of them went to work. They took low-paying jobs. Senator Schumacher brought this out very well. They take low-paying jobs. They don't have benefits. If they get a pension it's next to nothing. Many of them don't have children and, as they begin to get older, then they realize, if they need care, they're not going to have those children who now are adults who would be there to help care for them. They don't have a pension. They weren't able to save anything because they were taking those low-pay jobs, which they still take now, not blue collar, pink collar, sometimes no collar. And there is developing right now a huge pool of women who are single, who are 50 and older. They have no income, other than Social Security, and there are some hardhearted men who want to take that from them after putting women in these positions where they're going to be forever subordinate and exploited, forever. And then they say, well, you should have saved money. And they didn't have enough money, some of them, to make it very well. So what some of them are doing are forming groups where they try to help each other make it. That's in America, in 2013, in, supposedly, the most highly advanced country on the face of the earth. And that's more hogwash, and you can see things happening to people around you in the real world. And you play like it's not happening, get up here and spout these cliches, these slogans about government doing this and government doing that, and you're probably getting government benefits yourselves and will not turn it down. So when I hear these conversations, it's hard for me not to become very, very exercised. When Senator Carlson was talking about accountability, I handed out some paperwork for you all to see how I try to make the judiciary in this state accountable. I talked about it. Now I'll give you the documentation, and that's not all of it. I've gotten judges disciplined. I've gotten one thrown off the bench, one of the worst ones, whom everybody was afraid of. And you all talk about accountability. You don't demand it. You know, when they talk about accountability, somebody who's struggling, trying to scrape together two nickels to go to the store and buy what they can with it, buy a lot of rice because it swells up when you cook it and you can get a lot of it for your money. Beans do the same thing. You take these starchy, high-in-carbohydrate diets because you are trying to feed your children and put something in their belly so they don't experience hunger, and their health suffers. He spent his health to get his wealth and then, with might and man, he spent his wealth to get his health back again. But the poor are the victims. And everybody can point down at them and say, those people, they're getting this, they're getting that, they're taking the other. And you're taking everything you can get, you and your family and your friends. Make the businesspeople accountable. But what are we doing here? Let's make it easier for them to give taxpayer money because it's too burdensome for them to give information they ought to give. Then here's some poor widow woman or was never married, with children, trying to rear those children, heroically, and she is stepped on. [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR CHAMBERS: And then you find some man, who is an athlete or a

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businessman, and his wife is sick. So for one day he is supposed to look after the children and get a Congressional Medal of Honor for it. And you know how he looks after the children? Well, I think I can get somebody to come in and cook, I can get somebody to wash, and I can get somebody to dust the house, and I'll watch my football game here. And he's a hero. You all, every one of you, your mother was a woman. Your wife is a woman. If you've got a daughter, by definition, she is a female. And yet, women, the ones that the Catholics call the mother of God, and look how women are demeaned, degraded, and oppressed in this society and expected to be oppressed and take it. Then we talk, as Senator Schumacher well pointed it out, how to subsidize business by making it possible for these women, on these low-paying, go-nowhere jobs, to leave their children so they can help business. [LB507]

SENATOR KRIST: Time, Senator. [LB507]

SENATOR CHAMBERS: Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Chambers. Senator Kintner, you are recognized. [LB507]

SENATOR KINTNER: Well, thank you, Mr. President. And I agree with Senator Chambers. I get a little, I guess, a little aggravated when I listen to some of the things being said here. You know, a little earlier someone said that, you know, this LB507 and expanding who we help is a value of work ethic. No, it's not. It promotes the value of more government regulation and more government spending and more government do-gooders sniffing around your business. That's what it promotes. It doesn't promote the work ethic, like, we would say, go out and work hard and achieve your dreams. That's not what it does. Senator Harr said, we need to break the cycle of poverty. Well, we're not doing it with more government programs. I'll tell you how to break the cycle of poverty. Quit subsidizing it. Quit giving people money to be poor. That is what would break the cycle of poverty. You know, since we started trying to...since we declared the war on poverty, we've spent \$7 trillion, and we haven't budged poverty one inch. We could have spent zero and we'd still have the poverty we have. But some of the by-products of the war on poverty: Look at the unwed mothers. We're...over 40 percent in our country are unwed. In our state, 40 percent of the Medicaid...of the births are Medicaid babies now. We've done exactly the opposite of what we wanted to do. You know, we try to help schools and we get the federal government involved and spend a lot more money, and the schools are no better now than they were before we spent any federal government money. We're doing the exact opposite of what we want to do by having the federal government and, sometimes, the state government stick their nose in it. Senator Harr said, we need to stand on the shoulders of the people before us. I have no intention of standing on the shoulders of a bunch of big-government people and a bunch of busybody bureaucrats. I want to knock out their feet, get off their shoulders, and start from scratch and make people independent, make people not dependent on

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government, get people on their feet and on their way, and that doesn't start with government. We had a senator say, you know, can we solve every problem? Solve every problem? We haven't solved a single problem. There isn't one government program that solved a single problem on the federal level. We've had some success at the state level. We're making these problems worse and, by participating in this federal war on poverty, we're impoverishing more people. We're making more people dependent on government. Someone said we had the highest rate of parents working outside the home. Well, that's not work ethic. That's high taxes. They've got to work to pay the taxes. Look at our property taxes. We're the 15th highest-taxed state in the country. That's not because we have small government in our state. It's because we have big government in our state. And then we had another senator say--and this was Senator Conrad--this is not liberal or conservative. Really? Well, I don't know all these government programs. I'm learning them the best that I can. I'm finding out what we're spending on them and it scares me. But I do know liberal and conservative, and there is nothing conservative about expanding the number of people on a government program. There is nothing conservative about that at all. That's pure liberal. Now does that mean we never do it? Maybe if that's the only thing we've got to do. But you know what? Let's try liberating people. Let's try getting people off of government. Let's try helping people get on their feet. Let's try limiting our help. Help them for a while, and then have them get off on their own. And then we would have more money to help the people that truly need it. And I would like to yield the balance of my time to Senator Conrad, who I just mentioned here. She may have something to say about that. [LB507]

SENATOR KRIST: Senator Conrad, 1 minute. [LB507]

SENATOR CONRAD: Friends, you can see how much fun we have at the Appropriations Committee level with Senator Kintner and myself, and these spirited debates are exactly why I enjoy serving and being a part of public service. Look at the votes; look at the vote count. Some of the most conservative members, some of the most progressive members came together to support this important legislation. That's because there's nothing conservative, there's nothing progressive about keeping kids safe and supporting working parents. That's good Nebraska values, and I thank you for your support. And I thank Senator Kintner for his always-colorful commentary. [LB507]

SENATOR KRIST: Thank you, Senator Kintner and Senator Conrad. Senator Ken Haar, you are recognized. [LB507]

SENATOR HAAR: Mr. President, members of the body, I rise in support of LB507 and Senator Campbell's amendment. And I'd just like to take a moment. I look at all these children in the balcony and their teachers. And some people have sometimes asked me why I work so hard for teachers. This morning, while I was on the doctor-mandated treadmill for 30 minutes, they interviewed a teacher from the Plaza Towers Elementary School that survived that horrific tornado in Moore, Oklahoma. And she was in pain and

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in distress because she had covered some of her students with her body. And you look at the teachers at Sandy Hook, who lost their lives trying to protect the children. And so every time we clap for teachers, students and teachers, I clap especially hard for those teachers that I hold in very high esteem. And, of course, one of my favorite teachers and Danielle Nantkes...or Danielle's mother, Stephanie Nantkes, is here today. And so I just wanted to say that, after watching that interview again this morning, teachers are very special people, and they put their lives for their children in front of their own. Thank you very much. [LB507]

SENATOR KRIST: Thank you, Senator Haar. Senator Wallman, you are recognized. [LB507]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. I'm kind of perplexed. You know, we have trouble helping fellow Nebraskans raise their kids but, yet, we give foreign entities money. And now I'm looking at the price of oil. Nobody seems to be hollering about that. That's the biggest cause of our last economic downfall was the price of oil. And Senator Chambers was picking on ethanol. Well, Senator Chambers, ethanol doesn't get near the subsidies of oil from foreign countries. We spent trillions of dollars, over the last eight or ten years, and trillions of dollars, and we still don't have peace and harmony in the Middle East. So why are we hollering about taking care of our own? We ought to be...thank God that we can. It's a...children are a blessing, plain and simple. And so what the Good Book says, take care of your children, and, also, it doesn't say anything about making a lot of money. But we are blessed in this nation with agriculture. We get government payments as well. Should there be a limit on it? Absolutely. But not very many people want limits on their payments. And so the big get bigger, oil companies get bigger, and we're not doing anything. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Wallman. Senator Carlson, you are recognized. [LB507]

SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. And I wasn't going to speak again, but I had a couple of examples that I wanted to give and ran out of time. I said, at the end of my five minutes previously, in my view, we're heavy on committing and short on oversight; we're long on giving out and we're short on accountability; we're quick to provide but we're slow to encourage self-help, which would be tremendously important if we did a better job of it. And I'm going to give you an example, and this is the example from what we're talking about here in LB507, childcare. Currently, the figure, if a family makes \$20,163, they are eligible for childcare subsidy. Now technically, if they make \$20,164, one more dollar, it's a cliff. They get no subsidy. Doesn't make sense. Where is the incentive to improve yourself? There needs to be a tapering off of benefit after a certain point, but not eliminating it, because it should encourage people to better themselves. Let me give you another example. And I

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think that, as a state, we ought to really try and look into this and study it and see what we can do in Nebraska to try and bring about a change. Unemployment compensation, first of all, the benefits go on too long. But secondly, if a person qualifies for unemployment compensation and whatever the amount is per week, if it's \$390 a week or whatever that amount is, what...if a person can get along on that amount of money, what incentive is there to do anything different? Let's just...I'll just take it until it runs out because, if I go out and find a job and I earn \$390 a week and that's what I'm getting on unemployment compensation, what have I gained? So why would I do that? I'm not going to do it if I don't have to. We need to have a system that's got an end to it but it encourages those who are capable, and there are many who are capable, and want to find work. Simple as this: For every \$2 I earn, I get my unemployment reduced by \$1. That's an incentive to find something to do that improves myself. We don't do that. It's a cliff. If I get \$390 a week, the day I earn \$391, the day I earn anything, it's just dollar-for-dollar subtracting from what my unemployment benefit is. Doesn't make sense. Let's do things that incentivize people to help themselves because most people want to help themselves if there's a way of doing it and it makes sense and it makes financial sense. And we need to think about a lot of these things in overhauling the program that we have so it makes it better for the people involved. Thank you. [LB507]

SENATOR KRIST: Thank you, Senator Carlson. (Visitors introduced.) Back to debate. Senator Price, you are recognized. [LB507]

SENATOR PRICE: Thank you, Mr. President and members of the body. In listening to the debate, I heard from my seatmate...and I'm not trying to rhyme or do anything in time. But I'd heard a statement about there not being a one among us who has stood in line, looking for assistance. Well, there is at least one senator who has stood in line, looking for assistance, swallowed what he thought was virtue but was really pride, to ensure his children didn't miss a meal. He, along the way, learned what could be done with Food Bank cornmeal. Today he and his family are not on aid, so it can work. That notwithstanding, I had a conversation with Senator Campbell about the program and I had wondered, is there any negative consequence for a program that gets to that third tier if they fail to meet the standards? And the answer I got back, which satisfies me today but I believe we will investigate further as time allows in the coming years is, if a facility is in receipt of the funds for improving their processes and the quality and the delivery and they fall below it during a reevaluation, they would no longer be evaluated at a tier to receive these funds. Making it short and simple: If you don't cut the mustard, you don't get the money at some point in the future. So there is some sense of security there. I would like to see to make sure that, if you fall out of it--and let's say you fall out of it by a wide enough margin, and we will discuss that margin--I think you should, possibly, lose the ability to reapply for a period of time. I mean, really make it hurt, not because of the children, because the adults who are responsible for ensuring that it's delivered, if they fail to do what they're supposed to do, they should be the ones who take it in the shorts. It wouldn't cut the program dollars available; it just would make it

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that facility would be held accountable. But I wanted to be sure that the record did reflect that there have been those who are on this floor who have sought aid and are no longer on it. And with that, I would yield the balance of my time to Senator Chambers if he would like it. [LB507]

SENATOR KRIST: Senator Chambers, 2 minutes. [LB507]

SENATOR CHAMBERS: Thank you, Senator Price. Thank you, Mr. President. And when you look at the height of Senator Price and look at the height of myself, when he and I work together, you get the long and the short of it at one time. He is a very young man. I'm a very old man. But nevertheless, there are things that we have in common, and there are experiences we've had that parallel. And maybe, if you followed the path that he walked and the one that I've walked, you'd learn more about him than me, because I'm a loner and there are things that I'm just not going to tell you. Not that it's wrong, it's just my business and I don't tell anybody. And I don't care how they try to get me to. But what it indicates is that people who may differ very strenuously on certain issues don't disagree on everything if there is a mutual respect. And that respect is not shown by one taking low and the other one not. It means that each one is aware that the other is a self-determining individual and is going to act in accord with his best lights. And if you like it,... [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR CHAMBERS: ..then you'll associate; if you don't like it you won't. And that's life. But in all of it, as lawmakers, we want to see that the best thing that can be done will be done. And maybe the best thing is not what he says or what I say but what, Lord forbid, Senator Kintner says. He didn't even hear that. He hears what he wants to. I'm not talking to you, Senator Kintner. I'm talking about you. My time is up. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Price and Senator Chambers. And, Senator Chambers, you're next in the queue. [LB507]

SENATOR CHAMBERS: Thank you, Mr. President. On my own time I'm going to say this, to elaborate a bit more on the plight of women in this society. Women know what their situation is. You ought to talk to women in a setting and under circumstances where the truth can be told to you, and there are many things we can learn from women. I had three sisters. I have innumerable nieces. And so I have been around, involved with women, all of my life. And I've been very protective, sometimes overly so. And it's not necessarily that I think women are so helpless but, see, I'm a man and I know how vicious a man can be. I hear the things that men say about women. I have talked about a situation where a woman could be raped, and the man would insist that she carry the pregnancy to term. Then the woman and the child are abused because of

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those circumstances. And you know what a woman might hear? Nobody wants gum that's already been chewed. Some of the most hurtful, hateful, demeaning things are said about women by men, who are supposed to be dignified, respectable, and respected. In the military, many of those whose job it is to fight against sexual assault/sexual harassment have been found guilty of those very things themselves because these women are ready, vulnerable, and available victims. And when a woman has to go through the chain of command and it's another man and only men, what do you think is going to happen to that woman? She's not going to say anything. And these cowardly men, who always need a lot of company before they'll stand for anything, are going to say, well, she ought to stand up and speak up. They won't stand up. They won't speak up. They always need a lot of company, somebody to back them up. That's why I'm so much different. I don't need any company. But I'll tell you what, I don't expect women, who have been socialized and victimized, to accept a position of subordination and being demeaned and disrespected. If there weren't children here, I'd tell you all some of the names they apply to women and don't have the equivalents that they apply to men. I won't use the "b" word, but you've heard trollop, tramp, "hoe." Every one of them is designed to degrade and dehumanize. And the man, every term applied to...even if they call him a wolf, there is a certain degree of exotica--not erotica, exotica--about all of these terms. It adds to his stature as a man, the testosterone syndrome. And women are going to have to find a way--and it might be up to the young women--to say, a line is going to be drawn and you're not going to be allowed to cross it with me, I am a human being and you're going to treat me like one or you're not going to be around me. You don't have to be with these no-good men. There are men in the world who will treat you right, and you have to insist that any man who deals with you treat you right. [LB507]

SENATOR KRIST: One minute. [LB507]

SENATOR CHAMBERS: And if you insist on it, he will do it. But if he thinks he can get away with something, he'll get away with it. Let a young woman get pregnant, she's only dealt with one guy, and the first thing he'll say: It's not mine. And I always point out, if you want to see a young man, like Superman, fly without the assistance of an airplane, tell him you're pregnant, and he'll fly away faster than Superman. And we know this. We know that's what happens in this society. But we hear a man talk about a woman being pregnant. What about the man who made her pregnant? What about those no-good, rotten men, who take advantage of a situation and will find a vulnerable woman and mislead her? How about that? You think a woman can get pregnant by herself? But that's what they always talk about, isn't it, when a child is born out of wedlock, because the woman is going to try to take care of the child and the man is gone. Why do you think they call them minute men? Because when it comes to contributing to the creation of a child, a minute and he's gone. [LB507]

SENATOR KRIST: Time, Senator. [LB507]

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SENATOR CHAMBERS: You carried the child nine months, and he doesn't want to carry the child to bed. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Chambers. Senator Davis, you are recognized. [LB507]

SENATOR DAVIS: Thank you, Mr. President. I just wanted to make a few comments after Senator Kintner's speech a little bit ago. First of all, I just want to say, to the entire body and to the state of Nebraska, you know, we have taxes in this state because we need to put programs in place to help the people that live here. It's not a confiscatory thing. Public education is a good example. There are a million and one of them. But poverty programs, if you're going to go back to the times when poverty programs were put in place, it was people who were genuinely concerned about trying to get people out of poverty. And another aspect of it that no one ever thinks about is to keep the population settled down so that we don't have riots and we don't have things going on. I think people have forgotten that, but that's where a lot of this came from. And it's done a lot of good because, in my home community, I remember what the poverty was like when I was a kid. There was a lot of it. There were a lot of wealthy people, and there was a lot of poverty in my community. And it's still there; it's still hidden. This bill is a good bill. I appreciate what Senator Carlson said. I think we do need to look at some graduated method of working people off benefit programs. Most people want to get off them but, Senator Kintner, women are working, not because they have to pay more taxes. It's because they want to earn more money and they want to have a job in their society where they can get respect and earn a reputation. When my mother was a young woman, people washed their clothes in a different manner. It was...being a parent was a full-time job, taking care of kids. Today we've changed that a little bit. Women have the ability to get out and be in the work force and participate in it and contribute, which is a wonderful thing. I very much support that. And with that, I'd yield the rest of my time to Senator Campbell...or Senator Crawford. [LB507]

SENATOR KRIST: Senator Crawford, you are yielded 3 minutes. [LB507]

SENATOR CRAWFORD: Thank you, Mr. President, and thank you, Senator Davis. And my comments are very much along the same line. I stand in support of AM1485 and LB507 for many of the ideas that...many of the arguments that have already, eloquently, been made. I'm just going to stand here to correct the record. One of the things that we do here in debate, as well as talk to one another, is establish a record. And as we've said before, it's very important that record is factual. And so I just wanted to correct a statement that's been made. There was a statement made that we had a war on poverty and the poverty rate did not budge. So I just looked on my gadget a bit to find some different longitudinal graphs that show poverty rates over time. And so, for the record, I want to indicate that, before the war on poverty, the poverty rate in the United States,

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according to the U.S. Census, was up over 20 percent, so somewhere around...I'm just...I'm reading the line graph. I'd say somewhere around 22 to 23 percent, and then it drops. And then, after the war on poverty, it drops down, closer to 10 percent, so maybe 12 percent, and it hangs down there. So that's, I would say, more than a budge, going from 22 percent down to 12 percent. And it hangs down there until the 1980s, when we have some cuts in those programs and a couple of tough recessions. But since then it has stayed at or below 15 percent and, sometimes, when we have good economic times, it gets down there, lower than 15 percent. So the poverty rate has dropped, since the war on poverty, and more than a budge. Thank you. [LB507]

SENATOR KRIST: Thank you, Senator Crawford and Senator Davis. Senator Crawford, you are next in the queue. [LB507]

SENATOR CRAWFORD: Question. [LB507]

SENATOR KRIST: The question has been called. Do I see five hands? I certainly do. The question is, shall debate cease? All those in favor vote aye; all those opposed, nay. Please record, Mr. Clerk. [LB507]

CLERK: 31 ayes, 1 nay, Mr. President, to cease debate. [LB507]

SENATOR KRIST: Debate does cease. Senator Campbell, you're recognized to close on your amendment. [LB507]

SENATOR CAMPBELL: Thank you, Mr. President and members of the Legislature. I appreciate very much the questions that were asked today, so that we have a full idea of what we are trying to do here in LB507, and again want to thank Senator Bolz for prioritizing this bill. Couple of quick answers to questions, in case we didn't get back to that person. Senator Brasch raised a question about publicizing the ranking and why would we wait so long. It really does not have to do with the mechanics of the Web site, but we're trying very hard, between the two departments, to help centers reach quality before we publicize that rating. If we get there faster, Senator Brasch, we will certainly put it up. And I want to make sure that you don't misconstrue my comments about accreditation. Accreditation is fine and great if you want to go there. Fifty-two centers across the state are accredited, but it is not required in LB507. In fact, you could go through all five steps of quality, be at the fifth step, and not be accredited in a state. It depends on where you are in your center, whether that's something that you feel you need to have. We do regulate. We do already regulate the childcare centers across the state who choose to be licensed because licenser looks at the health and safety. So as Senator Scheer reminded me to say, this only applies to those who are licensed. So Aunt Mary down the street, who chooses not to be licensed, will never be affected unless they choose to be licensed. We've put accountability and licensure on the health and safety. LB507 puts the accountability on the quality. And it seems to me that an

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important quote...and I used in the opening and I want to go back to it. It was given in a speech to the State Chamber, who brought in the Nobel Prize economist, Dr. James Heckman. And Dr. Heckman said, the gaps the in these skills open up between the advantaged and the disadvantaged before any of these kids enter school; the gaps that are there when people are going to college are basically the same gaps that were there when they entered kindergarten. Folks, let's not let that happen to the kids in Nebraska. Please support LB507. Thank you. [LB507]

SENATOR KRIST: You've heard the closing on AM1485. The question is, shall the amendment to LB507 be adopted? All those in favor vote aye; opposed, nay. Have all those voted that wish to? Please record, Mr. Clerk. [LB507]

CLERK: 39 ayes, 0 nays on adoption of the amendment, Mr. President. [LB507]

SENATOR KRIST: The amendment is adopted. [LB507]

CLERK: I have nothing further on the bill. [LB507]

SENATOR KRIST: Senator Murante for a motion. [LB507]

SENATOR MURANTE: Mr. President, I move to advance LB507 to E&R for engrossing. [LB507]

SENATOR KRIST: Senator Bloomfield, you are recognized. [LB507]

SENATOR BLOOMFIELD: Thank you, Mr. President. I will be very, very brief, and I will not actually talk about the bill. I'm going to talk about something Senator Chambers mentioned a moment ago, and that is respect for one another on the floor. Senator Chambers and I, when we can, will stroll, arm in arm. When we cannot, we will go toe to toe. I have a great deal of respect for the senator, and he has told me that it is reciprocated. That doesn't mean we're always going to agree. Another thing I will put out is Senator Price mentioned a senator on this floor--he did not name him; I will not--who stood in line and knew what could be done with commodity cornmeal. I would remind each and every one of us here: That same thing can be and has been and will be done with cornmeal purchased with private funds. Thank you. [LB507]

SENATOR KRIST: Thank you, Senator Bloomfield. Senator Kintner, you are recognized. [LB507]

SENATOR KINTNER: You know, we've been talking about the...thank you, Mr. President. We've been talking about the role of government somewhat, and I wanted to make sure we talked about that here. Senator Davis seems to think it's done a lot of good to help poverty and help people and get them on a government program and try

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and make their life better. But, you know, government never really makes our life better. It allows us to manage bad situations. It allows us to live in poverty a little bit better. It allows us to get by. But government programs never lift us out of poverty. They never move us down the road to a better life. You know, and the states that have the most government have the most problems. Look at California. They've been helping people so much they're flat out of money. And they're getting free...and they're losing people. People are tired of paying for other people, and they're leaving California. We certainly don't want to go down that road of spending incredible amounts of money and having people depend on government. That is certainly not where we want to go. I'm not sure this bill is actually taking us there, but I certainly think that it could be the start of something not good for our state. And I always will want to caution us that, once government expands, it rarely contracts, and that's been a big, big problem. We start a government program and, when it doesn't work right, we keep adjusting. And we rarely ever get rid of it. And fortunately, we're not starting a new government program. We're just doing some regulating here, which may or may not be bad. But we are expanding government, and expanding government, in my opinion, is never where we want to go. I'm not sure that's going to...I'm not sure this...the body agrees with me on that. As a matter of fact, I'm sure this body doesn't agree with me on that. But I don't think that, once we get done expanding government after this session, we come back in two years, and we're going to see our state is hunky-dory, in great shape, and everyone is happy. No, we've just got more people depending on the government check and the government program, and I'm not sure that's where we want to go as a state. Thank you, Mr. President. [LB507]

SENATOR KRIST: Thank you, Senator Kintner. Colleagues, you've heard the motion by Senator Murante to advance LB507 to E&R for Initial. The question is, shall it be advanced? All those in favor, aye. Opposed, nay. It advances. Mr. Clerk. [LB507]

CLERK: LB507A, Senator Campbell would move, with AM1493. (Legislative Journal pages 1532-1533.) [LB507A]

SENATOR KRIST: Senator Campbell, you are recognized to open on your motion...or on your amendment. [LB507A]

SENATOR CAMPBELL: The amendment to the A bill reflects what we just did in adopting my amendment to the original LB507 and puts in place all the figures that I talked about. And so I would urge your approval of that amendment to the A bill. [LB507A LB507]

SENATOR KRIST: You've heard the opening. There are no members wishing to speak. Senator Campbell, you are recognized to close. Senator Campbell waives her closing. The question is, shall the amendment to LB507A be adopted? All those in favor vote aye; opposed, nay. Please record, Mr. Clerk. [LB507A]

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CLERK: 38 ayes, 0 nays, Mr. President, on the adoption of Senator Campbell's amendment. [LB507A]

SENATOR KRIST: The amendment is adopted. [LB507A]

CLERK: Nothing further on the bill, Mr. President. [LB507A]

SENATOR KRIST: Senator Murante for a motion. [LB507A]

SENATOR MURANTE: I move to advance LB507A to E&R for engrossing. [LB507A]

SENATOR KRIST: You've heard the motion. All those in favor, aye. Opposed, nay. It advances. Items for the record. [LB507A]

CLERK: Mr. President, two study...or two regular resolutions, Senator Davis, LR348, LR349. Both those will be laid over. (Legislative Journal pages 1533-1534.) [LR348 LR349]

And I have a priority motion. Senator Wightman would move to recess the body until 1:30 p.m.

SENATOR KRIST: You've heard the motion. All those in favor, aye. Opposed, nay. We are in recess until 1:30.

RECESS

PRESIDENT HEIDEMANN PRESIDING

PRESIDENT HEIDEMANN: Good afternoon, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber. The afternoon session is about to reconvene. Senators, please record your presence. Roll call. Members, would you please return to the Chamber so we can continue on with this afternoon's legislative business? Please check in if you have not. Mr. Clerk, please record.

CLERK: I have a quorum present, Mr. President.

PRESIDENT HEIDEMANN: Thank you, Mr. Clerk. Do you have any items for the record?

CLERK: I have nothing at this time, Mr. President.

PRESIDENT HEIDEMANN: At this time, Speaker Adams has an announcement.

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SPEAKER ADAMS: Thank you, Mr. President. Members, I'd like to go over a couple of scheduling things with you realizing this is all tentative. First of all, it would be my intention and has been since the beginning of the day that we would leave a little earlier today. However, what I'm...what I'm tentatively looking at is LB90 on your agenda. I would like to be able to work through LB90. And we'll reassess as the afternoon progresses. I thought, maybe, we would get a little further. We had good debate this morning on bills, that's fine. So kind of look at that as our break-off point for today; if we have more time, we may proceed on. We'll see where we're at. Tomorrow, let me remind you that tomorrow as we head into the holiday, we may stay a little longer into the afternoon so that we can get bills back from Bill Drafters that are on Select File that we've moved, we can get them back so that we're ready next week to deal with them. So we may have to stay in session just a little bit longer tomorrow. Tuesday of next week, Tuesday afternoon, tentatively, we'll be dealing with...with overrides on the budget if there are any. And so I would anticipate staying a little later that evening so just be aware, next Tuesday. And then we'll see where we're at on Wednesday as we go along. But that's kind of what the plan is; LB90 today at least, maybe a little bit more as we go along. And then tomorrow plan to stay just a little bit longer. Tuesday, probably taking up overrides, if there are any, and staying a little bit later and we'll see what Wednesday brings. Thank you, Mr. President.

PRESIDENT HEIDEMANN: Thank you, Speaker Adams. We proceed to the first item on this afternoon's agenda. Mr. Clerk.

CLERK: Mr. President, LB561A on Select File, I have no E&R. Senator Ashford would move to amend with AM1507. (Legislative Journal pages 1535-1541.) [LB561A]

PRESIDENT HEIDEMANN: Senator Ashford, to open on your amendment. [LB561A]

SENATOR ASHFORD: Thank you, Mr. Lieutenant Governor. This is the amendment to the A bill; last week we advanced to Final Reading the underlying substantive legislation that unwinds the current juvenile justice system that has primarily been placed with the Office of Juvenile Services and places the 3,500 juvenile status offenders and other offend...delinquents into a new rejuvenated probation parole system that will start transitioning upon the passage of LB561 and LB561A. Let me just say from the outset on the A bill that Liz Hruska has been working on this bill exclusively for 24 hours. So I think that's all I need really to say about it. But I will be a little more explanatory. Essentially, what we're doing over the next two years is transitioning the dollars from OJS, HHS over to Probation. The first year, the transition involves \$15 million from HHS which is existing dollars that will be placed in Probation in order to be...commence the transition period as we create this new agency under the courts. In the second year, and in addition to that, there are...there is the \$4 million of new money in the A bill that will be appropriated to Probation up-front to allow for the hiring and training of new

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probation officers prior to October 1, 2013, which is one of the benchmark dates in the bill. When we get into next year, there will be \$39 million for the second year of the biennium from HHS that will move over to Probation. And those dollars will be split this way: \$28 million...or \$29 million, if I'm correct, \$29 million of those dollars will be used for programs. This is incredibly important because these are...these are...is essentially the same appropriation that OJS was receiving for programs, will go to Probation. The difference is, as we've seen with the two years of pilot, the sort of the Krist juvenile assistance program that Bob Krist birthed, I guess, two years ago, we've seen that there have been significant savings in the...with these juveniles that have gone into the project in the 11th and 12th and Douglas County Judicial Districts as more and more juveniles remain in their homes. One of the main...and are not placed outside their home. And one of the main differences, and probably the most significant difference in LB561 and in the new agency from the old system will be that we will place a premium on working with families and keeping juveniles in their homes. What was happening before was as, you may recall the discussion on LB561, as the juvenile court would make a finding on a juvenile, whether a status offender or someone who is delinquent had violated a criminal statute, they would be placed with the Office of Juvenile Services. And once placed with the Office of Juvenile Services, the court sort of lost its jurisdiction over that juvenile. And the Office of Juvenile Services would pay all the costs, whether or not they were out of court or not...out of home or not. And there was a tendency to place an inordinate number of juveniles outside the home. We're going to change that; the system has not worked. It has taken juveniles away from their families in an inordinate manner and we have not had the monitoring or the accountability that is necessary to make sure that these juveniles are progressing. So that \$28 million or \$29 million that will be used for programs will go back to the counties, back to the communities to fund programs for juveniles and...while they remain in their homes. And this is so incredibly critical and is really the mandate in LB561 to Probation as we unwind the old system and start a new system. The additional dollars, the additional dollars over and above in the second year, over and above the \$29 million, gets you to the \$44 million budget for this program, most of those dollars will go to administration and the hiring of new probation officers. There will be at least 77 new probation officers hired throughout the state. They will be placed in, as are the existing probation officers, placed in the counties and they will be working hand in glove with the judges who have...will have now direct jurisdiction over these juveniles throughout their term...time with the probation system and the parole system. So even if a child is sent to a treatment center like Kearney, the judge will have jurisdiction. This has not been the case in the past. It has been a terrible, terrible situation where these judges lose the jurisdiction over these juveniles as they go into a treatment center. And what has happened in the past where capacity and oftentimes dictated how the juvenile was treated, these juveniles will remain in a treatment center until it's determined that they are ready to come back into the community. And when they do come back into the community, there will be a family intensive therapy mandated. We want to keep families together. We want to utilize the family unit, that's the first layer of protection. And we

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believe that the...and let me just say this, this is the fifth year of my journey in juvenile justice, and I would be remiss...first of all, I was in my 50s when I started this journey in the juvenile justice. I know that's...Senator Lathrop is still in his 50s I believe. (Laughter) But I do want to thank...and I must do this, with all of the...with every depth of meaning I can give to this, but the Judiciary Committee throughout my years here have been incredible and have committed so much time to deal...dealing with this as we tried to peel away the problem. Why are children not getting better? Why are they going back on the streets and committing additional crimes? Why are their families continuing to be broken? Why isn't there a system in place to address those needs? And we...and it really was...Senator Krist, who is not on the committee, but who came up with the project which is really...was the idea of giving Probation more jurisdiction. Also, I mean, certainly Stacey Conroy who has spent hours, days, months, doing incredible work; the court system, the chief justice and his team in Probation have been, you know, and...we have...we're very fortunate in having Mike Heavican as our Chief Justice, because his work in the juvenile system has been really legendary throughout the country. Through the Eyes of the Child Initiative is trendsetting and important. This Legislature has been behind this effort all the way through for the last five or six years, starting with truancy and juvenile records and all of those issues. Certainly, the executive branch, the Governor's Office, the PRO Office, we have worked so many hours and days and we've had the support of the Governor and his team and that has been incredibly important to this effort. But as we get to the second year, we will have a full implementation of this new system for juveniles. We will have more county aid. For some reason county aid in 2003, county aid was \$1.4 million; it is still \$1.4 million. That county aid was designed to help with diversion and prevention programs for juveniles. It has never gone up. What we're doing here in this bill, for at least for the first two years, is we're doubling county aid in year one; and in year two county aid will go from \$1.4 million to \$5 million. And then in year three, it should continue to go up until we reach our benchmark amount of \$10 million. The counties are critical to this effort. The counties have done a...I know our county, Douglas County, has done a tremendous job in keeping juveniles out of detention. As we discussed last time, our state has the highest...one of the highest detention rates for juveniles in the entire country. How much time do I have? [LB561A LB561]

PRESIDENT HEIDEMANN: You have 1 minute and 5 seconds. [LB561A]

SENATOR ASHFORD: So the juvenile, the juvenile...this juvenile system change will rely on the partnership that we have with the counties. And we will continue to make certain that the...hopefully, is that when I'm gone from here, that we make sure that that county aid fund is adequately funded so that we can provide the needed dollars to work in the communities and build up, throughout the state, throughout all of the 93 counties working in concert with Probation and in concert with each other to provide juvenile services. Thank you, Mr. Lieutenant Governor. [LB561A]

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PRESIDENT HEIDEMANN: Thank you, Senator Ashford. (Visitors introduced.) Senator Crawford, you are recognized. [LB561A]

SENATOR CRAWFORD: Thank you, Lieutenant Governor. I just have a question for Senator Ashford. [LB561A]

PRESIDENT HEIDEMANN: Senator Ashford, will you yield? [LB561A]

SENATOR ASHFORD: Yes, I will. [LB561A]

SENATOR CRAWFORD: Thank you. Now as I understand it in this bill, we're shifting some monies from HHS to other departments because we're shifting responsibility from HHS for some of these services to the Department of Justice, is that correct? [LB561A]

SENATOR ASHFORD: Yes. [LB561A]

SENATOR CRAWFORD: Okay, so now in many of our...and we're trying to also shift services to our county level. Now in many of our counties we have space that's currently being used for HHS services. Would it be your expectation that some of that space would then be available for these services that now would be funded instead by Department of Justice? [LB561A]

SENATOR ASHFORD: Thanks for the question. There are two...two answers, I think, to that. First answer would be that in the transition period there...as HHS and Probation work on transitioning these programs that there very well could be utilization of OJS space. But that...but OJS would be responsibility for that space and paying the rent. Traditionally...the second answer is, that traditionally Probation officers...office in the county courthouse or in a building adjacent to that, that will not change. The difference is that...and the counties have always provided offices for probation officers. That will not change, except that I think over time it should change. It's not changing in this bill, but I think that's one of the things as we look through the first year of transition, look through to that and see if that's something that the state can pick up in this budget. I think there is going to be the ability to look at doing that. But one of the reasons why we're increasing county aid in the first year is to help cover that transition cost for the counties as well, because the counties can use that transition aid to pay for that office space so the state would be, in effect, paying it. But I do think it's a question that needs to be answered as we create this new agency. [LB561A]

SENATOR CRAWFORD: All right. So the counties will have more probation officers to find space for. [LB561A]

SENATOR ASHFORD: Well, your county, I think, first of all, Sarpy County has done some incredible work. Judge Gendler and the other judges in Sarpy County, and

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they've...their...but there will be more probation officers in Sarpy County, I think, four, maybe, or three or four probation officers. And they will have office space in the Juvenile Justice Center, I believe, or somewhere around there, and the county will provide that space. But, you know, whether they can use existing space or whether they may have to have another office, I don't know. But it will be a minor cost, I think, compared to the county aid increase. [LB561A]

SENATOR CRAWFORD: And I'm asking, not just for Sarpy County, but just counties in general. [LB561A]

SENATOR ASHFORD: No, but I...Sarpy County has done a great job. And, really, I wasn't, obviously, you're asking for the entire state. [LB561A]

SENATOR CRAWFORD: That's fine, that's fine. Thank you so much, I appreciate that. [LB561A]

PRESIDENT HEIDEMANN: Thank you, Senator Crawford. Senator Coash. [LB561A]

SENATOR COASH: Thank you, Mr. President. Good afternoon, colleagues. This is going to have a big impact on our green sheet. I believe it's the biggest one, and it should be. Senator Ashford is right; we worked on this for many, many years. As long as I've been on the Judiciary Committee, this has been a focus of the committee's work. But it is a shift. And what we're doing, colleagues, is we're taking a big responsibility that was HHS and we put it over here into the court system. Now some may say that that's a referendum on the work that HHS has done. And I'll let you make that own determination for yourself. But really what I believe this is doing is it's putting the right mechanism in place to help the right kids. HHS has a role. The courts, and by virtue of the courts, the Probation also has a role. But this is a big shift. And since I've been here, we've had a couple of big shifts within how...with how we deal with children who aren't at home. And it didn't go very well, went poorly. And a lot of kids got hurt because of it. And Senator Ashford, when he opened on this amendment, said we're unwinding and we're starting over. But I want to tell you that this is a different process than what we saw happen before where we are taking our time, we're using...we're putting things in place that needed to be put in place any time you spend this kind of money. We're putting the resources at the point where they're going to be consumed. And that's why this county money is so important, because it takes the resources and puts them in the community where they'll be utilized, where the children are. And it matches those needs with the children. Where we're going to end up when we adopt this amendment on this A bill, I hope, colleagues, doesn't come up and in three years, when I'm still here, and say, we messed it up; well, we didn't put enough money into it. Because that has been the challenge in all things related to children is we have good plans, we have good people, but we say let's do it at about 70 percent of what we know we need to do it. But here's where I'm at; I trust Senator Ashford, I trust Liz, and the Fiscal Office who have

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worked really hard on this and they've said, this is how we're going to step it out. And we're going to give...we have to have a transitional period because we're taking a bunch of kids and we're saying, you're HHS, well, you can't say Monday you're with HHS and Tuesday with your courts, it takes some time and we have to transition that. And then we're going to step in the resources at the county level that we need...we need them...as we need them to be. And we've put things in place in the original bill to give us some accountability on these things so that we as a Legislature can keep track of this. Think about it, colleagues; we've got three branches of government touching a kid's life here. We got our branch; we got the courts; and the executive branch all trying to do what's right for kids. It's a lot of hands in the pot and we've got to make sure that there is some accountability and some oversight to it and I think we have that in the original bill. But I want to make sure that if we say this is what we need to do for children, that we do it. And if I didn't think that the amendment that we're looking at... [LB561A]

PRESIDENT HEIDEMANN: One minute. [LB561A]

SENATOR COASH: Thank you, Mr. President. If I didn't think the amendment we're looking at and the underlying A bill didn't get us there, I would oppose it. But I'm ask...but as I stand here today, this will get us there. And we may need to revisit this every year. If we don't, we're going to be back in a situation where we were in a couple of years ago where we're going to be scratching our heads and starting over again. That is not okay in my mind. But with the Fiscal Office and judiciary office and the courts working together on this amendment, if we can keep it here, we're going to be okay. But we've got to keep our eyes on it. And I make these comments not just for us here, but for us next year when we come back and we're going to be talking about juvenile justice again because we're going to have to evaluate it from a policy standpoint and from a fiscal standpoint as well. [LB561A]

PRESIDENT HEIDEMANN: Time. [LB561A]

SENATOR COASH: Thank you, Mr. President. [LB561A]

PRESIDENT HEIDEMANN: Thank you, Senator Coash. (Visitors introduced.) Senator Ashford, you are recognized. [LB561A]

SENATOR ASHFORD: Thank you, Mr. Lieutenant Governor. And Indian Hills is a very cool school by the way, I'm glad they're here. Thank you for coming down. I just want to focus on a couple of things that Senator Coash mentioned and try to address them. First of all, what we have to remember is that we have in place significant number of assets that work with these kids in the court system...in and around the court system. We have the county attorneys, for example, and then, of course, we have the judges. One of the things that I've been so impressed by as we've worked on the probation project over the last couple of years are the county attorneys that work with these kids.

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In Sarpy County I know Lee Polikov very well; obviously, Don Kleine, the two counties I work most closely with, but also out in Kearney and Buffalo County where those county attorneys work with the kids that are at the YRTC's in Kearney. You know, Mark Young from Grand Island has been...just in the...absolutely in the vanguard of working with kids in the truancy area. We've been very fortunate. And in the...on the judiciary side, throughout the state, literally, we have had feedback from most all the judges, county judges that deal with juvenile court outside of Douglas County and Sarpy County and Lancaster County have been so very helpful in this process. Really, the judge in North Platte, Judge Turnbull, was one of the judges that was an early adaptor to this idea. And I was out in North Platte a few years ago, Senator Hansen invited me out there, I went out there, talked to Judge Turnbull and he was just blown away and pleased that the Legislature was really, finally, what he said, listening to his concerns about how these young people were being lost in the system. And in Scottsbluff we've had just a great deal of feedback from Scottsbluff, from that entire judicial district, Judge Wightman's area, and it really has...or Senator Wightman's area and throughout those judicial districts. So, so this is not popping out of a turnip patch today. This is something that has been discussed and mulled over for a period of time. But one thing that is exciting, and I think, for the counties, is...and to Senator Coash's point, is the \$29 million in the second year that is going to programming are the same numbers of dollars, the same amount that would be going to OJS under the old system. The difference is, that as you invert the...invert the in-home versus out-of-home placement of juveniles and with the same budget, you're, in a sense, you're saving inordinate number of dollars by keeping these juveniles in their homes and working with the probation officers and the judges. That's going to free up other dollars. I'm not...I realize Senator Coash has been consistent in making sure that we have...we front load this system adequately. And Senator Campbell has made the same comment: let's make sure that we are front loading this so that this transition money is there, so that the service money is there, so if we need to send a juvenile to Boys Town there's adequate dollars to do that. And I believe, in talking to Liz and to Senator Campbell whose committee has been critical to this process, that we are going to have the adequate dollars. But we must be vigilant. And finally regarding the Health Committee, I think I'm right in saying this, that in looking at systems across the country, I think we are one of the only states, and I think we should be very proud of this, where we are...we are reforming our child welfare system and... [LB561A]

PRESIDENT HEIDEMANN: One minute. [LB561A]

SENATOR ASHFORD: ...our juvenile justice system in parallel. And where we can tie them together, especially with crossover kids, meaning juveniles who are both in the juvenile system and in the HHS system, we are going to have a system that's two systems that are talking to each other and are going to be accountable. And the Children's Commission that's going to be looking at our YRTC's over the next year or so, we're going to be working together with HHS and with those communities and with

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Probation. So that's a, I think, one of the...where I...we'll be one of the first states in country that are looking at this whole process at the same time. [LB561A]

PRESIDENT HEIDEMANN: Thank you, Senator Ashford. Senator Mello, you are recognized. [LB561A]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. A couple points of clarification which Senator Ashford, I think, approached in his opening on LB561A and his amendment, AM1507, addressed a good number of these, but just so people as they look at the green sheets in regards of financial status and the impact LB561 would have, it reduces what's on the green sheet by, roughly, from \$21 million over the biennium to, give or take, about \$14.5 million. And Senator Ashford, I think, started to explain a little bit more in detail what this revised fiscal note and A bill would do where, roughly, about \$5 million of that \$14.5 million would go towards the juvenile services aid which goes to county governments. Now I know Senator Ashford and his legal counsel, myself, and the Fiscal Office have had multiple conversations with the county governments about this particular component of the bill. As I explained to them, as well as explained to Senator Ashford, if the body moves forward on LB561, we're not simply putting this program into a safe, putting in on a boat and sending it out to sea, never to hear from again. We will have to go back next year and see how the transition, which is, frankly, the underlying foundation of LB561, how that transition from HHS to the Supreme Court is actually being implemented and what are the true fiscal impacts of that. Because what, ultimately, you see in the fiscal note and the A bill with LB561 with the adoption of AM1507 is, I would argue, more money that is appropriated for the transition component from HHS to the Supreme Court. And the reason why it's done that way is because this body over the last four years just dealt with an experiment that went completely wrong in regards to our child welfare privatization where we underfunded this experiment to only have to pay significantly more down the road by underfunding it up-front. And in speaking with Senator Ashford and the interested parties in LB561, we're not going to do that again on this bill or, frankly, any bill as long as I'm in the Legislature. If we're going to undergo an initiative to try to reform a program or an agency to get better results for children, we're not going to underfund what we know is the foundational component of the program. And in this particular instance, it's the transition aid from HHS to the Supreme Court. So right now if you looked at it, roughly \$8.8 million over the biennium is for the transition costs of moving this program from HHS to the Supreme Court. Senator Ashford agrees with this general concept and premise that that is the foundation of what we need to make sure goes right. The second component is, obviously, the juvenile services aid. And let's say, for an example, next year, and we know this is going to have to be done, we will see what the true transition costs will be from HHS to the Supreme Court. And if those transition costs come under, we fully have had conversations with the counties in the understanding that we may have to shift that transition aid, the money that would need to be reappropriated, to the juvenile services aid because there is a sticking point that the

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counties feel they're nervous about in regards to moving forward with this certain aid level. But they understand what Senator Ashford, myself, and others have discussed that we can't shortchange the transition costs first. So to reiterate, this is not something that simply is going to be put on autopilot moving forward, colleagues. Senator Krist, Senator Campbell, Senator McGill, and Senator Ashford, and the members of the Judiciary Committee have invested a lot of time and effort into trying to make this work and it's not simply a done deal, wipe our hands clean, once we pass LB561. And it's more, I think, of a reassurance... [LB561A]

PRESIDENT HEIDEMANN: One minute. [LB561A]

SENATOR MELLO: ...to all of the interested parties who may still have a bit of concern moving forward that this will be continuously monitored year after year because we know that we will have to increase county aid moving forward to achieve the goals of trying to save more money in the long term of keeping juveniles out of the program and finding better diversionary programs and efforts to save more money in the long run both for the state and for property taxpayers at the county level. So I appreciate, I genuinely appreciate the long lengthy conversations that Senator Ashford, his legal counsel, myself, the Fiscal Office, Senator Krist, Senator Campbell, and others have had regarding this bill. And I appreciate the compromises that have been made to get us to this point and, ultimately, to make this fall and work with, I think, a bigger fiscal frame for the remainder of the year. It still will be the largest fiscal note that we will see this year, but I believe we're going to be able to accomplish what Senator Ashford... [LB561A]

PRESIDENT HEIDEMANN: Time. [LB561A]

SENATOR MELLO: ...from the Judiciary Committee put out by adopting this amendment. Thank you, Mr. President. [LB561A]

PRESIDENT HEIDEMANN: Thank you, Senator Mello. Senator Brasch, you are recognized. [LB561A]

SENATOR BRASCH: Thank you, Mr. President. And I did not plan on speaking on this. I do, and did, support LB561. I made the statement that when I learned that we are spending \$60,000 a year for each incarcerated youth, I think this is well invested. But what did raise my curiosity is I do have a few questions. I am concerned when Senator Coash said this...basically to sum it up, this better be enough money that we don't want to see what happened to foster care, etcetera. And no one wants to see that happen. But I don't think that just throwing money at a problem solves a problem. And so I have a question for Senator Ashford if he would yield. [LB561A LB561]

PRESIDENT HEIDEMANN: Senator Ashford, will you yield? [LB561A]

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SENATOR ASHFORD: Yep. [LB561A]

SENATOR BRASCH: Is LB561, is this program a pilot for Nebraska or is it based off of...and other states? [LB561A]

SENATOR ASHFORD: This is a Nebraska. [LB561A]

SENATOR BRASCH: Okay. [LB561A]

SENATOR ASHFORD: This is homegrown Nebraska. [LB561A]

SENATOR BRASCH: Very good. And the reason I ask is, in my past occupation, working with educational software, in education they have what is call "a response to intervention system" where if a student's grades are dropping or if they don't show up for occupational therapy, you know, if they missed their guidance meetings, then immediately administrators and everyone is notified through a database of missed meetings, missed appointments, grades falling, and the intervention is taken place with each youth. And the state of Massachusetts has a very, I believe, successful, but challenged incarcerated youth program that the company I worked with had...was involved with, at that point. And so I'm hoping that other states have been engaged, that we are not just shooting from the hip on this, Senator Ashford. [LB561A]

SENATOR ASHFORD: That's a great...that's a very good question, Senator Brasch, actually. And Massachusetts does have a very sophisticated system. I didn't mean to say that we hadn't looked at other states, I think we've looked...we've looked at so many states that they start to go around like a merry-go-round in my head. But you're right in pointing out Massachusetts. Massachusetts has a sophisticated system of treatment for youth. They have a sophisticated system of longitudinal data so that...and one of the goals here is that...and we've been working on it, working on it, working on it, one of the...and when the second year...we're putting some more money in towards this, is a data system that will allow us from the point when we get the first indication of issues, and maybe it's in the education system, to follow that child longitudinally like you're suggesting. I think it's critical. And other states that have been success in working with juveniles, Massachusetts, Washington, Oregon, even Florida for example, they have these systems. And I think you're absolutely...it's a critical element; you're right. [LB561A]

SENATOR BRASCH: And I do, and this is where I'm hoping that we're not just taking this, I guess,... [LB561A]

SENATOR ASHFORD: (Inaudible.) [LB561A]

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SENATOR BRASCH: ...expectainorous (phonetic), you know, just off the cuff. [LB561A]

SENATOR ASHFORD: Yeah, right. [LB561A]

SENATOR BRASCH: Because I am familiar with Oregon's system as well. [LB561A]

SENATOR ASHFORD: Right. [LB561A]

SENATOR BRASCH: And a few of the other states that have systems. And the accountability, the timing, any missed appointments, you know... [LB561A]

SENATOR ASHFORD: Right, right. [LB561A]

SENATOR BRASCH: ...the longer that goes... [LB561A]

SENATOR ASHFORD: Right, right. [LB561A]

SENATOR BRASCH: ...unnoticed the more deteriorated that child's well-being becomes... [LB561A]

PRESIDENT HEIDEMANN: One minute. [LB561A]

SENATOR BRASCH: ...and public safety. So I do encourage you not to say we need more money, but perhaps we will need to look at other state's resources and some of those are electronic as well. Thank you... [LB561A]

SENATOR ASHFORD: That's exactly right, so. [LB561A]

SENATOR BRASCH: All right. Thank you, Mr. President. Thank you, colleagues. Thank you... [LB561A]

PRESIDENT HEIDEMANN: Thank you, Senator Brasch. Senator Krist, you are recognized. [LB561A]

SENATOR KRIST: Thank you, Mr. President. Good afternoon, colleagues, and hello, Nebraska. I was going to talk about something else, but I just want to address a question that Senator Brasch brought up and I think it's a great question and the answer is, I think one of the best things we did with the Douglas County pilot program, which is now in the 11th and the 12th as well, we did that last year, one of the great things we did was we insisted on putting an evaluative arm, a process in. UNMC has done that evaluation and we've had some private evaluations as well. So we have documentation about what works here in Nebraska. The other thing that we've done is Senator Ashford and others have gone to different states and they've looked at programs to make it

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better and I think we...we're in the process now of doing another evaluation that should be back to us quickly for dissemination. And that evaluation is from an independent, from the state of Washington, and they do things really, really, really well up there and we need to learn from that experience as well. So, not just legislating from the hip, making sure that we have good data, sound data to go forward, and then not just appropriating and throwing money at something to the point, but putting it in measured and weighed and evaluating it along the way. And we have a wonderful fiscally sound, beautiful mind in Liz Hruska who has told us all the way this is how it needs to be done because we cannot afford to create the same fiasco that went on in the past; we're all aware of what happened with privatization efforts and the infrastructure that we destroyed, the state of Nebraska destroyed across the state. We need to rebuild those as well. So great question and the answer is I think the people who have been involved, who have dove into this subject matter over the last few years, have absorbed everything we can get our hands on to read, to evaluate, along with evaluating our own state's needs and the actual program, pilot program that was in place that we have learned from and now will expand throughout the state. From my own comments I would just say this, we're going to save money doing things more efficiently and more economically and reducing the redundancy and the overhead structure. That's what we have proven with the pilot project. When one probation officer follows a child through his or her problems; when one judge has the jurisdiction to help and keep that child where they need to be; when our goal is to keep the child at home and out of detention, that succeeds. And to the point on all the fiscal talk we had this morning I will say this, the first choice that we have in this program under probation is does the parent, the family, or the child have some financial resources that we can draw upon to treat them? If not, are there other avenues that we can use to pay for that program? And then finally, at last resort, do we spend the state's money and how well do we spend the state's money, how efficiently and economically do we spend it? Obviously, the whole focus is on the child. We're going to treat kids like kids. And the mosaic now has come together, I think, in terms of pulling it all together under one roof. And the transition program that Senator Mello described, that is the key to the success of this program. That and the oversight that needs to be applied. I've said it many times, and you all know it and I'm sure you're sick of me saying it, we legislative, we appropriate, and we apply the oversight to make sure that it happens, and then we tweak it down the road. It's going to take a constant attention and vigilance over the next few years to make sure this happens. At the end of day, there's going to be some better kids, some better families, and some better outcomes because we'll have evidence-based treatments... [LB561A]

PRESIDENT HEIDEMANN: One minute. [LB561A]

SENATOR KRIST: ...and not just locking kids up. To that point, too, my final point, I have the honor to be cochair of the JDAI Program, the Juvenile Detention Alternatives Initiative in the state, and that is truly the measure of where we're going. Keep the kids out of detention. There's, obviously, going to be troubled children and families that need

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help, and safety is a paramount, but try to keep them at home as much as possible; treat the family and put the family unit back together. Thank you, Senator Ashford, for everything you've done; Senator Campbell, Senator McGill, and I don't want to make this a love fest, but especially Liz Hruska who makes it all work and come together financially. Thank you, Mr. President. [LB561A]

PRESIDENT HEIDEMANN: Thank you, Senator Krist. Senator Ashford, you are recognized. This is your last time, you will have a close coming up though. [LB561A]

SENATOR ASHFORD: All right, and there's no one else after this? [LB561A]

PRESIDENT HEIDEMANN: There is others...one other speaker. [LB561A]

SENATOR ASHFORD: One other speaker, okay. I just...I did want to comment just for the record to make sure that we all understand, Senator Hadley and Senator Karpisek have been very, very involved and clear to the committee, as we move forward, on the importance of the YRTC's, both at Geneva and at Kearney. And then Senator Seiler, of course, who serves on the committee is...has been involved in the changes that will occur at the Hastings youth facility and they're very exciting. So I just want to thank them. But also reassure them that this...their efforts are not going to go in vain. That there are people in Kearney and Geneva that have given tremendously to those facilities both in time and in volunteer work and is very, very impressive. We just want to make sure in this bill, and as we move forward, that the treatment that is provided is evidenced based, as Senator Krist suggest, and that these children are reunited with their families in a meaningful way and that when they reach the age of 19...I've always been struck by, at least in our city, in Omaha, by the average age of a victim of a shooting in Omaha, Nebraska, is 19 years old. That's the year after they age out of the juvenile justice system. And there are hundreds of them that are entered into the emergency rooms at UNMC and Creighton every year and there's a reason for that. And the reason is that there are too many young...good, young people that...you know, and I'm asked throughout...you know, many, many times...when I ran the housing authority and worked there, whatever, and all the things that I've been involved in Omaha, which have been very exciting, but I'm always asked about, well, there aren't traditional families in north Omaha. Well, you know, there aren't traditional families...there's lot of nontraditional families all over the state. And quite...but I believe in the value, as we all do in this body, and that's what brings us all together so many times is our value...the value we give to families and to children. And I really, really can tell you that the basis for our efforts in the committee and our efforts in this bill are around families and children. That if we can reduce the shootings, as the ultimate badness that happens when we're not intervening early enough, and to Senator Brasch's point that we can know...there are states and South Carolina, I think is one, where you know when something...when a child is suspended from school, in real time, you will...you can find out who...if they're in foster care, who their foster care worker...family is, who their

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probation officer is, if they have one, who their caseworker is, their school record, their criminal record, so that we don't waste a lot of time trying to figure out what's wrong with this child. Those technologies, as Senator Brasch has so correctly stated, exist. And the end result, yes, Senator, as has been said on the floor, yes, there are efficiencies dollarwise, no question, by early intervention and prevention. But the words are meaningless without the actions that support those words. I really believe that we are making a good start here. And thanks to this body, and to the executive branch, we're going to make it work for every child and every family in this state. We're not going to save everybody, I know that, but we can go a long ways to saving a lot of children and a lot of families that are involved in the juvenile justice system. And I know on the social welfare side, on the HHS side, on the child welfare side, the caseworker side that they're doing tremendous work as well. This is exciting. I've never been so excited about anything. It's just incredible to see what's happening with all the efforts that have been undertaken here. So thank you, Mr. President, Mr. Lieutenant Governor. [LB561A]

PRESIDENT HEIDEMANN: Thank you, Senator Ashford. Senator Nelson, you are recognized. [LB561A]

SENATOR NELSON: Thank you very much, Mr. President, members of the body. Such boundless enthusiasm and optimism and I'm going to try to bring us down to earth just a little bit. And I really share, I compliment you for all the work that you've done. I have a lot of confidence in Liz and I suspect probably now when this goes through we're going to get an updated fiscal note. But I'm not going to contribute any more love fest at this time and use up my time with that. I'm interested, and I have some questions for Senator Ashford. First of all, let me remind you, I, too, was interested in YRTC Geneva and know what has happened out there. And when Senator Krist talks about detention centers, is that what you're talking about, or are detention centers in Omaha? [LB561A]

PRESIDENT HEIDEMANN: Senator Ashford, will you yield? [LB561A]

SENATOR ASHFORD: I'm talking about those that we have direct jurisdiction over, the YRTCs at Kearney and Geneva... [LB561A]

SENATOR NELSON: Yeah. [LB561A]

SENATOR ASHFORD: ...and the facility in Hastings. Those are the ones we have jurisdiction over. There are five county detention centers throughout the state. But we don't...we utilize them, but we don't run them. [LB561A]

SENATOR NELSON: Okay, fine, fine, so that answers that. The amendment came out fairly recently and so I just...I think, perhaps, for the interest of everybody here, I'd just like some clarification on the figures. I'm looking at the fiscal note that came out May 14. And there we're talking about an expenditure for 2013-2014 of \$10.3 million. And then

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when I look at your amendment here, it's gone up to \$19 million. Now I've got to assume you're including the transfer money from Health and Human Services in that figure? [LB561A]

SENATOR ASHFORD: Okay, it's \$15 million of current appropriations and \$4 million of new appropriations. The \$4 million is for the front loading of the transitional cost, and the \$15 million is for the cases that are being worked during this fiscal year. [LB561A]

SENATOR NELSON: Well, when we talk...where is the money for the transitional cost coming? Out of the General Fund? [LB561A]

SENATOR ASHFORD: That's already in there; that's already there. It's already appropriated. It's in OJS. [LB561A]

SENATOR NELSON: Okay, but that's \$8 million. [LB561A]

SENATOR ASHFORD: It's \$15 million...\$15 million this year plus \$4 million, \$19 million. [LB561A]

SENATOR NELSON: Well, but Senator Mello had talked about \$8 million in transitional costs...to go...going...switching things over to Supreme Court. [LB561A]

SENATOR ASHFORD: That's over the two years. [LB561A]

SENATOR NELSON: That's over two years. [LB561A]

SENATOR ASHFORD: Yeah. [LB561A]

SENATOR NELSON: Is that the \$4,000... [LB561A]

SENATOR ASHFORD: Yeah, \$4,000...it's \$8 million. [LB561A]

SENATOR NELSON: ...or \$4 million for training of probation officers and things like that? [LB561A]

SENATOR ASHFORD: That's the \$8 million. [LB561A]

SENATOR NELSON: Okay, understood. And then we go for the second year of the biennium, \$43,965,000. [LB561A]

SENATOR ASHFORD: Right. [LB561A]

SENATOR NELSON: So that's got to be including the transfers from Health and Human

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Services. Is that correct? [LB561A]

SENATOR ASHFORD: Correct, \$39 million, sorry, \$39 million from HHS. [LB561A]

SENATOR NELSON: So, my expectations, you know, from what you said before, that you're going to work on the fiscal note and bring it down, but it hasn't gone down. It's gone up a little bit. [LB561A]

SENATOR ASHFORD: It's gone down. [LB561A]

SENATOR NELSON: Has it? In what respect then? [LB561A]

SENATOR ASHFORD: We started at...we started at \$10 million, \$10 million of new dollars and it's now \$6 million the first year and \$8 million the second year. [LB561A]

SENATOR NELSON: Okay. [LB561A]

SENATOR ASHFORD: And most of that money is in transitional...front loading the transitional costs, but there is county aid money in there as well; \$1.5 million the first year and then another \$1.5 million, I think, in the second year. [LB561A]

SENATOR NELSON: Yeah. We were originally talking, my recollection, \$10 million each year to the counties, is that correct, am I wrong on that? [LB561A]

SENATOR ASHFORD: Well, we put...it was plugged in as county aid, but we knew that part of it had to go to transitional costs. So as we worked through with Liz and the...we worked through the budgets,... [LB561A]

PRESIDENT HEIDEMANN: One minute. [LB561A]

SENATOR ASHFORD: ...we wanted to make sure we had enough transitional costs. [LB561A]

SENATOR NELSON: Okay. So your...is the smaller amount of aid to the counties the first year if I understand you correctly? [LB561A]

SENATOR ASHFORD: Yes. [LB561A]

SENATOR NELSON: And what was that figure again? [LB561A]

SENATOR ASHFORD: The total aid will be \$3 million. It's an additional \$1.55 million or something. [LB561A]

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SENATOR NELSON: All right, okay. And we're talking about accountability, Senator Krist, I mean, how are we going to follow this and see what's happening after one year? Are we going to have any good data at that time? [LB561A]

SENATOR ASHFORD: Well, Senator Brasch is absolutely right. We need to have good data. That's what will drive good decision making. And we certainly will, as of the end of the first...next year when we come back, January 1, we're going to have a very complete report on what's happened so far and then from there on out...plus the Children's Commission report on the YRTCs. [LB561A]

SENATOR NELSON: Okay. Thank you very much, Senator Ashford. Thank you, Mr. President. [LB561A]

PRESIDENT HEIDEMANN: Thank you, Senator Nelson. Senator Pirsch, you're recognized. [LB561A]

SENATOR PIRSCH: Thank you, Mr. President, members of the body. I wonder if Senator Ashford would yield to a question or two. [LB561A]

PRESIDENT HEIDEMANN: Will you yield, Senator Ashford? [LB561A]

SENATOR ASHFORD: Yep. [LB561A]

SENATOR PIRSCH: Thank you. And the bill is expanding the Nebraska Juvenile Service Delivery Project statewide, correct? [LB561A]

SENATOR ASHFORD: Correct. [LB561A]

SENATOR PIRSCH: When did that project go into implementation? It's kind of a pilot project. [LB561A]

SENATOR ASHFORD: It gets fuzzy, but it was two years ago. [LB561A]

SENATOR PIRSCH: Two years ago. [LB561A]

SENATOR ASHFORD: It's been operating for two years. [LB561A]

SENATOR PIRSCH: Have we been able to glean empirically the results from that? [LB561A]

SENATOR ASHFORD: There's been a cost savings. I mean, some preliminary data that we have gotten would indicate that...I mean, we don't have a complete study from UNMC, they're doing an ongoing study that's going to probably take them several

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months and to...not so much compare, but to look at what the systems...well, the systems costing now per individual juvenile, but there is a savings. [LB561A]

SENATOR PIRSCH: Okay. So is the belief in going forward statewide that it results in not only better outcomes, but also cost savings? [LB561A]

SENATOR ASHFORD: Yes, and...yes. And the cost savings, it comes from...different...several different...first of all, you only have one agency, not two working with these juveniles, number one, and it's an agency...and they'll take parole and probation. Now they only have probation. So they'll take both probation and parole side. You know, you also have...we're not...these children are not going to be wards of the court. So what was happening in the past was, a child would be made a ward of the court, all the expenses were automatically paid by OJS for treatment, even though, in many cases, and there are just some egregious cases where families of significant means were...their costs of treatment were being paid totally by the state because they were made wards of the court. Wards of the court is more a...something that should be used on the child welfare side for abuse and neglect. But that same system was being used for juveniles. So you had families of means not paying anything and they were getting normal mental health treatment that they could have contributed to the payment of. So that that results in a savings. And so the truly needy person was not getting adequate treatment, in my view, because they...we were paying for people that didn't need to have...be paid essentially. And there are other savings, but those are two big parts of it. [LB561A]

SENATOR PIRSCH: Okay. And with those two...and those are stated goals, I think, in mine and passing (inaudible), but better outcomes for the families and the individuals involved in the system and for society as well as overall cost savings for society. Is there a system that will be put in place empirically to measure as the years go on and those...the results are captured then? [LB561A]

SENATOR ASHFORD: Yes. And there has to be. And that really is...we need to know, Senator Pirsch, and I think you and Senator Brasch are really hitting on the...and Senator Nelson, of course, Senator Brasch are hitting on the points, and that is we need to know in real time what's happening...how many kids are in the system. [LB561A]

SENATOR PIRSCH: Um-hum. [LB561A]

SENATOR ASHFORD: Where are they in the system? Are they in school; are they not in school? What treatments are they receiving? What are their costs per day on the treatments that they're receiving? And what are the outcomes? We...if you are today...I mean, you're involved in the court system, so you may have more involvement in getting data than I can, but if you were to ask, to query the system today, whatever that system is, as to where a particular child is, it is almost impossible to find the result. And that is

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what...that is not good. And we don't have longitudinal data. We can't...we, for example, they measure success at Kearney based on recidivism rates. Well, that's recidivism rates on whether they would go back to Kearney again within one year. Well, that isn't...I mean they could be going into an adult system. We don't know what's happened to them. [LB561A]

PRESIDENT HEIDEMANN: One minute. [LB561A]

SENATOR ASHFORD: So we don't have the kind of data that tells us whether we're really doing a good job with these juveniles in my view. [LB561A]

SENATOR PIRSCH: I'd yield the balance of my time should Senator Ashford desire. [LB561A]

SENATOR ASHFORD: No, I think those are great...thank you. [LB561A]

PRESIDENT HEIDEMANN: One...49 seconds. [LB561A]

SENATOR ASHFORD: And I don't need...I think those are great questions. That's exactly...the goal is to know...we...those need to know...individuals need to know whether it's the probation officers, it's the school counselor, it's whomever. We need to...whoever needs to know the information; we must provide them with that information. And that means HHS, probation, and the schools have got to work hand in glove with these kids that get into the system. That has to happen. Thank you, Mr. President. [LB561A]

PRESIDENT HEIDEMANN: Thank you, Senator Ashford and Senator Pirsch. Senator Krist, you are recognized. [LB561A]

SENATOR KRIST: Thank you, Mr. President and colleagues. And I'll be very brief. I don't often correct Senator Ashford, but for the record, the pilot program that exists in Douglas County has been in place for almost five years. It has been there under the supervision of the Department of Health and Human Services, funded by Health and Human Services, and cooperatively with Probation for at least four years in operation. What we did two years ago was we did some really smart things. We funded a program to allow for success as a pilot program and on the floor that day Senator Hansen and Senator Harms said, why not me? So we added the money to go to the 11th and the 12th. So those programs have been in place for at least one year. To Senator Pirsch's question, I'm going to answer this as efficiently as I can; we know the data. We had the study in place. We now have another study in progress. So this pilot program has existed under our supervision, under our proper funding arm for two years, but it's been in place for about four. We've seen empirical data that says a reduction in recidivism, a reduction in price, an efficiency in an economy of scale because we're doing it smarter.

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And more importantly, we're doing it for the families and the families and the kids. We've seen less people in detention. So if that makes a difference on how you vote for this A bill or how we carry it forward, I just want to state for the legislative record, it's been around long enough and we know it's the Nebraska way to get things done. And I would hope you would vote green on AM1507 and LB561A. Thank you. [LB561A]

PRESIDENT HEIDEMANN: Thank you, Senator Krist. Is anyone else wishing to speak on AM1507? Seeing none, Senator Ashford to close. [LB561A]

SENATOR ASHFORD: Thank you, Mr. Lieutenant Governor. And I know, Senator Nelson, I do get a little excited, and my feet do get off the ground once in a while and fly around and I accept that and that's fair comment. But I am excited about this. I know it's going to take a lot of hard work. I think the numbers are good. I think the numbers are conservative. And I think Senator Nelson is right to ask the questions. The numbers are conservative. We have, I think, more money...we have the right amount, I believe, in there to make the transition work. I am convinced that we're going to be able to do it even more efficiently from a funding standpoint than what we even have stated here. I'm also convinced the counties...I'm absolutely convinced that the counties are so motivated, and we've seen it by working with the county attorneys and the judges across the state, certainly in Senator Harms's area and Senator Hansen's area where the project is working in rural Nebraska. And we have seen the collaboration with those individuals. It's just an amazing thing to watch. So I do get excited about it. But we are going...we must be vigilant, we must keep the counties involved because there was skepticism at the beginning. They haven't received any additional state aid since 2003 for these purposes. They have taken...many counties have taken their own initiatives to do reduced detention, Sarpy County, and that's why I was referencing that earlier being a prime example. And Douglas County is doing good work in that area, as is Hall County. We have to address the concerns of Senator Christensen and Senator Davis on our committee about rural Nebraska to make sure that we have replenished the community-based resources so that children who get in trouble in rural Nebraska have equal access to help. We're not there yet, obviously, but this bill is intended, along with what Senator Campbell's committee is doing to address those concerns statewide. Thank you again for the opportunity to discuss this and I'd urge the adoption of AM1507 and advancement of LB561A. [LB561A]

PRESIDENT HEIDEMANN: Thank you, Senator Ashford. The question is, shall the amendment to LB561A be adopted? All those in favor vote aye; all those opposed vote nay. Have all you voted? Record, Mr. Clerk. [LB561A]

CLERK: 35 ayes, 0 nays, Mr. President, on the adoption of Senator Ashford's amendment. [LB561A]

PRESIDENT HEIDEMANN: The amendment is adopted. [LB561A]

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CLERK: I have nothing further on the bill, Mr. President. [LB561A]

PRESIDENT HEIDEMANN: Senator Murante for a motion. [LB561A]

SENATOR MURANTE: Mr. President, I move to advance LB561A to E&R for engrossing. [LB561A]

PRESIDENT HEIDEMANN: You have heard the motion. All those in favor say aye. All those opposed say nay. LB561A is advanced. Mr. Clerk for some items. [LB561A]

CLERK: Thank you, Mr. President. Enrollment and Review reports LB298, LB34, LB326, LB308, and LB573 to Select File, some having Enrollment and Review amendments attached. That's all that I have, Mr. President. (Legislative Journal pages 1541-1552.) [LB298 LB34 LB326 LB308 LB573]

PRESIDENT HEIDEMANN: Mr. Clerk, next item.

CLERK: Mr. President, next bill, LB331 offered by Senator Harms. (Read title.) The bill was introduced on January 17, referred to Education Committee, advanced to General File. There are committee amendments pending, Mr. President. (AM852, Legislative Journal page 867.) [LB331]

PRESIDENT HEIDEMANN: Senator Harms to open on LB331. [LB331]

SENATOR HARMS: Thank you, Mr. President and colleagues. LB331 is legislation that is related to the Nebraska Opportunity Grant Act. The Nebraska Opportunity Grant is the state's financial aid program. It supports low-income Nebraska resident students attending Nebraska colleges and universities. The intent of the act is to provide that only low-income students be eligible for this grant program. The Coordinating Commission for Postsecondary Education administers this program. In 2011-12, the Coordinating Commission awarded \$14.7 million to 14,239 students attending colleges in Nebraska. The average award is \$1,031. The Nebraska Opportunity Grant is funded through the combination of lottery funds to the tune of \$8.3 million in state appropriations to the tune of \$6.4 million. This bill makes an important change to the eligibility requirements for this grant. It would ensure that the state's neediest students continue to receive these grant dollars. Nebraska students can apply for the Nebraska Opportunity Grant Program by completing the U.S. Department of Education's free application form for federal student aid. All students who apply for federal financial aid complete the same application form. The results of this form is a calculation of the family's expected family's contribution or sometimes referred to as the EFC expressed in dollars. This will depend upon numerous factors such as income, assets, independence, for example. It reflects the family's ability to contribute to the student's education. Simply put, the higher the

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family's contribution, the less chances there is to qualify for this grant; the lesser the family's contribution, the more chance there is to qualify for the grant. The expected family's contribution for the Nebraska Opportunity Grant Act needs to be in line with the expected family's contribution for the federal Pell Grant as this is an appropriate measure to single out and assist low-income students in Nebraska. Currently in statute, our maximum expected family contribution is set at \$6,000 with a provision that allows for a 2.5 percent increase each year. This amount was set by LB956 in 2010 in an attempt to catch a very small net of low-income students who were not otherwise qualifying for the grant but we found them to be extremely needy. The percentage assumes that the maximum expected family contribution to qualify for the Pell Grant would continue to rise. However, two years ago the federal government froze and then on 2012 to 2013 reduced the maximum expected family contribution for the Pell Grant. The result is that the pool of Nebraska-eligible students has continued to grow and opportunity funding has not been targeted toward our lowest income students. In other words, our threshold has risen while the federal threshold remains the same, and then was subsequently reduced and so much that now we have higher family contributions that are qualifying for the Nebraska Opportunity Grant Program. A more tangible example is the grant funds are being provided to middle-income students whose family incomes are above \$40,000. This is not low-income targeted expressed by the intent of the act. The chart that I passed out this morning, I hope you still have it on your desk, that was distributed to you pretty much illustrates that gap between the expected family contribution for the Pell and the Nebraska Opportunity Grant Act as well as the solution the bill actually proposes. We need to find a way to provide a more appropriate measure that can put the qualifying number for the Nebraska Opportunity Grant Act back in line with the qualifying number for the federal Pell Grant. So what LB331 does, it would set the maximum expected family's contribution to qualify for the Opportunity Grant at 110 percent of the maximum to qualify for the federal Pell Grants. So if a maximum expected family contribution qualification for the Pell Grant is \$4,000, students with an expected family contribution up to \$4,400 or that 10 percent would be eligible for the Opportunity Grant. As a result of this percentage and any future adjustments to the expected family contribution, the Pell eligibility would result in parallel changes in the Opportunity Grant eligibility. Due to LB331, eligibility for the Nebraska Opportunity Grant will track changes in the eligibility for the federal program. This would ensure the Opportunity Grant funding is targeted to our most needy students and we would never have this conversation again. Nebraska must take serious the need of low-income students and provide the basic essential resources necessary for the promulgation of learning under just, fair, and equal circumstances to our educational system. If students are eligible, willing, and determined to work hard, there's no telling where this financial resources might take them. We need to be cognizant of any obstacles or circumstances that might hinder a student's ability to pursue a worthy education. With that, colleagues, I'd urge you to support and advance LB331, and I'd be happy later on to answer any questions. Thank you, Mr. President. [LB331]

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PRESIDENT HEIDEMANN: Thank you. As the Clerk stated, there are amendments from the Education Committee. Senator Sullivan, as Chair of the committee, you're recognized to open on the amendments. [LB331]

SENATOR SULLIVAN: Thank you, Mr. President, and good afternoon, colleagues. This committee amendment actually adds the provisions of two other bills that were presented to the Education Committee, LB466 and LB467, both of which were deemed by the committee to...with a favorable light. Basically it amends portions of the Postsecondary Institution Act and specifically regarding the powers and duties of the Coordinating Commission of Postsecondary Education. The two bills, LB466 and LB467, were introduced by Senator Avery, and I'm quite sure that he may have some additional comments to add. But to give you a brief synopsis of what those two bills represent and what is comprised in this amendment, AM852, LB466 what it basically says that it authorizes an institution that has...of higher education that has operated on a continuing basis here in this state for 20...at least 20 years and has been given authorization to do so will be able to continue indefinitely unless otherwise suspended, revoked, or terminated. So basically it just clarifies what is already being understood is that an institution authorized to do business and conduct business in this state and has been doing so for 20 years doesn't have to come back to get reauthorized, that they have this authorization and it will continue indefinitely unless otherwise suspended, revoked, or terminated. Now with the provision under LB467 has to do with distance education of these postsecondary institutions. As you all know, there's a lot of on-line education going on in these institutions of higher ed, and with LB467 and through this amendment it just allows the state to...allows the Coordinating Commission specifically to enter into reciprocity agreements with other states that are doing distance education as well. So those two bills are in essence the ones that we've combined into AM852. There is an emergency clause. It has no General Fund impact. And I'd ask for your support of AM852. Thank you. [LB331 LB466 LB467]

PRESIDENT HEIDEMANN: Thank you, Senator Sullivan. (Visitors introduced.) Senator Avery, you are recognized. [LB331]

SENATOR AVERY: Thank you, Mr. President. Senator Sullivan did a good job of summarizing LB466 and LB467. These are two technical bills that came to me from the postsecondary education or Commission for Postsecondary Education. They have long wanted to put some language in law that would allow for continuous authorization of institutions that have a physical presence in this state and have had so for a good amount of years. And this, LB466, does allow for them to authorize institutions to operate on a continuing basis rather than having to come back to them repeatedly for such authorization. And the other bill that's amended into Senator Harms's bill--and, by the way, I want to thank him for cooperating with us and allowing us to do this--is LB467. LB467 recognizes the importance of distance learning as a vital tool in the education process, allowing students nontraditional opportunities to get their degrees

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both at the undergraduate and graduate level. There is a rapid advancement of technology in this area. The Internet is playing a big role in this. And this has allowed the availability of on-line classes to flourish and, with that, the number of student participants. So we need this piece of legislation to allow the commission to participate more freely in this growing market, and this bill does that. I urge your approval of this amendment because of the importance that this has to higher education in the state of Nebraska. And, again, thank you, Senator Harms. [LB331 LB466 LB467]

PRESIDENT HEIDEMANN: Thank you, Senator Avery. Senator Chambers, you're recognized. [LB331]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, I'm not going to put this train off the track that comprises LB-whatever-this-bill-is. But I'm going to say something. You know, the Speaker makes announcements so that people will be aware of what's going on. Senator Larson is trying to persuade you all to vote for cloture even if you won't vote for that rotten LB57. And I'm going to tell you, we're in the last days which is my territory. Drop the L off his name and you've got arson. Now if you're going to let him be an arsonist and take this Legislature down in flames the last few days, you vote for cloture. He's telling you vote for cloture even if you don't vote for the bill. That's what some of you did last time, and I let it go because the bill was worthless and it wasn't going to come back. Now if he wants to play hardball, let him and me play. If he draws you all into the game, you're all in the game. And you need to think about that, especially those people who want an opportunity to have Medicaid expansion on the agenda. And he's going to run around here against the expansion, I'm sure he is. I was hoping he'd be up here, but he's somewhere listening and if he's not he's got at least 15 buddies who will tell him what I've said and I'll tell him. But I want you all to know what my intention is, but I'm not going to tell you what my intentions are. But if you check a little history on what happened in the last few days, in fact, I might can find an article or two to bring down here and show you how I operate so that you can defeat me. But if you've got bills that mean something to you, then don't you throw them away for some foolishness. This bill that he's offering was poorly written. It shouldn't have moved in the first place, but you all gave it to him. And I was shocked it's...not shocked, I'm overstating, I was surprised at people who voted for cloture and then didn't vote for the bill. And I tried to explain if you vote for cloture, you're voting for the bill. So I have to say it at a time when we're not on that particular item. And I'll be mentioning this from time to time not on this bill. Senator Harms has worked hard. Senator Avery has managed to get his bauble on the developing Christmas tree. And there's another one that will be coming up. Oh, Senator Avery has two baubles on the Christmas tree. I want to Senator Avery to know that I'm not against what his bills are, I'm not against this bill, I'm not against what Senator Harms is doing. But you have plenty of time today to get this bill taken care of. But I want to put something on your mind. Now if you want me to give you a sample of what I will do, tell me and we definitely will not get through LB90 if that was to be the last one. We won't get through LB255. Now, Senator Harms, I never

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will jump a bill when it's before us and go after that bill. But I haven't given any assurance on anything after that. So if you want me to give you a sample as happened yesterday morning, then I will. What Senator "Arson" is doing is allowable, but not everything that's allowable is wise. When Senator Carlson was praying this morning... [LB331 LB57 LB90 LB255]

PRESIDENT HEIDEMANN: One minute. [LB331]

SENATOR CHAMBERS: ...he asked god to give you all wisdom. And Solomon talked about getting wisdom. He said, wisdom is the principle thing, therefore, get wisdom; but with all thy getting, get an understanding. I figure that all of you all are wise and now I'm bringing some understanding of what I intend to do. I'm not angry at anybody. When I'm in my zone, I have a very level attitude because I can control things now. And if you don't think I can, then test it. And if you're going to test me, test me on something that's worth it, not this piece of nonsense that Senator "Arson" is bringing to you. Thank you very much. [LB331]

PRESIDENT HEIDEMANN: Thank you, Senator Chambers. Senator Kintner, you are recognized. [LB331]

SENATOR KINTNER: Well, thank you, Mr. President. Senator Chambers, I'm a little confused here. Since I'm the student and you're the teacher, I'm going to ask you a question. Can you submit to a question? [LB331]

PRESIDENT HEIDEMANN: Senator Chambers... [LB331]

SENATOR CHAMBERS: I will submit to all the questions that Senator Kintner would like to ask me. [LB331]

SENATOR KINTNER: Or yield to a question. Okay. If voting for LB57...voting against cloture is the same as voting for LB57, isn't voting against cloture for LB577 expanding Medicaid, isn't that the same as voting for the bill? [LB331 LB57 LB577]

SENATOR CHAMBERS: The two situations are so entirely different they do not allow of comparison. [LB331]

SENATOR KINTNER: Could you explain that to me? I don't see how it's different. [LB331]

SENATOR CHAMBERS: Well, I can't make it any simpler. If I say the door is open, how can I make it clearer than that? Let me tell you the difference. Medicaid expansion is one of the most important things we'll be dealing with. It relates to expanding and providing medical care for 54,000 people who don't have it. I don't think anything is

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more important for this Legislature than that. When you come to this thing that Senator "Arson" has, it's nothing. It's been moved. It got a cloture vote. It shouldn't even be on the agenda again but here it is. Well, put Medicaid back on the agenda. And whether it seems consistent or not to my student, I'm making clear the way I operate. I don't hold to that slippery slope that if I do this, then that has to be done. [LB331]

SENATOR KINTNER: Thank you. Okay. Well, I just wasn't sure. It sure seemed the same thing to me. A cloture vote is a cloture vote and a vote against cloture ought to be a vote against cloture. But I thank you for clarifying that. Appreciate it. Thank you, Mr. President. [LB331]

PRESIDENT HEIDEMANN: Thank you, Senator Kintner. Is anyone else wishing to speak on the committee amendment? Senator Chambers. [LB331]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, I don't understand what Senator Kintner said at the end. I didn't understand what he was saying while he was talking, but I knew what he meant. I knew what he was trying to say and that's what I responded to. I often mention old Mayor Daley, not the kid, the old man. And Mayor Daley garbled language worse than anybody I'm aware of. So reporters began to just write exactly what Mayor Daley said. And he read that first story and he called in the reporters and he called the editors, he said I'm going to cancel my subscription to your newspaper. And when the question put to Mayor Daley was this, well, why would you do that, Mayor? He said, did you read that article? The person said, yes, I read it. He said, well, for what's in that article I'm going to cancel the newspaper. The man, the one he was talking to said, well, is that what you said, Mayor Daley? He said, yes, that's what I said, but don't write what I said. Write what I meant. (Laughter). I knew what Senator Kintner meant. And I can understand his frustration. But, Senator Kintner, not all situations are parallel, not all are equal, and there's not equivalency between two things necessarily even though they seem to be sitting in the exact same posture. Now this thing that Senator "Arson" has is admitted even by those who support it to be poorly written. There could be no amendments or anything once you get cloture vote; it moves the way it is. There are people who voted cloture who voted against the bill. All I'm saying do it again but there will be a price to pay. That's all I'm saying. Do what you want to do. That does not compel you to do one way or the other. You're going to vote against Medicaid no matter what and I know that. I believe Senator "Arson" will vote against it and there are others who are going to vote against it. But I'm going to keep talking about it and pushing for it and I'm going to do everything I can to pressure this Legislature into getting that on the agenda, and I'm going to see if I can get some names that will persuade the Speaker to put it back on the agenda. But as important as it is, it ought to be back on the agenda and let us declare ourselves. People have declared themselves on this LB57. They've had that opportunity and they did it. And for the life of me I can't understand why otherwise intelligent people voted cloture on that bill, then voted against the bill. If they didn't like the bill they could have stopped it but

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they didn't, so there's the precedent. None of you voted for cloture who was against the death penalty. No cloture vote was successful there, was it? If it were, then that bill would not have been taken off the agenda under the threat of 17 people. They set the agenda. They set the tone for the session. And if that's what the tone is and it's been set for the session, that's the tone I'm going to play according to. And I don't care who likes it or doesn't like it. And when some of this kind of stuff that Senator "Arson" is doing is doing, I'm going to take issue with it, not sneaking and skulking around in the corridors or slithering up to people's desks and saying give me this. I'm going to do it on the floor. And let them call me out on the floor or anywhere else they want to. We are...I'm a grown man, I don't know what you all are, and I'm going to comport myself in that fashion. [LB331 LB57]

PRESIDENT HEIDEMANN: One minute. [LB331]

SENATOR CHAMBERS: And if he wants to do it his way, I'm going to do it my way. You ought to be happy to have somebody who's going to level with you and not lie to you, make you think one thing here today and then do something else tomorrow. But I'll tell you what. If I change my mind on something, the one that I had told I was going to go a certain way would be the first one to know that I changed my mind. I had told all of you I was going to vote for cloture on Medicaid. I said that to everybody. And I may have even said I'd vote to cease debate. I'll do anything I can to get that bill before us. It's more important than any posture I've taken in order to be consistent, namely voting against cloture or doing anything to cut off debate. Some issues transcend that. Is that my third time, Mr. President? [LB331]

PRESIDENT HEIDEMANN: You have one more time. [LB331]

SENATOR CHAMBERS: And then I'm through discussing anything on this bill and it can move forward. [LB331]

PRESIDENT HEIDEMANN: Time, and you can continue on. You're next in queue. [LB331]

SENATOR CHAMBERS: Thank you, Mr. President. Members of the Legislature, I mean what I say and I say what I mean. And when all of the claque are together, they reinforce for each other what they can do. Well, let them do it to me. And if they draw you all into it, then join them. And then when I respond don't get upset is my advice. But you're free to get upset if you want to and you can get upset all that you want to. And it may be necessary for you all to stay late from now on every night to get things done if you give Senator "Arson" his way. And maybe he would not have been able to cajole and entice enough of you to give him a cloture vote when you don't like the bill. I'm not going to let that happen and then after the fact say you should not have done it and then drop something on you unexpectedly. I wouldn't shoot somebody in the back if I didn't

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like them. I'd want them to know because if I'm going to do something to somebody like that, they have to have done something horrible to me. And I would want them to know that judgment day is here. And the importance of judgment day is that you know that you have been sentenced and the sentence is now going to be carried out. And if you don't know, then it's of no value and I want you to know. And that's why I'm telling you. And any questions ever that Senator Kintner wants to ask me I will answer. Even if he doesn't ask the question exactly the way I think he intends to ask it, if I understand what he's getting at I will answer the question unless I decide to have a little fun with him. And I'll have my fun first and then I will answer his question. But sometimes if you ask a question, you should anticipate what that question might lead to. Be sure you know what's behind the door before you open it. And I won't tell you the little story but it's called the lady or the tiger. And it involves two doors and the question is which will it be--the lady or the tiger. I made up my mind that I'm going to enjoy the last few days of my first session back. It's going to be memorable for all of us. Memorable for me because I'm the first one to come back after having been term-limited out; memorable for you all because you'll see what a difference one person can make. And that difference can be multiplied 48 times if each person decides to do that which is right. And if people make a decision about what is right, that's what they should do and then take whatever consequences flow from that. I'm prepared for any consequences that may flow with reference to me. And as far as LB57, I have motions that I'm going to put on that bill that will definitely take us a long, long time. And we'll just see how this works out. But if you vote... [LB331 LB57]

PRESIDENT HEIDEMANN: One minute. [LB331]

SENATOR CHAMBERS: ...cloture and don't vote for the bill, then you have been snookered. And whatsoever is right that I shall pay. Thank you, Mr. President. And by the way, it's nice to have you back. [LB331]

PRESIDENT HEIDEMANN: Thank you, Senator Chambers. Senator Lautenbaugh, you are recognized. [LB331]

SENATOR LAUTENBAUGH: Thank you, Mr. President. And, Senator Kintner, I'll answer your question. The difference is one bill is important to one person and one bill is not important to one person. That's why a vote for cloture is a vote for a bill in one circumstance and a vote for cloture means something entirely different in another circumstance. In other words, what I just told you was complete nonsense. But that's the standard. And let me say this since we're all being painfully and brutally honest, you've all just been threatened for the 47th, 48th time, I've lost count at this point in the session, with the session being closed down, with everything being over. We will shut this place down and a horrible vengeance will be extracted upon all of you. Well, so be it. I know who voted for cloture on Senator Larson's bill the last time around. And if all the same people don't vote for cloture this time around, I will shut the session down.

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And I have a claue of 17. You've heard about these horrible people. The number is wrong but you've heard all about them incessantly. So there's your choice. You can give into the first threat you just heard or you can give into my threat or you can stop paying attention to this nonsense altogether and just vote for the bill as you see fit and vote for cloture as you see fit and live with what the rules say. And that includes filibusters. And again with the filibusters and how we're in some sort of historic session, I kind of made light of that the other day, and a member of the press came to me and said, oh wait, I went and checked it out. We had to go back all the way to 2007 to find a time when there had been so many filibusters. And I said, oh my gosh, all the way to 2007. Were you able to find any senators who were alive way back then to find out what life was like? How did they deal with it back then all those years ago? Or can we just acknowledge that it matters who's ox is getting gored as to whether or not filibusters are a problem this session or not? And if you're going to be motivated by threats, then so be it. If...or you may at long last see that there isn't going to be follow through and you can do what you think you should do and the chips will fall where they may. And we will all get up the next day and we'll all move on to the next bill and we'll all fight about the next thing or we will not all fight about the next thing. But that's your choice. But I for one don't want to be threatened anymore, so I guess I'll threaten all of you which sounds kind of strange, but turnabout is fair play, although I guess all of you didn't threaten me so that's not even really turnabout. I probably should have thought these comments through more carefully before I launched into them, but I was taken up in the moment. So consider yourselves forewarned. I won't stab you in the back either. I think I said I rent you with an option, I don't own you, earlier in the session. And I'll stand by that. So when the cloture vote comes on LB57, I think it is, I hope you stick with your prior vote. Heck, I hope some more of you vote for cloture because it's probably an improved bill by now. So be it. But you know what? Some of us have been called obstructionists, and probably the least effective thing to do is to threaten obstructionists with obstruction because then we just kind of sit back. It becomes relatively easy at that point. Or you could just deal with bills as they come, take things as they come, and deal with the agenda, which seems like a lot better way to proceed. So I guess the choice is yours. Thank you, Mr. President. [LB331 LB57]

PRESIDENT HEIDEMANN: Thank you, Senator Lautenbaugh. (Visitors introduced.) Is anyone else wishing to speak on committee amendment AM852? Senator Lautenbaugh, you are recognized. [LB331]

SENATOR LAUTENBAUGH: Thank you, Mr. President. I'll yield my time to Senator Chambers. [LB331]

PRESIDENT HEIDEMANN: Senator Chambers, 4 minutes and 55 seconds. [LB331]

SENATOR CHAMBERS: Thank you, Mr. President, members of the Legislature. Thank you, Senator Lautenbaugh. That was a gentlemanly thing for you to do. You know why

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you don't have to worry about Senator Lautenbaugh? Check the record. Who's here all the time and who's gone? How is he going to obstruct when he's not here? And some people even show me the e-mails that he sends out instructing his "claque-ites" what to do, making fun of Senator Bolz, calling Senator Murante "Pizza Face" or whatever it is, eating pizza. So check the record. When he undertakes something, he has a bunch of people with him. When I say I will do it, I will. Let him look at what happened yesterday morning but he...I don't know if he was here or not. I don't even check to see if he's actually present because he's often out of the Chamber. So if I undertake something, you ought to be glad because you'll see him more then. Talk about being brutally frank, let's be brutally frank. Who do you believe? Who have you seen deliver? Him and his group? I don't need a group and I've never needed a group. And he said there's no follow through. Well, what he doesn't realize is that I've had people approach me begging that there be no follow through and some things would be different. Now I'm not as big as some people, so if I'm full of hot air it's not as much. If you stick a pin in me, I won't fly around this ceiling like happens when you let the hot air out of a balloon and then it falls down flaccid and unable to do anything. Senator Lautenbaugh and I go round and round, but we'll just check the record. He told you that he's got a gang. And that's the way people used to do in my neighborhood because I've always been a loner, they'll get their group after me. And I didn't even care. I've been accustomed to dealing against groups all of my life. I've been threatened by cops. And I don't stop going out on the street or doing what I'm going to do. I've been threatened by prosecutors and I tell them do your worst, and they never do. They're the ones with no follow through. And I'll tell you this. The things that mean something to me mean something to me. And I made it clear that there's no parity between LB57 and Medicaid expansion. And if Senator Lautenbaugh or anybody else thinks that I'm going to stop talking about that this session, they're going to be sadly mistaken. He doesn't know what I've been doing because he's not here enough. But that's the way he conducts his business. We have different ways of behaving. But sometimes when we get up and pontificate and spout, then it causes people to just think back in their mind, well, when is that person ever here. How often is that person gone? How often are instructions being given from wherever he is to his flunkies? And that's what they have to be the way he instructs them. He said he's got his group. He expressed ownership. So if this is a divisive session, that's what it is. But I'm going to be what I am and I'm going to do what I think ought to be done. [LB331 LB57]

PRESIDENT HEIDEMANN: One minute. [LB331]

SENATOR CHAMBERS: And here's a good test. Who would you rather have on your side, me or Senator Lautenbaugh? Who would you rather have against you, me or Senator Lautenbaugh? You'd probably rather me because he's got 16 other people with him. And he says, by god, if you don't...looks around, make sure they'll all back there, if you don't do what I want you to do, me and my boys will take care of you. If it's deteriorated to that level, I'm prepared. I didn't grow up with a silver spoon in my mouth.

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I didn't grow up with somebody that I could run to and hide behind skirts if somebody at school threatened to do something to me. It was me and whoever that person was. And all of my life, except when I was an infant and I didn't pay attention to things then consciously, I've been the runt of the litter. [LB331]

PRESIDENT HEIDEMANN: Time. [LB331]

SENATOR CHAMBERS: Thank you, Mr. President. [LB331]

PRESIDENT HEIDEMANN: Thank you, Senator Chambers. Senator Lautenbaugh, you are recognized. [LB331]

SENATOR LAUTENBAUGH: Thank you, Mr. President. And to be clear I was using a little bit of sarcasm when I said I have a gang of 17 or so. I can remember years where I've gotten...trying to repeal CFLA while I managed to muster a dozen votes best-case scenario. It's the worst gang ever. But that said, folks, I don't always sit here on the floor when we go into our digressions, that much is certain. And I did sent out sort of a joking e-mail when my wife had some surgery in late April and I was gone for a couple of days and I'll not apologize for that, and I don't think I called Senator Murante what I supposedly called him in that e-mail. I know I did not. But sticking to the issue, again, who are you going to believe I guess and who is paying attention? I know exactly what we did this morning and what we almost failed to do as the morning went on and on and on. I know what was said. I know what was said sort of improvidently when the gallery was full of a bunch of second graders. Yes, I was watching, and that should sound even creepier than I'm here among you I guess. But we're all paying attention to what's going on and don't be misled. But there is no gang, so to speak. That's something that's been talked about by some of you and this nonsense about the claue and whatnot. But, understand, you're routinely being threatened, and it isn't by me. And what is Senator Larson's sin today? He's been going around trying to round up cloture votes. The horror--the horror--to go to some of you ask for a cloture vote and tell you that you don't even have to vote for the underlying bill. Where does he get off doing something like that? I don't know if we have some sort of committee to investigate improper conduct, but I think we should bring Senator Larson up in front of it and ask him to explain himself. Where does he get off working the body for votes when it would just be easier to stand here at the microphone and threaten and berate people? What is he thinking trying to get his bill passed? This is insanity. Or he's just doing what we all do to try to advance a bill. But you're being told you better not play along, you better not vote for cloture or something bad will happen to you. Well, guess what. Something bad is going to happen to you no matter what because your bills stand or fall based upon their merits more often than not, and sometimes good things happen and sometimes bad things happen. So it would just be nice if we could stop threatening the rest of the session or, honestly, just adjourn sine die. That would be fine with me. But stop threatening the rest of the session and just let the bills come and go and stop threatening each other with

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retaliation and vengeance and whatnot and just let the bills go and let us vote on them. And sometimes we might filibuster one. And, again, I was speaking to a group the other day and I said, yeah, these filibusters are horrible unless it happens to be a pro-life bill or historic horse racing or the dentist are fighting with the hygienists again, for the love of god, and then we're sort of fine with it. So come on. Just cut us all a big break. Let's just let this go. Vote for cloture if you want to; don't if you don't. Don't believe the threats until the next time I say it. Then I'm really serious about it. Boy, wait until the next time I'm at the mike and I threaten all of you because then we're going to shut this place down and you're all going to pay a horrible price... [LB331]

PRESIDENT HEIDEMANN: One minute. [LB331]

SENATOR LAUTENBAUGH: ...for whatever it is you're about to do. Thank you, Mr. President. [LB331]

PRESIDENT HEIDEMANN: Thank you, Senator Lautenbaugh. Is anyone else wishing to speak on committee amendment AM852? Seeing none, Senator Sullivan to close. Senator Sullivan waives closing. The question is, shall the committee amendments to LB331 be adopted? All those in favor vote aye; all those opposed vote nay. Have all of you voted? Record, Mr. Clerk. [LB331]

CLERK: 40 ayes, 0 nays, Mr. President, on the adoption of committee amendments. [LB331]

PRESIDENT HEIDEMANN: The amendment is adopted. We continue discussion on advancement of LB331. Seeing no one in the queue, Senator Harms to close. [LB331]

SENATOR HARMS: Thank you, Mr. President, colleagues. With the amended bill now all it really does is makes minor changes, technical changes which would actually help students. So I would urge you to go ahead and support LB331. And thank you, Mr. President. [LB331]

PRESIDENT HEIDEMANN: Thank you, Senator Harms. The question is the advancement of LB331 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all of you voted? Record, Mr. Clerk. [LB331]

CLERK: 41 ayes, 0 nays, Mr. President, on the advancement of LB331. [LB331]

PRESIDENT HEIDEMANN: The bill advances. Items for the record, Mr. Clerk. [LB331]

CLERK: Thanks, Mr. President. Enrollment and Review reports LB104, LB225, LB306A, LB583A as correctly engrossed. New resolution: Senator Larson offers LR350. That will be laid over. (Legislative Journal pages 1553-1554.) [LB104 LB225 LB306A LB583A

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LR350]

PRESIDENT HEIDEMANN: Thank you, Mr. Clerk. Next item.

CLERK: Mr. President, LB368. It's a bill introduced by Senator Crawford. (Read title.) The bill was introduced on January 18, referred to the Health and Human Services Committee. The bill was advanced to General File. I do have committee amendments, Mr. President. (AM816, Legislative Journal page 871.) [LB368]

PRESIDENT HEIDEMANN: Senator Crawford to open on LB368. [LB368]

SENATOR CRAWFORD: Thank you, Mr. President, and good afternoon, colleagues. I would like to thank Chairwoman Campbell and fellow members of the Health and Human Services Committee for working with me on language and unanimously voting LB368 out of committee. The bill had no opposition testimony at the committee hearing. DHHS submitted a letter of opposition which I will address later in this opening. Thanks to Speaker Adams for selecting LB368 as one of his Speaker priority bills this session, and to Senator Mello and his staff for their work on this bill in the last session and their work on the interim study this last year. LB368 creates a subsidized employment pilot program that creates new job opportunities for low-income Nebraskans and allows small businesses to expand and grow their businesses while minimizing risks involved in hiring new employees. LB368 has no General Fund impact and uses existing rainy-day funds available to the Department of Health and Human Services which have a current balance of over \$50 million. These rainy-day funds can only be used for purposes such as programs like this, purposes that serve low-income families and that meet one of TANF's four goals to prevent dependency and encourage strong, two-parent families. Subsidized employment programs have proven successful in other states. These programs have increased earning potential of program participants, encourage long-term employment, and helped small businesses grow their work force. In Washington, for example, the average income of former participants rose 60 percent during their first two years in the work force which represented 148 increase in income compared to the income they had before. In Mississippi, subsidized employment programs created 1,800 new jobs with an average wage of \$8.65 an hour. Experience in other states also shows that this program helps small businesses. In Illinois, two-thirds of the job placements occurred in work sites with fewer than 15 employees. Under the program created by LB368, an employer hires an income qualified person at a prevailing wage and TANF funds pay 100 percent of the salary for the first two months of employment. The program gradually decreases the amount of wage subsidy received by the employer over the course of six months so that at the six-month mark the employer pays the 75 percent of the salary. Then after six months, the subsidy ends. As the subsidy decreases, employers pick up more and more of the cost of employment so that by the end of six months, businesses will cover 100 percent of the cost of employment. The gradual wage subsidy creates an incentive to keep program

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participants on the payroll once the program officially ends. Even if the employer does not retain the participant, which I hope many will and experience shows that many will, these low-income Nebraskans leave the program with job experience which is critical for getting that next job. Job experience has been shown to be one of the best predictors of higher wages. Now we also heard from those who run these kinds of programs that they use the wage subsidy also as leverage for good job training during this employment period. The pilot program will operate for four years using existing rainy-day TANF funds. These funds have a current balance, \$50 million. LB368 would appropriate only \$4 million of those funds, \$1 million for each year of the pilot to fund the program. With these appropriations, LB368 should be able to provide job experience for approximately 150 low-income Nebraskans per year, and potential growth for many large and small businesses across the state with...again with no General Fund impact. During the hearing, Goodwill Industries of eastern Nebraska and southwest Iowa testified in support of LB368. Goodwill currently operates some on-the-job...similar on-the-job training programs and can see a program like the pilot created in LB368 working well with other existing programs. The committee also received letters of support from several other businesses in the Omaha area who have participated in other job training programs and would be interested in participating in LB368 pilot program. These businesses include Charles Drew Health Center, On the Edge Technology, Affordable Tax and Bookkeeping, and Home Access Solutions. Goodwill Industries of eastern Nebraska and southwest Iowa has also been in contact with Central Plains Center for Services in Broken Bow who have expressed interest in offering the program to former foster care youth they serve. In the days since the hearing, we have also...we have heard from Greater Omaha Chamber of Commerce. They are supportive of LB368 and see it fitting well with their mission to build Nebraska's work force and help Omaha businesses prosper. LB368 promises to be even better than other similar programs for those businesses and nonprofits and for pockets of our Nebraska population who have not benefited from our statewide low unemployment rates. The design of the program is flexible, allowing nonprofits to serve populations as varied as former foster youth who are aging out of the system, unemployed veterans returning to civilian life, or former inmates who are starting over following their release from prison. As I mentioned earlier, DHHS submitted a letter of opposition. The letter made three key points: (1) they had raised concern about false expectations created by a temporary program; (2) they noted employers might not keep employees after the subsidy ends; (3) they noted there were four other bills this session that tapped the fund. I'd like to briefly respond to these points. To the first one about false expectations: The program created by LB368 is in and of itself a time-limited program. Participants know coming in they're only in the program for six months after which they expect it to be done. So there is not going to be anyone coming into this program expecting it to last longer and there's no one that's going to be here at the end of four years who's been on this program for four years expecting it to continue. So I do not believe there are false expectations on that part. The nonprofits will be partnering with are used to time-limited grant programs all the time. So they are used to this world in which they have grant funding, they have funding

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for a limited amount of time. So I do not believe there are any false expectations on that front either. Second to the issue that the employees may not keep the...the employers may not keep their new employees, other states have had success in creating new permanent jobs following wage subsidies. For example, the wage subsidy program in Mississippi, which LB368 is modeled after, created 1,800 new jobs with an average wage of \$8.65 an hour. However, even if an employer doesn't hire the wage subsidized employee after the six months are over, the employee will still leave that program with relevant job experience. And we have quite a few studies that show that participants in these programs have higher wages after they participate in this program regardless of whether they stayed in that job or went to a different job. Finally, LB368 is the only bill of those bills that were offered this session that tapped those funds that has advanced to General File. So we do not have to worry about that issue that was raised in opposition. I hear people on this floor in opposition to other bills to help low-income families say that the best social program is a job. Well, if this is how you feel, then you should support this bill. It is a job, a job with a very temporary government subsidy at the front end. Finally, colleagues, on May 10 we approved LB476 on a 46 to 0 vote. LB476 provides wage subsidies for college students who reside in Nebraska and intern with a Nebraska business. Businesses who employ an intern receive this grant or subsidy to pay 75 percent of the cost for an intern's wage for... [LB368 LB476]

PRESIDENT HEIDEMANN: One minute. [LB368]

SENATOR CRAWFORD: Thank you...for up to 12 months. I urge you to pass LB368 to provide similar opportunities for job experience for our low-income workers for a six-month opportunity to build their skills and to improve our Nebraska work force. Thank you, Mr. President. [LB368]

PRESIDENT HEIDEMANN: Thank you, Senator Crawford. As the Clerk has stated, there are committee amendments from the Health and Human Services Committee. Senator Campbell, as Chair of the committee, you are recognized to open on the amendments. [LB368]

SENATOR CAMPBELL: Thank you, Mr. President and colleagues of the Legislature. The committee amendment expands the role of the nonprofit organization in the subsidized employment pilot program and reduces the responsibilities that had been originally outlined for the Department of Labor. Under the committee amendment, the nonprofit organization will establish an application process for employers. The application will include a process for initial client assessment, job development, job placement, employment retention services, and strategies for placement. Additionally, the nonprofit organization shall recruit participants, recruit employers, determine participant eligibility, assist with employer and employee match, ensure the pilot program operates in both rural and urban areas, and gathers data and performance measures that shall include--and this is really an important part of what the committee

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wanted them to do in terms of gathering this data--the number of employers and employees participating in the subsidized employment pilot program, the length of time the employer and each employee participated in the program, wages paid to employees, and the employment status of each employee at different time intervals. The nonprofit shall electronically report the data gathered on the program each September 15 to the Health and Human Services Committee, and the pilot program and project shall terminate on July 1, 2018. This would allow the committee to look at this data and see if the goals and objectives laid out had been successful. The Department of Labor and the Department of Health and Human Services shall partner and assist the nonprofit organization with recruitment of participants and employers for the program but are not responsible for any direct services under the pilot program. Under the subsidized employment pilot program in LB368, participating employers will receive a prevailing wage of 40 hours per week not to exceed six months, and the subsidies outlined in the bill will remain the same 100 percent in Month 1 and 2 and reducing into a step down as Senator Crawford explained. Colleagues, I'd like to add a note to my opening here. And that is that when we had testimony, we require of someone who receives welfare payments to work while they are receiving that or, through Senator Harms's efforts, they can meet that obligation by going to school either full or part time. And what I was struck by was in the testimony of people who had perhaps been in the work force part of...you know, that they require to look for a job and it didn't seem to me that it was near as successful as the attitude of that person who had an opportunity to work through the program in goodwill. Their attitude was different in terms of how they looked at the job and really how the employer I think looked at that employee. And I felt that this type of a program would give us a much better window because you're really looking at the nonprofit, you're looking at the business community, and you're looking at this employee. It was really quite gratifying to see the difference in perspective from the people who testified in front of the committee. And with that, Mr. President, that concludes my remarks. [LB368]

PRESIDENT HEIDEMANN: Thank you, Senator Campbell. Mr. Clerk, there is an amendment to the committee amendment. [LB368]

CLERK: Mr. President, I have several. The first is by Senator Crawford, AM1224. (Legislative Journal page 1210.) [LB368]

PRESIDENT HEIDEMANN: Senator Crawford to open on your amendment. [LB368]

SENATOR CRAWFORD: Thank you, Mr. President. AM1224 is a very brief amendment, and basically what it does is it clarifies that we are not expecting the Department of Labor to create any new FTEs or to have any expenses in the program. We are...the Department of Labor has a lot of experience in terms of knowing who great employers are and they may have people that come to them for a program that they don't qualify for their program, and so we are wanting them to make sure that they let

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the person running this program know that there are participants who might be good participants for this program. So all that...so we met with the Department of Labor and the changes are the ones that they suggested to make sure that it was very clear that what we were expecting from the Department of Labor was just their advice and their referrals. And that's what AM1224 does. I'd like to use the remainder of my time to talk a bit about the rainy-day fund because that's an important part of this bill. So what is the TANF rainy-day fund and why does it have \$15 million in it and why should we invest \$4 million of those dollars in this program? So the rainy-day fund is a result of a change in our welfare program. So in 1996, President Clinton signed the Personal Responsibility and Work Opportunity Act of 1996. And what that did, one of the things that that did was it changed the way...changed welfare as we know it. So it changed instead of a program where the federal government gave states a set amount of dollars for each person that you had in the program, it changed the program to a block grant program so that states get a set amount of money regardless of how many people you have in the program. And the idea of a block grant program is that states then can be innovative and create new ways to run the programs that fit their state. And if a state figures out a way to run a program where you get more people off of assistance, if you figure out ways to run these programs more efficiently, then that's great and you're incentivized to do that. If, instead, you have troubles with your program, then you're going to have to kick in more and more of your own money because you just get that set amount of money each year from the block grant and it's frozen at that 1994 level. So what happened in Nebraska is that after welfare reform was passed, there were...we had a pretty good economy. And also the welfare reform that passed also had time limits in terms of how long you could stay on welfare and it had work requirements as well. And so the combination of a good economy and a tighter access to the program meant that we were not having as many people that we were having to serve now as we did before. And so we had more money coming into us based on the block grants we were receiving than we needed. And so some of that TANF money accumulated. Now a rainy-day fund is a good idea when you have a block grant program like TANF is now because there are cycles and it is the case that in a state, because a state has to balance its budget, when you hit a time when you have rough economic times, that's when your own tax revenues go down. So it's good to have a rainy-day fund and it's good that we have created this rainy-day fund and that we've been accumulating money in this fund. Now this is a rainy-day fund, again, that can only be used for TANF purposes. There are four TANF purposes I can talk about later. And the money in this fund can only be used for that. So it can't be turned back to the taxpayers. I mean, it has to be used for this kind of program. That's all it can be used for. So what do we do with...who do you do with your savings account? Well, one thing that you do with a savings account sometimes is you have to use it when you hit a crisis. And so what happened? Many of you were here in 2009 when the privatization began, and then afterward we had a crisis. And so what happened is that in 2011 we began pulling out I...you know, somewhere about \$6.8 million of this rainy-day fund per year to help us deal with that child welfare crisis and the aftermath. That's probably fair. And so...and we're still dealing with that crisis, so to

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expect maybe in the next year or two that...or maybe even three years we might have to continue to rely on some extra rainy-day monies to get us through this crisis and get our child welfare system up and running and efficient is fine. What else do you do with a savings account? Well, occasionally you might want to invest some of it, especially in what you think is a good investment based on performance. That's exactly what LB368 does. Says let's take \$4 million out of this rainy-day fund and invest it because, again, remember the idea behind a block grant is that we are supposed to be being creative and innovative, finding new ways to run these programs, that we have fewer people who need the program, and that we're able to run the program more efficiently. And LB368 is designed in that mode. Invest a bit of our savings in this program to see if it works, to see if it helps people get off of assistance. And if it does, then it's the case that we might say, you know, this is something that we should build into our regular TANF block grant spending because this is a good investment and this might help us to use that money better. What you should not do with your savings account, you should not just budget and expect to spend it until it's all gone. So if you're concerned about our rainy-day program and sustaining our rainy-day fund, your concern should not be LB368 which pulls out \$4 million for an experimental program to try to help us spend our TANF dollars better. Your concern should instead be the sheets that you might have seen going around that say we're just going to continue to pull \$7 million out of this savings account every year from now until it's gone. That's not the way we as a state should run our savings account. How much time do I have left? [LB368]

PRESIDENT HEIDEMANN: Three minutes and twenty seconds. [LB368]

SENATOR CRAWFORD: Thank you. In the remaining time what I will do is also clarify another question that was raised last time, and one of the great things you do with an interim study is address issues that are raised and make sure you answer them adequately. So I'm going to spend the remaining time just addressing the question of whether or not this program duplicates other programs that already exists. So how does LB368 differ from current programs available for low-income Nebraskans? One, it will serve more Nebraskans than other programs currently serving low-income families. For example, Employment First's on-the-job training program which is operated by DHHS provides wage subsidies to 17 participants as of January 2013. The wage subsidy program created under LB368 would provide job opportunities for 150 low-income Nebraskans each year. Another key difference between existing programs and LB368's subsidized employment program is the population that each program serves. For example, the Work Force Investment Act program created by the Department of Labor provides career services for unemployed individuals, military spouses who have quit their job due to a change in station, individuals who have a significant barrier to employment, or are identified as low income, which in this case means Nebraskans at least 100 percent below the poverty level. LB368 will expand the opportunities for Nebraskans at or below the 200 percent of poverty level. Similarly, Employment First's OTJ program serves current TANF recipients whereas this wage subsidy program

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serves anyone whose income eligible. You do not have to be receiving assistance to participate in this program. So LB368 is broader and more flexible than other programs that we have now. It serves a broader group of people. Again, it's a pilot program and the idea is that we're going to try this program for four years. We're creating...we're asking for good data measures to see how well it works. And then after that we'll decide if this is a good investment of our TANF dollars, our block grant TANF dollars... [LB368]

PRESIDENT HEIDEMANN: One minute. [LB368]

SENATOR CRAWFORD: ...thank you very much, if it's a good investment of our block grant TANF dollars or not. And so it gives us a great chance to experiment with that. And, finally again, I just encourage you to again if you supported LB476, you supported wage subsidies for college students, I ask you to also if you supported that, I ask you to support LB368 to provide similar opportunities for our low-income families. Thank you. [LB368 LB476]

PRESIDENT HEIDEMANN: Thank you, Senator Crawford. To open up to discussion on AM1224 to committee amendment AM816 to LB368, we have Senator Mello. [LB368]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. Thank you, Senator Crawford, for bringing LB368. I stand in support of the underlying bill as well Senator Crawford and the committee amendment. And Senator Crawford did I think just a terrific job of explaining a lot of things I actually had on my docket to walk the body through since I introduced a very similar piece of legislation last year, LB1136. A couple of points that need to be clarified because I've looked at some of the amendments brought forward by members who I know will oppose this bill and I look forward to hearing some justification of why those members would oppose this bill but support the bill that we passed earlier which provides a very similar subsidized employment for college students through internship programs. But the underlying issue, and it's been raised by Senator Crawford, these are using TANF rainy-day funds which is federal funds that the state gets to utilize for our TANF program which essentially is our welfare-to-work program. And the reality, Senator Crawford walked through a little of the history of how we built up this rainy-day fund to the point where we have about \$57 million in this rainy-day fund. But the underlying issue and it's something that I...it's not really a point of correction but maybe it's just a point of perspective, that \$57 million, colleagues, should...I would argue should be \$64 million because in part what we saw three years ago when the state started to embark in the failed child welfare privatization effort is that the Heineman administration decided to utilize these funds to backfill the problems that they were identifying with the privatization of our efforts, our child welfare system unbeknownst to the Legislature. They were taking these TANF funds from the rainy-day fund and backfilling gaps in the system. And none of this...and Senator Campbell brought this up last year when I brought the bill and we discussed it in the interim study, the Legislature didn't know about it until after the fact. So this became

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literally the Department of Health and Human Services slush fund to deal with the problems that stem from the child welfare privatization effort. Now I saw Senator Kintner has provided the body a letter of opposition to the bill last year, which the letter the department provided this year is very similar. The reality is the department opposes it because they say that it's duplication. Senator Crawford just walked you through some data showing that it's not duplication with the on-the-job training program in the Department of Labor because I have used some stats at the interim study that showed in 2009-2010 only 33 Nebraskans utilized that program in the Department of Labor, and they saw 57 percent success rate. Other states have utilized TANF dollars for this kind of innovative programming. State of Hawaii saw a 78 percent retention rate with employment. State of New York saw 75 percent retainment...retention of employment for people who participated in this program. Senator Crawford explained exactly what I've heard members of this body talk about for five years when it comes to poverty. A good job is the best antipoverty program we can provide people. LB368, colleagues, gets people on that path to that good-paying job because what it does, it helps employers mitigate some of the risk that we know sometimes they need to take with low-skilled workers. And that's what we're talking about. We're not talking about people with Ph.D.s, with bachelor's degrees, or even associate's degrees, let alone maybe a high school diploma or GED. We're talking about Nebraskans who don't have that education, who don't have the skills necessary to move themselves out of public assistance and economic assistance to a good-paying job. I've heard many members of this floor this year talk about government is not the problem or government is not the solution; it's the problem. No government program has ever helped anybody. [LB368]

PRESIDENT HEIDEMANN: One minute. [LB368]

SENATOR MELLO: Everyone clamors that government is just too big and we can't get anything done and it doesn't help Nebraskans. Colleagues, this is an innovative approach utilizing federal funds that other states have used now for years that our state for one reason or another whether it's because we had the lack of innovation or we just sometimes satisfy with mediocrity in the Department of Health and Human Services, we've not ventured out to come up with new ideas to get low-income, low-skilled Nebraskans into a pathway to prosperity. Colleagues, this is a great approach for us to consider. It doesn't affect General Funds. It's a pilot project means it's not ongoing forever. It has an end date. And we can measure at that time of whether or not we should take our TANF program, turn it upsidedown, and maybe move all of the federal funds to an approach like this. But if we are not willing to take a risk and explore outside of the mediocrity that we get from our Department of... [LB368]

PRESIDENT HEIDEMANN: Time. [LB368]

SENATOR MELLO: ...Health and Human Services, we won't get there. Thank you, Mr. President. [LB368]

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PRESIDENT HEIDEMANN: Thank you, Senator Mello. (Visitors introduced.) Senator Price, you are recognized. [LB368]

SENATOR PRICE: Thank you, Mr. President, members of the body. I have some questions about the bill before us. And first as I read some notes I had jotted down, in Section 1 there in paragraph 2 it talks about how businesses find it difficult to find the capacity to meet demand and, therefore, if we provide this labor pool that will help them meet the capacity. And I'm challenged by that in a capitalist market that a business that's trying to meet demand can't find employment...employees. Well, your cost model is significantly flawed if you can't pay for your business when business is booming. That's just a point of notice. And that when we go further on into paragraph 5 it talks about helping a business to grow. I don't know how you rationalize I'm helping a business grow because they can't meet demand because demand is so high. I mean, it's not working for me personally. But when I got to Section 2, paragraph 2, line 23, if we remember earlier I was speaking about programs and thresholds. In this one we see that the applicants would be available at a 200 percent of the poverty rate. Okay. When do we start adding things together so we have a balanced understanding when I'm starting to do these things? So, again, some programs are 138 we're hearing, some are 100, some are 200. And I understand there has to be some variance. But 200 percent the rate goes back to my earlier comments today. But what really began to make me wonder, and this is truly a question I have. I'll be listening for the answers which I'm sure will be provided. And that is not said tongue in cheek or with any type of side commentary there. The idea is that we're going to help 60...as I looked in the fiscal note, anywhere between 60 to 180 people could be helped through this process or hired. And when I was reading page 2, line 14 that would be in (4) they're talking about how with these nonprofits and the departments would be establishing a plan, you know, for...the employers have to have a plan to meet things, the department has to have a plan, the nonprofits have to have a plan. And I started thinking about all these plans and I started thinking about the time constraints. And I look at the fiscal note and I don't see any cost for the department. So my question is how do we help 60 to 180 people with three layers of plans and not have any employment or employees being dedicated to the program? That tells me, and I don't mean this as a gig against anybody, I have idle capacity right now in those departments. We are...I cannot create what doesn't exist. If I have people not being paid right now or who aren't going to be paid in the department to spend the time on this so there's no fiscal note, then what are they doing? I know they got to be busy. When I read about Health and Human Services and I talk about case management, and earlier on in the bill, Section 3, line 8, talks about case management and case management services, my question talks about manpower and effective use of manpower. [LB368]

PRESIDENT HEIDEMANN: One minute. [LB368]

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SENATOR PRICE: Thank you, Mr. President. So, again, how do I balance that I have three levels of planning required, at least one of them in the state, one at a nonprofit, and another in the business, and everybody is going to do this with no time constraints, with no impact to budgets and lines. Either I have people doing very little and we can take it out of hide or I have extraordinary people who can create time. And I'll be listening. I didn't ask any questions so I could get it all out and we'll talk more as time goes on. Thank you very much, Mr. President. [LB368]

PRESIDENT HEIDEMANN: Thank you, Senator Price. Senator Scheer, you're recognized. [LB368]

SENATOR SCHEER: Thank you, Lieutenant Governor. I just have a few questions regarding really the future of the bill past the pilot point if Senator Crawford would deal with a couple of questions, please. [LB368]

PRESIDENT HEIDEMANN: Senator Crawford, will you yield? [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR SCHEER: Senator Crawford, you and I had talked so I'm not trying to catch you off guard. But a lot of times we start pilot projects and this one looks at the term or the total number of approximately 200 as part of the project. Do you have an expectation of what the...if it were a fully engaged what that...what this process or project would...the numbers would be? [LB368]

SENATOR CRAWFORD: Thank you for that question. And I think what we are going to be doing as we're, you know, getting the...some of our child welfare systems up...reforms up and running, think this will be an important part of our discussion about how we move forward with this TANF block grant. So I don't have at the outset any expectation of a certain size it would be. I think a lot of it will really depend upon the performance results that we get back from the study as it is. And as then we look...as we're looking ahead at what's happening to our load from the other things that were happening. So I have no expectation of a certain size that it would be after the fact. [LB368]

SENATOR SCHEER: Okay. Thank you. And if we move forward, have you given any thought of what a permanent type of funding, realizing that these funds are temporary for the pilot, have you given any consideration of what a long-term funding source might be? [LB368]

SENATOR CRAWFORD: Thank you. Yes. If we decide this pilot program is very successful and it's an effective use of our funds, then we would be looking at it as part of our regular TANF block grant monies. So we'd be looking at, you know, right now as

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you can see on one of the sheets one of the problems is that we're spending more than we're getting in our block grant and our match. And so it would be part of this whole discussion about how to do a better job meeting the needs that we need to meet with our existing block grant and required match. So does that answer that question? [LB368]

SENATOR SCHEER: Certainly. Thank you. And, last, I wasn't able to find it in the paperwork and maybe it's not there because it could perhaps be a rule and regulation part of it. But a person that participates and is hired by a firm, if they are not kept in that position for whatever reason, are they able to be replaced, placed in another facility again? [LB368]

SENATOR CRAWFORD: That's a very good question. At this point we've decided to leave that to the nonprofit that's running the programs to set some of those guidelines. And then what we have in place is that each year the nonprofit that's running the program will be sending us a report that's telling us where people are a year after they're out. And so we...if somebody is cycling in the program, then we expect to see that in that report. And we will be talking to them as well. So in addition to the report, we'll be talking to them about what's happening in the program. And so that will be a discussion I'm sure we'll have as the program rolls out. [LB368]

SENATOR SCHEER: Thank you, Senator Crawford. And I would yield whatever time I have left to Senator Crawford for whatever her use might be. [LB368]

SENATOR CRAWFORD: Thank you. [LB368]

SENATOR SCHEER: Thank you, Mr. Lieutenant Governor. [LB368]

PRESIDENT HEIDEMANN: Senator Crawford, 1 minute and 35 seconds. [LB368]

SENATOR CRAWFORD: Thank you so much, and I appreciate the time, Senator Scheer, because I can answer Senator Price's question. All right. Senator Price asked about this planning and who's doing the planning. Well, one of the things that I'm very grateful to the Health and Human Services Committee for their help is that we took the bill and worked hard to restructure the required planning to put the load of the planning...Senator Chambers, you're going to appreciate this, we've put the load of the planning on the business that's getting the benefit for that plan, and we put the load of the planning on the nonprofits who are getting the funds. So we shifted the load from the department to the people who were getting the benefits and we also restructured it with the committee's help to have the reports go directly to us so that we weren't requiring the Department of Health and Human Services to do that planning/administration work. Thank you. [LB368]

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PRESIDENT HEIDEMANN: Thank you, Senator Crawford. Senator Watermeier, you are recognized. [LB368]

SENATOR WATERMEIER: Thank you, Mr. President. I really appreciate the work that Senator Crawford has done on this bill along with the committee, and it was really interesting to listen to the discussion during the hearing and then later, and I really commend the work that she's done. And I try to answer questions as a naive kind of thing and try to work through this a little bit. But I do have a question for Senator Crawford if you'd yield. [LB368]

PRESIDENT HEIDEMANN: Senator Crawford? [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR WATERMEIER: You had mentioned earlier in one of the statements you said that it was irresponsible or something about the \$7 million that... [LB368]

SENATOR CRAWFORD: Right. [LB368]

SENATOR WATERMEIER: ...deplete this fund in that way on you were referring to the sheet that I think I handed out. [LB368]

SENATOR CRAWFORD: Right. [LB368]

SENATOR WATERMEIER: Well, explain to me a little bit what you meant by that. [LB368]

SENATOR CRAWFORD: Sure. Well, what we have here is, we have...if you start at the top you're starting with the grant award. So you have the grant award that you get each year. And then the next row is the estimated expenditures. And I think one of the other handouts you passed out gives people an idea of what some of those expenditures are that come in that component. And so then what we have is we have expenditures that are higher than our TANF block grant award. And so what that does is it then eats away then at the rainy-day funds. And so...and we have about...excuse me, about \$7-ish million deficit that we're running that runs down the program as we continue to run down each year pulling out that extra amount with the expectation that we would continue to pull out the excess amount we're pulling out now which, again, as we're making changes in our systems, we're hoping to gain new efficiencies and also as we're recovering from the recession we would probably be expecting to have less pulled out instead of expecting to be spending in that deficit range every year from here on out as well. I mean... [LB368]

SENATOR WATERMEIER: Thank you. [LB368]

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SENATOR CRAWFORD: ...that's our job I think is to make sure we're not just spending that out. [LB368]

SENATOR WATERMEIER: Right. Thank you. I think that answered the question, so thank you. I still struggle with this as I learn more and more about it. So the history that I went through is LB368 proposes to create this subsidized employment pilot program. The intent language would provide \$1 million annually from the federal TANF funds beginning in fiscal year 2015 through '18. While we discussed this bill in committee, it was noted that it would be funded with federal TANF funds. Since that time, I received more information on TANF. As I understand, our state receives a set \$57,500,000. However, what I wasn't aware of is that we spend more every year than we receive through the block grant. Consequently, we will have to dip into this rainy-day fund which is currently at approximately \$53 million. Data that I've received from the department is projected that the rainy-day fund will be depleted by the year 2020. I passed out this information for the general public here, and anybody that has questions about it, it was...it did come from the Department of Health and Human Services so I think it's reliable numbers. But by establishing a new program that is funded with TANF funds, it will expedite the depletion of the rainy-day fund. At this point, we will either have to infuse General Fund dollars or reduce the appropriations for programs funded through this grant. I realize that this is a pilot program, but the hope behind any pilot project is for its continuance. I supported this bill in committee and I still like the idea of it mainly because it does stairstep down the responsibility of the state to help pay for this. It puts a lot of burden on the employer. And when the bill first came out with Senator Crawford, it had a fiscal note in which we had FTEs in it. If I remember right, we were spending quite a bit of money because the department was going to have to manage this. And I kept asking questions saying, well, can't we get that pushed off on the nonprofit. And I think I really commend her for doing that because I think we've gotten that part down to where the monies that are spent are strictly just for the funds that go to the employee of the potential employee. But when it comes right down to it, I just bring this up, and it's up to the general body on how we feel on this, but make sure we all understand that this fund is going... [LB368]

SPEAKER ADAMS PRESIDING

SPEAKER ADAMS: One minute. [LB368]

SENATOR WATERMEIER: ...to be gone by the year 2020. And make no mistake about it, the General Fund is where it's going to have to be made up from. Now I haven't gone around the floor and lobbied this hard at all. I haven't just done anything. I just throw this out and I appreciate...I hope you appreciate the fact I gave it to you before I gave it to anybody else and we talked about it. But just make sure you understand that this is a potential four-year pilot and that at the year 2020 if things don't pick up, we're going to

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have to pick this up if we decide to do such with General Funds. Thank you, Mr. President. [LB368]

SPEAKER ADAMS: Thank you, Senator. Senator Hansen, you are recognized. [LB368]

SENATOR HANSEN: Thank you, Mr. President. Senator Crawford, it was probably about this time in the session on my first year that I got a real lesson about the difference between the word "shall" and "may"; and I'm glad you're getting that lesson today. And I do have some questions for you. In the green copy of the bill... [LB368]

SPEAKER ADAMS: Senator Crawford, do you yield? [LB368]

SENATOR HANSEN: I'm sorry. [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR HANSEN: Senator Crawford, in the green copy of the bill, in the committee amendment... [LB368]

SENATOR CRAWFORD: In the committee amendment? Okay. [LB368]

SENATOR HANSEN: ...the words were still "shall" when the department...especially with the Department of Labor "shall" do a couple of things. So I would assume, and tell me if I'm wrong, but I would assume that that's the way you wanted the bill to read, is that correct, that the word "shall" should have been in there, should have been left in, originally? [LB368]

SENATOR CRAWFORD: When...in the original bill we were allowing the partnership to be either with a nonprofit or with the Department of Labor in the actual green copy. So it was still sort of an implied "may," because it might have been Labor or it might have been a nonprofit. So the shift here in the revised copy to a "may" in the Department of Labor is not a terribly big shift from where the intent started. [LB368]

SENATOR HANSEN: Okay. On page 2 of the committee amendment, on line 6, we're talking about the Department of Health and Human Services, and there's a "shall" there too. "The department shall establish a partnership between an entity which contracts with the department pursuant to section 68-1722..." [LB368]

SENATOR CRAWFORD: Right. [LB368]

SENATOR HANSEN: ...to provide case management services." So is that "shall"? [LB368]

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SENATOR CRAWFORD: That is a "may". And again what we talked about with the Department of Labor, what we wanted from the Department of Labor was not any day-to-day management at all; just we had it in there...we had the language...we had it then listed as partnership in a very loose sense of just being able to provide advice. And so that's why we put it...and they suggested instead of using that word "shall," which makes it sound like we're expecting a lot of work from them, that we indicate this is...that this just...that the "may" helps to improve the language to indicate that we're not expecting or requiring them to invest time or invest FTEs in this project or invest...set aside resources on this project. [LB368]

SENATOR HANSEN: Yeah, I don't believe...is that in your amendment, that that "shall" has been changed to "may"? It's down a couple of lines or the one I have is... [LB368]

SENATOR CRAWFORD: I'm sorry. So the amendment is, on page 2, line 10, strike "shall" and insert "may." [LB368]

SENATOR HANSEN: Right. And "referral" instead of "recruitment." [LB368]

SENATOR CRAWFORD: Right, right. [LB368]

SENATOR HANSEN: But this is...? [LB368]

SENATOR CRAWFORD: I'm sorry, did I miss your line? I'm sorry. [LB368]

SENATOR HANSEN: This is in the section just above that where, "The department shall establish..." [LB368]

SENATOR CRAWFORD: Oh, I'm sorry. I'm sorry. Let me correct the record. Okay. Okay. That actually is talking about the Department of Health and Human Services,... [LB368]

SENATOR HANSEN: Right. [LB368]

SENATOR CRAWFORD: ...and that is a "shall" and it does mean "shall". [LB368]

SENATOR HANSEN: Okay. Then on page 4, I found another instance which may or may not be quite right, if I can find page 4, page 4, line 20 in Section 7. And it says, "The Department of Health and Human Services may adopt and promulgate rules and regulations to carry out Sections 1 through 6 of this act." [LB368]

SPEAKER ADAMS: One minute. [LB368]

SENATOR HANSEN: How would you expect...how do you see that working out if it may

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be "may" there instead of "shall"? [LB368]

SENATOR CRAWFORD: I believe as we've...especially as the bill has been amended, that it will be really...it may not require rules and regs, and that would be why that's a "may" instead of a "shall." It's not a very complex program. They may feel the statute is adequate and not need to promulgate rules and regulations. [LB368]

SENATOR HANSEN: Now which program are you talking about that's not that complex? [LB368]

SENATOR CRAWFORD: The job subsidy program. [LB368]

SENATOR HANSEN: Okay. On page 4, line 2, there is a "shall." And then we're talking about nonprofits, and the nonprofits "shall ensure"... [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR HANSEN: ..."the gathering and reporting of the following performance measures." [LB368]

SPEAKER ADAMS: Time, Senators. [LB368]

SENATOR CRAWFORD: Thank you. [LB368]

SPEAKER ADAMS: Senator Kintner, you're next in the queue. [LB368]

SENATOR KINTNER: Well, thank you, Mr. President. It was just a couple hours ago I was standing here fighting another expansion of government. I got out and got some barbecue. Now I've got heartburn and I'm still fighting the expansion of government right now. It's just a different program and a different sponsor. You know, Ronald Reagan said the nine most terrifying words in the English language are, "I'm from the government and I'm here to help." Well, here we go. The government is going to come and help. Now, it's...first of all, I've got an amendment that we're going to talk about later and we're going to try and clean this bill up a little bit and try to make it a little more workable. But the very concept of subsidized employment--subsidized employment. Why do we employ people? We employ people because they give value to a company. And if they give value to a company, that company will pay them to work. If they don't give value to the company, they will not have a job. Now if you have no experience, and this bill purports to give people experience, if you have no experience you will get a job at the bottom. You will get a job probably making minimum wage. That was my first job. And if you prove yourself, if you show you have an alarm clock, if you get up and you come in every day and you work hard, you will not be making minimum wage for very long. You will either move to a different job or move up in that job with that company. If

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you're not a good employee, if you don't come to work everyday, you'll stay in the job and you might even lose the job. So to think that a government program that is going to subsidize someone's job will get a company to hire them is just...it doesn't make any sense. And I think it's offensive to taxpayers to say we're going to take some of your hard-earned money and we're going to use it to subsidize someone else's job. I bet you talk to nine out of ten taxpayers and they'll say I'd rather just have the money in my pocket; I can spend it a whole lot better than the government can. Senator Crawford, will you yield to a question? [LB368]

SPEAKER ADAMS: Senator Crawford, would you yield? [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR KINTNER: Okay. Thank you, thank you. You're a political science professor, right? [LB368]

SENATOR CRAWFORD: Correct. [LB368]

SENATOR KINTNER: Fantastic. I like that. Let me read you a quote and I want you to evaluate this quote for me. It's a quote from Thomas Jefferson. It says, "The policy of the American government is to leave their citizens free neither restraining nor aiding them in their pursuits." What did Thomas Jefferson mean by that? [LB368]

SENATOR CRAWFORD: Oh, you know what, Senator Kintner, I think he meant he wouldn't like your amendment to this bill that adds extra requirements on businesses. [LB368]

SENATOR KINTNER: Well, could you...I'm sorry, could you repeat that? [LB368]

SENATOR CRAWFORD: I said...you know, I said that you know what I think it means? I think it means he wouldn't like your amendment to this bill that adds extra requirements on businesses. [LB368]

SENATOR KINTNER: Okay, thank you. Well, let me kind of go through what that means. It means you're let free to succeed on your own, or if you don't succeed, the government is not going to aid you in your pursuit. It's not going to guarantee your success. You're going to have to succeed on your own or fail on your own. That's what Thomas Jefferson says. Now I don't know if all the brainiacs in this body know more than Thomas Jefferson, but I tend to think Thomas Jefferson knew a thing or two about liberty, knew a thing or two about government. And to think that you can just violate the free market, set up a program to subsidize employment, absolutely blows my mind. I mean, please, Senator Crawford... [LB368]

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SPEAKER ADAMS: One minute. [LB368]

SENATOR KINTNER: ...I mean no disrespect. I know you have the most honorable of intentions and I don't mean to demean your intentions that you want to help people. But helping people is not taking money from one person and using it to benefit another person. I mean, that is absolutely offensive. I can tell you the thousands of constituents of mine that I've talked to would like to just be left alone. They don't want a government training program. They would rather just have their own money, the fruits of their own labor to spend as they see fit. And if I went and knocked on their door and said, "Hi, I'm Bill Kintner, I'm running for Legislature and I would like to create a program where we take taxpayer money and we use it to subsidize jobs to give people experience," I wouldn't be standing here today. They would laugh me out. And I would suggest anyone who wants to be reelected, don't go say that. Don't go say I'm running to take some of your money and give it to a company... [LB368]

SPEAKER ADAMS: Time, Senator. [LB368]

SENATOR KINTNER: ...so they can hire people and give them experience. [LB368]

SPEAKER ADAMS: Time, Senator. [LB368]

SENATOR KINTNER: Thank you very much. [LB368]

SPEAKER ADAMS: Senator Crawford, you're recognized. [LB368]

SENATOR CRAWFORD: Oh, thank you, Mr. President. I will just briefly respond to a couple of things that have been said. Senator, again I think that we addressed questions about the TANF funds and the importance of the rainy-day fund. Again it is a block grant program. It is important that we have the rainy-day funds. But again, the problem that is created...illustrated on this sheet about the funds running out in 2020, the problem on that sheet, the reason the funds run out is not because LB368 spends \$4 million in that fund. The reason the funds run out is the deficit spending year after year with no plan to do anything else besides that; that's why they're projected to run out in 2020. LB368 is an effort to do something about that. It's an effort to say let's try something that might help us get more people off of the program, that might have fewer people that need assistance. Let's try this and see if this works. Let's see if this is an effective program. Let's see if this is a better way to use our funds so that we are able to live more within our means in terms of living within the block grant program and our required match. Senator Watermeier mentioned the letter of opposition from DHHS, the point about the fact that there were four bills introduced this session. And if we would have approved all of them, then yes, that would have busted the budget in terms of this rainy-day fund. But this is the only bill that we're talking about, this is the only bill that got advanced to General File. And so again, the \$4 million will not exceed that. Now in

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terms of making sure people are able to be free, when we talk about liberty we often--and this is a political science professor coming in--we talk about liberty, we often talk about being left alone, like the freedom to be left alone; and that's called negative liberty. But another important component of liberty is also--and this is important in liberal political thought--capital L liberal political thought, which is the foundation of our system and much of our political thought in our system, also includes the notion of a positive notion of liberty, of being able to fulfill...to live up to your potential, being able to do those things that allow you to live up to all that you have been created to be. And Thomas Jefferson, who was a big proponent of that kind of liberty as well, noted in terms of his support of public universities and other efforts to try to help people get educated and live up to their potential. That's positive liberty. And this program is very much in that vein, a program that is in the terms of positive liberty. It's giving people an opportunity to get a job. There's no benefits for not working and it helps a business hire someone so that someone new gets a job, that's what it is, and it's an opportunity to have that work. And again I recognized, you know, Senator Kintner, you are consistent on this. You did not support the wage subsidies for the college internships either, and so I can appreciate your consistency on that front. But many others in this body again have supported wage subsidies for college students, so I think it's only...it is very appropriate for us to step up in LB368 to approve wage subsidies for low-income workers. Those were the key points I think I had in terms that I wanted to make sure to address from other questions that people raised, and I'll be happy to answer other questions as we continue. [LB368]

SPEAKER ADAMS: Time. Senator Price, you're recognized. [LB368]

SENATOR PRICE: Thank you, Mr. Speaker, members of the body. And I appreciate the answer. I kind of knew it was coming, but, you know, when we make a record of it, it helps to know that the reason we don't see an FTE in the Health and Human Services is because we have shifted that burden, as we found out in a bifurcated manner, both to the business and to the nonprofit. But there is a challenge there and I'll go into that more as I have the time. But would Senator Crawford yield to some questions? [LB368]

SPEAKER ADAMS: Senator Crawford, would you yield? [LB368]

SENATOR CRAWFORD: Yes. Yes. [LB368]

SENATOR PRICE: Thank you very much, Senator Crawford. So in running some quick math, it looks like the state will be paying approximately 66 percent of the wages for the six-month period? [LB368]

SENATOR CRAWFORD: Well, it starts at 100 percent and then goes down to 75 percent, 50 percent, 25 percent, right? [LB368]

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SENATOR PRICE: Right. I added it up and added a wage and divided it... [LB368]

SENATOR CRAWFORD: So I didn't add it up to see what it is over average. [LB368]

SENATOR PRICE: Well, I did... [LB368]

SENATOR CRAWFORD: Okay. [LB368]

SENATOR PRICE: ...and it was 66 percent, and 33 percent is then borne by the business. What gets me now to talk about is the idea of, on funding, why is 200 percent of poverty level used here? What's the driver? [LB368]

SENATOR CRAWFORD: That's a good question. We didn't have really extensive discussions about where to put the poverty line. Part of the idea of 200 percent poverty, that's sometimes used as an important self-sufficiency figure. So I would say...so I'm going to back up and say the policy reason for having it as 200 percent is that that's sometimes used as an important self-sustaining level. [LB368]

SENATOR PRICE: Okay, thank you very much, and I appreciate the answers. You know, as I looked at this and I was discussing it with my seatmate and contemplating things, I thought if I was helping...and I understand the policy as you say now for that sustainment; but could we not find 60 applicants at 100 percent poverty for a program like this and that...and there's no need to respond, just asking these questions rhetorically for a later discussion. But could I not help more people who have a greater need for help than perhaps those at 200 percent? That's just a thought that runs through my mind. Understanding what you say now about the policy implication, saying we believe...and I don't mean this to be as cold or crass as it will sound, but we're saying I believe a person closer to the 200 percent poverty will have a better chance of benefiting from this than a person at 100. And then we're...so we're kind of pitting poverty pools. And, well, that could be problematic, at least in an academic discussion. But again, but then as I listen to this, we're creating and have created through not just LB368 but through so many artifacts an entire industry called not-for-profit or nonprofits. And not-for-profit and nonprofit does not mean that someone doesn't make money. But what it does mean is a greater deal, a greater portion of the funding mechanism for those entities comes from tax dollars instead of being all private dollars; therefore there are profit motives and profit drivers. And here we see we're going to move dollars into this nonprofit zone of enterprise. [LB368]

SPEAKER ADAMS: One minute. [LB368]

SENATOR PRICE: Thank you. And I began to wonder, will nonprofits eventually equal in numbers of workers to state government? Will it be a bigger and a larger group and an inverted pyramid to the number of people who hold for-profit jobs? Now, a little

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nugget, a little something softer. When I was a young man I was looking for a job out of high school, and I landed on a job, I think it fell under a TANF block grant of some sort, because I was actually paid to perform and sing all summer long in an outdoor summer theater program. So that's what I did five days a week, singing and dancing, and some acting perhaps, and it was all paid for by a summer grant. And today I'm not an actor, so I don't know that it totally worked out. Thank you. [LB368]

SPEAKER ADAMS: Time, Senator. Senator Nelson, you're recognized. [LB368]

SENATOR NELSON: Thank you, Mr. President and members of the body. I wonder if Senator Price is still a dancer, if he's not an actor anymore? All right. I have a question or two for Senator Crawford, if she would yield? [LB368]

SPEAKER ADAMS: Senator Crawford, would you yield? [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR NELSON: Thank you, Senator Crawford. I'm just going to go back over some of the things I have heard and just try to clarify some things of my own. I heard you mention a block grant match to TANF funds. Does the state...I mean, do they match what the state puts out or could you explain that to me, what you meant by that? [LB368]

SENATOR CRAWFORD: Sure. Well, here's what I recall from my discussion with Liz Hruska from the Fiscal Office. And I can have Kaitlin check to make sure this is correct. But I understood from my discussion with her, was that we have a \$28 million requirement that we put in each year as well. And actually I see Senator Mello is also following me, and so from an Appropriations Chair position he may be able to answer that question as well. That is my understanding that we have a...we have an obligation to put in some of our private money as well. [LB368]

SENATOR NELSON: To fund some of these programs that... [LB368]

SENATOR CRAWFORD: And what I understood from the discussion with her is that that can't be out of this rainy-day fund but that we have some obligation to put in some of our General Fund monies and that that can't come out of the rainy-day fund. [LB368]

SENATOR NELSON: All right. Thank you for that. We're talking now about kind of eliminating participation by the Department of Labor except to referrals and things of that sort. When we're talking about the nonprofit entity, how are they being paid? [LB368]

SENATOR CRAWFORD: Well, the expectation is that the million dollars is being

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appropriated and so they would be putting together a plan that would include their administrative costs. And Liz was very helpful when she was helping put the fiscal note together, talked to some nonprofits about how much they expected or required for administrative costs to run a program like this. So the expectation that we would be serving about 150 people a year is under the expectation that their nonprofit is going to need to have some money for their costs, and... [LB368]

SENATOR NELSON: Well, and we're requiring a lot of them. They're going to do recruitment. They're also going to devise interview sheets and work with the employers and everything like that. So I would anticipate it's going take two or three people at least. Would that be a fair assessment? [LB368]

SENATOR CRAWFORD: Well, again Liz sat down with nonprofits that have experience with these kinds of programs and that's where her estimate came in, in terms of what's in the fiscal note in terms of how much they expect it to cost them to run these programs. And again, from our perspective, you know, we're just allocating a million dollars a year. And it's...then we will be seeing in our reports we get and we'll be...how many people they're able to serve for the \$1 million that we give them. And if we have concerns about how much...how many people they're able to serve for that amount of money, we can start addressing that. At this point, based on what we've seen in their past experience with these kinds of programs, it looks like they should still be able to serve about 150 people a year, even building in the expected need for them to have some administrative costs covered. [LB368]

SENATOR NELSON: All right, that leads to my next question. I heard the figure serving 60 people, and on the letter of March 6 from DHHS they talk about estimated approximately 200 individuals could be served at the cost of \$1 million. Now is that over a period of the four years, 200 people? [LB368]

SENATOR CRAWFORD: Thank you. That's a good question. [LB368]

SENATOR KRIST PRESIDING

SENATOR KRIST: One minute. [LB368]

SENATOR CRAWFORD: No, the expectation is that per year, and originally we were thinking closer to 200. And then after Liz did some work again with some nonprofits who do this work, and we decided it would take a little more money for the administrative costs, that's where it came down to about 100...I think she might...180, 100-and...and I've been talking about 150 as a good figure to expect, estimate per year; not over the four years, per year. [LB368]

SENATOR NELSON: But we're talking about a six-month program. So could you be

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having 70 or 80 people and then some of them leave and more come on during the year? [LB368]

SENATOR CRAWFORD: Correct, that's per year. And you're correct, there would be two cycles per year. [LB368]

SENATOR NELSON: All right. Is the employer committed to keep someone on for six months? I mean, like if they start in the program, regardless of their performance, do they have to keep them on for a six-month period? Is that... [LB368]

SENATOR CRAWFORD: That is not a requirement that we are putting into statute nor requiring... [LB368]

SENATOR KRIST: Time, Senators. [LB368]

SENATOR NELSON: Thank you, Senator. [LB368]

SENATOR KRIST: Thank you, Senator Nelson and Senator Crawford. Senator Mello, you are recognized. [LB368]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. I want to hopefully try to clarify one item that Senator Watermeier had referenced as well as just kind of see if I can wrap up a little bit of what I've heard in regards to some of the floor discussion. Senator Watermeier is correct, if you look at the chart he passed out, if the Department of Health and Human Services overspends their federal allotment over the next eight years, yes, the fund may run out. But the reality is this is I would be willing to bet the Legislature won't let that happen, first off. And as I spoke with Senator Campbell, we have problems as it is in regards to what HHS has done with child welfare privatization that spent \$25 million out of this fund to fund the failed privatization effort. And the bigger point is, what Senator Watermeier didn't mention, is that if this program is successful in meeting its objectives, which is what this money is intended to be used for, why wouldn't the department just reallocate the existing appropriations that they try to use to fund this kind of innovative approach? No one has mentioned that on the floor. I hear Senator Kintner, while I have a great admiration for him as a colleague of mine on the Appropriations Committee, I think we sometimes have a fundamental disagreement in regards to whether or not we think it's best to quote Thomas Jefferson and Ronald Reagan or whether it's not to try to put ourselves in the shoes of everyday Nebraskans who may not be college educated, who may not have six-figure jobs, who may not have a high school diploma, a GED, or a living-wage job. We pass tax incentives, tax credits, create programs all the time in this body to help spur economic development. Growing our economy is what we talk about more than any other issue. And the fact that we have low-income Nebraskans who may not have the skills that those, the 49 of us, may have or hundreds of thousands of other Nebraskans may have, that we want to give

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them an opportunity to be employed at a job for six months that may lead them to full-time employment and off of economic assistance, that's big government. That's an activist government going way out of its way trying to do something, colleagues, we should not be invading on the private sector on. Further clarification: I hope everyone in the body does know nonprofits are called nonprofit corporations. They're not-for-profit corporations. They are businesses that are intended not to make a profit. So before we also start demonizing nonprofits overtaking government workers and trying to become this other third level, so to speak, of bureaucracy, let's keep that in mind. Our churches are nonprofits. Our social service agencies are. Our chambers of commerce are not-for-profit corporations. So let's keep that in the back of our minds as we continue this dialogue and try to soften our rhetoric behind what we're actually discussing today, colleagues. LB368, for anyone to make a claim that this is an attack on liberty, attack on the free enterprise system, government going out of its way, overreach, be careful, be very careful, because we're going to talk about branding. We want to talk about higher education. We want to talk about elevator inspectors, pipeline inspectors, talk about transportation inspections. Colleagues, the list can go on and on. What this bill is trying to do is to utilize federal funding that right now is not being utilized, that will be there for a decade, and to try to create an innovative approach that, frankly, our state has not been very good at doing. [LB368]

SENATOR KRIST: One minute. [LB368]

SENATOR MELLO: And the reason why the Department of Health and Human Services opposed this bill is simple: They don't want to be told what to do; they know better than us. But if you look at their results, why don't we have more people who become employed through our Employment First program? Why don't we have more people becoming living wage...getting access to living wage opportunity jobs in our state who are part of TANF? Colleagues, what Senator Crawford is trying to do is admirable and it's good public policy. Other states, Mississippi, has utilized this to help bring people out of poverty at record levels. But I forgot, Mississippi is the bastion of liberalism in this country. My fault. I apologize for that example. Let's keep things in the back of our mind that this is a pilot, trying to help people in Nebraska who need our help. And they want to work hard. They want the same things all of us want for our families, our children. They want a good-paying job. [LB368]

SENATOR KRIST: Time, Senator. [LB368]

SENATOR MELLO: Thank you, Mr. President. [LB368]

SENATOR KRIST: Thank you, Senator Mello. Senator Bolz, you're recognized. [LB368]

SENATOR BOLZ: Thank you, Mr. President. I wanted to share one bit of information from my personal experience that I thought might be useful and then ask a few

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questions. Our obligations to the TANF program relate to two things, one is our maintenance of effort, the amount of dollars that we're expected to put into this program to meet our federal requirements, and the other is our work participation rate. And if we do a good job in this program, our work participation rate goes up and the federal government ratchets down some of our obligations in terms of the expenditures that we're expected to put in from the state level. So it would seem to me that assuming that this project is successful, and I think we have every reason to think optimistically about that, given the experiences in other states, we might actually see a positive net impact because we'll be increasing our work participation rate thereby decreasing some of the expenditures that are required. And I'm looking at some of these numbers that Senator Watermeier put together for us and I just...I'm curious to understand how those were...come about. If Senator Watermeier would yield to a question or two, I'd appreciate it. [LB368]

SENATOR KRIST: Senator Watermeier, will you yield? [LB368]

SENATOR WATERMEIER: Yes. [LB368]

SENATOR BOLZ: Okay. So I guess my first question is, did your analysis, it seems as though you're kind of making the assumption that we'll have a pretty steady expenditure requirement over time. Is that right? [LB368]

SENATOR WATERMEIER: That's all I could really do is say we're going to only spend \$64 million and we've got \$57.5 million coming in. [LB368]

SENATOR BOLZ: Okay. Well, I guess one thing I would share is that we have steadily, slowly but surely, decreased our TANF caseload over time. And so I think maybe the assertion that our expenditures would stay steady maybe isn't one that is forward looking. I also think that, you know, a portion of our overall caseload will be moved into this work subsidy program. And so that would play into the assertions that we're making about our expenditures over time as well. And so one more question I would have here is, given our history and given the impact that this program might have on the overall work participation rate, do you think that maybe some additional fiscal analysis could give us more of a detailed picture, Senator Watermeier? [LB368]

SENATOR WATERMEIER: It certainly could. I don't see why it couldn't, but. [LB368]

SENATOR BOLZ: Okay. Well, maybe that's something that we could talk to the Fiscal Office about and see if we could get a more detailed fiscal analysis of what the impact might really be, because it seems to me that given the moving of the caseload over of 200 people a year, which is no small portion of our caseload, the impact on the maintenance of effort and the statistical trends of decreasing our caseload over time, we might have a slightly different picture if we tried to use the knowledge and information

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that we have to have a longer term projection. Thank you, Senator Watermeier. And I don't know the protocol here, but if Senator Crawford has any remaining comments, I'd be happy to yield her, her time, the rest of mine. [LB368]

SENATOR KRIST: Senator Crawford, 1.5 minutes. [LB368]

SENATOR CRAWFORD: Thanks so much. I really appreciate that, Senator Bolz, bringing your expertise, and I'm glad to hear that as we move more people off of this program that actually helps us with our match; so it provides, I think, an additional reason why it's very important for us to continue to push in this direction to make sure we're...again this is money that is already committed, so we're not asking people to put in new money. This is money that's already committed and it's already committed that it has to be spent on these four TANF purposes. So let's spend it on something that will actually help us reduce our required match and help us to be even more efficient in the running of our program. Thank you. [LB368]

SENATOR KRIST: Thank you, Senator Bolz and Senator Crawford. Senator Bloomfield, you're recognized. [LB368]

SENATOR BLOOMFIELD: Thank you, Mr. President. Colleagues, I find myself wondering if we don't have an answer here in search of a problem. Nebraska is second in the nation to unemployment, and we're looking at subsidizing unemployment or subsidizing hiring people. We're number two. I realize we enjoy being number one, but I wonder if we're not just spending money here for the sheer joy of spending money because it's federal money and not Nebraska money. I guess I've said before, I'll say again, I don't like spending money. And the reason I could possibly support the college subsidization without going here is they have no work experience. These people already have some work experience. Do we go next to people making over \$40,000 or do we go to people making over \$50,000, or do we subsidize somebody making a million dollars? Where do we stop? It's time to quit spending taxpayer dollars on silly notions. And I think when we sit number two in the nation it might be time to stop there. And I would yield the remainder of my time to Senator Price if he'd like to have it. [LB368]

SENATOR KRIST: Senator Price, 3:14. [LB368]

SENATOR PRICE: Thank you, Mr. President. Thank you, Senator Bloomfield. I wasn't fully prepared to take advantage of the time, but first I'll address Senator Nelson. No, the only dancing I do is right here at the mike, and it's in verbal repartee; and if you've heard very much of it, you know I step on too many toes when I do it. Aside from that, I believe Senator Bloomfield has brought up a valid point. And would Senator Hadley yield to a question? [LB368]

SENATOR KRIST: Senator Hadley, will you yield? [LB368]

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SENATOR HADLEY: Yes. [LB368]

SENATOR PRICE: Thank you, Senator Hadley. And I apologize, I'm not trying to pull a rabbit out of the hat here, but as a gentleman with your august background in business could you tell me what the standard is for functional unemployment, what that level or that rate is? [LB368]

SENATOR HADLEY: Basically, it's a rate...it's people who are...quit looking for jobs, do not have the training. In Nebraska, our unemployment rate is about 3.8 percent. The functional would be about 2 percent, probably, in that range. In essence, they are the ones that no matter what's going to happen they're not...they're really not in the job market. [LB368]

SENATOR PRICE: Thank you very much, Senator Hadley. And it's always good to have someone with that background that you can just reach back to and get that. It's critical to consider that when if 2 percent is our functional unemployment rate as defined by Senator Hadley, and we're at 3.8 now, we're talking about 1.8. Of course, when you talk about 1.8 million people in the total state, the work force, of course, being a subset of that; and I'd asked the question about the 100 percent versus 200 percent of poverty level, and we're talking about 60 people to 100 and...60 to 120...60. It depends how much they're being paid. But again it does begin to beg the question is...and I will ask this question to Senator Crawford if she would yield. [LB368]

SENATOR KRIST: One minute. And Senator Crawford, will you yield? [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR PRICE: Thank you. Senator Crawford, how much of the dollars, what's the ratio of the dollars being spent in overhead to the nonprofits, and how much is yielded and paid out to the employee and employer? In other words, the dollars, what's the track of the dollars? How much is staying with the nonprofit? [LB368]

SENATOR CRAWFORD: That's a good question and we will calculate that. The fiscal note indicates the dollar amount, but we can calculate that as percents and get that back to you at another turn. [LB368]

SENATOR PRICE: Thank you very much. I think that's a critical point that points back to my earlier allusion of that...not illusion but allusion, of this growth of nonprofits, they're not doing it for free. They're just not doing it with a profit motive for the stockholders. I believe we're probably out of time now. Thank you, Mr. President. [LB368]

SENATOR KRIST: Thank you, Senator Price and Senator Crawford and Senator

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Bloomfield. Senator Hansen, you are recognized. [LB368]

SENATOR HANSEN: Thank you, Mr. President and members of the Legislature. Would Senator Crawford yield to a couple of questions? [LB368]

SENATOR KRIST: Senator Crawford, will you yield? [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR HANSEN: We've talked the last several minutes about everything but your amendment, so I think that's where I started out and that's where I'd like to go back to. [LB368]

SENATOR CRAWFORD: Sure. Thank you. [LB368]

SENATOR HANSEN: On page 4, line 2... [LB368]

SENATOR CRAWFORD: Are you talking about the amendment? It just has two lines. [LB368]

SENATOR HANSEN: I'm sorry? [LB368]

SENATOR CRAWFORD: You were talking... [LB368]

SENATOR HANSEN: On the committee amendment. [LB368]

SENATOR CRAWFORD: Oh, okay. I thought you meant our amendment. All right, the committee amendment. Okay. [LB368]

SENATOR HANSEN: Well, your amendment refers to the committee amendment. [LB368]

SENATOR CRAWFORD: Okay. [LB368]

SENATOR HANSEN: And I have a question about "may" or "shall." We'll stay on may or shall for a moment. [LB368]

SENATOR CRAWFORD: Okay. [LB368]

SENATOR HANSEN: So on page 4, line 2, we talk about the nonprofits "shall ensure the gathering and reporting of the following performance measures," and there's seven of those. And then if we can compare that to page 2, line 17, where it says the...where we're talking about employers now, employers who participate in the pilot program.

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"Such application process shall include, but not limited to, a requirement that the employer" apply, and there's several subsections in there too. [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR HANSEN: Can you tell me who the nonprofits are and who the employers are? Is there any crossover in that group of people? [LB368]

SENATOR CRAWFORD: All right, good question. There would be an overarching nonprofit that is assigned the responsibility of recruiting the employers and employees and making sure that the performance measures are run and that a report is calculated. So there is one overarching nonprofit that's responsible for the management of the entire program. Now that nonprofit could contract...subcontract with a nonprofit that would work with employers in a particular community, and part of why we did that was to make sure that we could create this with...it was important to members of the committee, I'm including Senator Watermeier, that we had one nonprofit doing the overall management and the performance reporting; but we also wanted to make sure that the pilot could operate in a rural as well as an urban community. So added another...you know, added a level there. But we've got one nonprofit with the overall responsibilities, and then that nonprofit could contract with another nonprofit to run the pilot in that community. And then the employers could be nonprofit or could be private. We didn't stipulate that it had to be either. [LB368]

SENATOR HANSEN: Could you give me a list of just, you know, four or five nonprofits that would do the hiring and maybe a couple of privates? [LB368]

SENATOR CRAWFORD: Sure. Well, some of...the people that we talked to that have had the most experience with this was Goodwill. So Goodwill runs similar kinds of programs where they work with employees of various types. And then some of the businesses that said this would be something we would like to do, again included Charles Drew Health Center, On The Edge Technology, Affordable Tax and Bookkeeping, and Home Access Solutions. And then also another nonprofit that's interested in being involved in the project, Central Plains Center for Services in Broken Bow. [LB368]

SENATOR HANSEN: Okay, that helps. [LB368]

SENATOR CRAWFORD: So those are a list of just some people that have talked to us about their interest in playing one of those roles. [LB368]

SENATOR HANSEN: That helps. And then on...going back to page 2 where we are talking about employers and the employers shall do this. Do you have a problem with telling an employer what they shall do? [LB368]

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SENATOR CRAWFORD: No, I do not. [LB368]

SENATOR KRIST: One minute. [LB368]

SENATOR HANSEN: Would encourage be a better word? [LB368]

SENATOR CRAWFORD: Thank you. Thank you. The...we try...the requirements that are listed in the bill are ones that we feel are essential in order for them to receive this government money. Again, there's accountability. If you're getting the money, these are the things that we expect you to do; and so I don't see a problem with making that a "shall." If they participate in the program and get this government money, then they must...shall do those things that we're asking them to do. [LB368]

SENATOR HANSEN: Thank you, Senator Crawford. I know we're about out of time. I just have one more comment and probably don't have time to make that one, so thank you. [LB368]

SENATOR KRIST: Thank you, Senator Hansen and Senator Crawford. Senator Kintner, you are recognized. [LB368]

SENATOR KINTNER: Well, thank you, Mr. President. We've certainly stretched the meaning of liberty and I think we've offended some Founding Fathers today, and we've certainly probably offended some taxpayers that might be paying attention. But let's see if we can sort through all this. First of all, did I hear this right that a public university is being compared to subsidized employment as a government program? That is...I mean, I just have trouble believing anybody would take that seriously. We also had someone say this is an innovative approach on the way to prosperity. Since when is a government program the way to prosperity? I'm trying to think if there's a welfare state somewhere where people are prospering being involved in the welfare state. It's more of a ticket to "Loserville." It's more a ticket to dependency. It's more of a ticket to delaying your own success by being on the government dole, by being involved in a government program, not that it never works. There are times when there are some programs that work; but they're the exception, they are not the rule. We talked about positive liberty and negative liberty. Never heard that before in my life. Studied the constitution for many, many years. But I think the idea of positive liberty, you know, the idea involves a positive duty of others, you know, that they did not voluntarily assume. In other words, we call that slavery. You know, liberty is freedom from coercion. Freedom to keep the money that you've earned. Well, let's try something here. Let's dig into the bill and see if we can work through...oh, I'll tell you what, let's...Senator Crawford, would you yield to a question or two? We'll try to talk about the bill here. [LB368]

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SENATOR COASH: Senator Crawford, will you yield? [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR KINTNER: Thank you, Senator Crawford. As I understand it, when we spend this TANF money we're going to get more TANF money in the future? [LB368]

SENATOR CRAWFORD: We get a set amount, a block grant amount of TANF money each year. And so...I guess I don't understand your question. [LB368]

SENATOR KINTNER: Well, you know, so we go through the four years. We've got the pilot program. Let's just say at four years, you or someone else says, well, let's keep doing the program. Is there going to be...are we going to try to get some more...another government block grant, or are we going for the General Funds like Senator Watermeier said? [LB368]

SENATOR CRAWFORD: If the \$4 million that we spend for the pilot program entirely comes from the rainy-day funds, there's no General Funds at all. If at the end of four years we decide that this is a great program, we would be looking at it in the context of the existing TANF block grant funding that we get. So we'd be asking, is this a good use of our funds given again, as some of the benefits that would come from a program that actually gets people employed and keeps people working, which Senator Bolz explained on her turn. [LB368]

SENATOR KINTNER: So I think I heard in there we may try to get more TANF funds and then supplement that with General Funds. [LB368]

SENATOR CRAWFORD: Well, actually the amount of TANF funds that we get is locked in at that 1994 level. So no matter what we do with TANF funds, that's what we get; and so we want to use them in the best way we can. [LB368]

SENATOR KINTNER: So there won't be any more coming when this is gone? Or that we'll get the same amount, another grant of the same amount? [LB368]

SENATOR CRAWFORD: We get a block grant amount each year. [LB368]

SENATOR KINTNER: Okay. [LB368]

SENATOR CRAWFORD: That continues unless there's some change in the federal program. [LB368]

SENATOR KINTNER: And since we're spending over a trillion dollars a year more than

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we take in, in tax revenue,... [LB368]

SENATOR COASH: One minute. [LB368]

SENATOR KINTNER: ...is it reasonable to assume that money may not be there in four years; that they may decide we can't keep spending the money, and start cutting back federal spending? [LB368]

SENATOR CRAWFORD: I don't expect that to be the case. But in any event, if that's the case, then we definitely need this even more to know what we can do, because we will have to be living in a situation with even less funds. [LB368]

SENATOR KINTNER: The government shell game: We'll move it from here to here to here to here. Okay, that's good. Who asked you to submit this bill, or who gave you the bill to submit, or did you think of it? [LB368]

SENATOR CRAWFORD: I talked to Senator Mello about bills that he was interested in, and this was a bill that they had worked on last year and they weren't going to plan to have time to introduce it this year. [LB368]

SENATOR COASH: Time, Senators. [LB368]

SENATOR KINTNER: Oh, thank you. [LB368]

SENATOR COASH: Thank you, Senator Kintner and Senator Crawford. Senator Price, you are recognized. [LB368]

SENATOR PRICE: Thank you, Mr. President and members of the body. I was running through some of the numbers here in between the debate, and we see that we have a million dollars set aside, appropriated. And when we look at the fiscal note, it says that they think about 180 people could be served on this, and when we look at the contract costs the fiscal note says \$189,000. It also mentions in there that the maximum that would be available for individuals would be \$4,640. So when I got out the calculator on the phone and multiplied that out times 180 individuals, you get some numbers that don't seem to work. Maybe I'm not great...I'm not signed off or trained on my calculator, but when I take the \$189,000 and I add to that the sum of \$4,640 times 180, which is \$835,200, I come up with the old math is \$1,024,200. So there's a \$24,200 delta in the model. Now that also assumed a rate of pay of \$7.25 an hour. I think we might have heard a different number. Would Senator Crawford yield? [LB368]

SENATOR COASH: Senator Crawford, will you yield? [LB368]

SENATOR CRAWFORD: Yes. [LB368]

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SENATOR PRICE: Thank you, Senator Crawford. Just trying to walk myself through the math, the arithmetic actually, it's not even mathematics, to understand if we're appropriating a million and we're looking at this. Did you use a different number other than \$7.25 in your opening statement? I thought I heard like maybe \$8.60 an hour. [LB368]

SENATOR CRAWFORD: In most of the...in many of the programs in other states, they did pay more than minimum wage. And I will say for the record it would be our intent that we would be trying to recruit and get people into jobs that pay more than the minimum wage if possible. [LB368]

SENATOR PRICE: Okay. [LB368]

SENATOR CRAWFORD: And that may reduce the number of people we can serve and that would be a trade-off that I think we would agree is a trade-off we're willing to accept. [LB368]

SENATOR PRICE: Okay, great. And that's what I kind of figured in looking at that you just can't draw a linear relationship on these numbers. But I still would like to get back to the idea of how many dollars per person are staying with the nonprofit. [LB368]

SENATOR CRAWFORD: Again, we don't have a number calculated per person in the program that stays with the nonprofit. The deal...the appropriation is a million dollars, and then the...again, we have...in the fiscal note we have an expectation of the expected administrative cost for this program based on the experience of other nonprofits who have run this kind of a program. And so our standard right now is that we're holding nonprofits to be...we're expecting them to live within the means of that expected value based on the experience of these kinds of programs. [LB368]

SENATOR PRICE: Thank you. And so would Senator Mello yield to a question, please? [LB368]

SENATOR COASH: Senator Mello, will you yield? [LB368]

SENATOR MELLO: Yes. [LB368]

SENATOR PRICE: Thank you, Senator Mello. And I hope I haven't interrupted too much, and I'm just trying to understand it. And as an Appropriations person and perhaps the source of this. I looked in the fiscal note and I see they have contract costs. Are these contract costs the dollars that are staying with the nonprofit? [LB368]

SENATOR MELLO: Senator Price, I'd have to look through the specific bill language.

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But looking at the fiscal note, the contract costs come from that million-dollar appropriation, which ultimately would go to whoever the nonprofit and/or the entity that would be helping... [LB368]

SENATOR COASH: One minute. [LB368]

SENATOR MELLO: ...implement the pilot project. [LB368]

SENATOR PRICE: Okay, great. Thank you very much, Senator Mello. And I was thinking that's what it is, because when we look at the contract costs in the second paragraph of the fiscal note, that they are \$63,000 per 60 individuals served; so \$189,000 will stay with the nonprofit. And I just thought when you put that relationship of that and start dividing it out and playing with the numbers, it comes out to an interesting fact and percentage of how much is staying per employee with the nonprofits. Thank you. [LB368]

SENATOR COASH: Thank you, Senator Price. Senator Wallman, you're recognized. [LB368]

SENATOR WALLMAN: Question. [LB368]

SENATOR COASH: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB368]

CLERK: 28 ayes, 1 nay, Mr. President, to cease debate. [LB368]

SENATOR COASH: Debate does cease. Senator Crawford, you are recognized to close on AM1224. [LB368]

SENATOR CRAWFORD: Thank you, Mr. President. And again, AM1224 is clarifying language that we worked out with the Department of Labor to clarify their minimal role in this project. But while I have a little bit of time, let me just respond to the question that was raised about why we would run this program if our overall state unemployment is so low; and we are very happy that that is our...that we have been blessed to have such a low overall state unemployment rate. But let me share with you that that prosperity is not shared across the state. The zip code in which I live in old town Bellevue has an unemployment rate over 7 percent. So we...if you have a business, you want to come down; we've got people who are ready and willing to work. It's also the case we have four counties with poverty rates above 5 percent, and we have...in north Omaha we have two zip codes that have unemployment...two zip codes that have unemployment rates around 20 percent, and in south Omaha we have two zip codes above 10 percent. And then we also have pockets like we talked about before, not geographic pockets but

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other pockets of people who have not shared in that prosperity, whether it be former foster children, whether it be veterans who are returning from service, pockets of the population that haven't shared that prosperity yet; and this is what LB368 is designed to do. It's a targeted program to just reach into those areas where we need the most help to make sure that we're getting people employed. And so I urge your green vote on AM1224. [LB368]

SENATOR COASH: Thank you, Senator Crawford. Members, you've heard the closing to AM1224 to AM816. The question before the body is, shall AM1224 be adopted? All those in favor vote aye; all those opposed vote nay. Have all voted who wish? Record, Mr. Clerk. [LB368]

CLERK: 35 ayes, 0 nays, Mr. President, on the adoption of the amendment to the amendment. [LB368]

SENATOR COASH: AM1224 is adopted. Do you have some items, Mr. Clerk? [LB368]

CLERK: I do, Mr. President. Enrollment and Review reports LB97, LB216, LB216A, LB556, LB556A, LB579, and LB579A as all correctly engrossed. (Legislative Journal page 1555.) [LB97 LB216 LB216A LB556 LB556A LB579 LB579A]

Mr. President, Senator Kintner...excuse me, Senator Kintner would move to amend the committee amendments with AM1257. (Legislative Journal page 1555.) [LB368]

SENATOR COASH: Senator Kintner, you're recognized to open on AM1257. [LB368]

SENATOR KINTNER: Well, thank you, Mr. President. I talked earlier about an attempt to amend this and try to make it a little bit more workable, a little better for the employer, a little better for the taxpayer, and certainly better for the person who is participating in the program. What this amendment does is it requires the company that participates in this program and gets the subsidized employee for six months, it requires them to keep that person in employment for two years. And what that does is it prevents a company from getting a subsidized employee, telling them to go out back and cut the grass, paint, clean up, do menial labor for six months, and then just say goodbye, the subsidy is over and you're over. So what this will do is it will protect the people in the program, obviously protect the taxpayers, and it will keep employers from abusing this program. Now one of the problems that HHS had with the program is that creating this wage subsidy program there may not be future funds available and it would create a false expectation to the recipient. You know, there's no guarantee that the employers would retain our clients as employees once the wage subsidy ends. So this would make sure that the person at least has a job there for two years. I would say, after two years, if you've shown up and you've worked hard and you've learned the craft of whatever they have you doing, you ought to be able to move up, you ought to be able to get a better

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job, you ought to be an employable person. We're looking for employable people and this is about helping people. Now I'm not...you know, I've just made the case that I'm not sure this is the best way to do it. But if we're going to do it...if we're going to do it, we better protect the people in the program and we better protect the taxpayers. Thank you, Mr. President. [LB368]

SENATOR COASH: Thank you, Senator Kintner. Members, you've heard the opening to AM1257. The floor is now open for debate. Senator Davis, you are recognized. Senator Davis. Oh, Senator Davis waives. Senator Schumacher, you're recognized. [LB368]

SENATOR SCHUMACHER: Thank you, Mr. President and members of the body. I've just got a few questions on this. First of all, on the immediate amendment for Senator Kintner if he'd yield. [LB368]

SENATOR COASH: Senator Kintner, will you yield? [LB368]

SENATOR KINTNER: Absolutely. [LB368]

SENATOR SCHUMACHER: Thank you, Senator Kintner. Senator Kintner, your amendment would require the employer to continue that person's employment for two years. What happens if they don't? [LB368]

SENATOR KINTNER: Well, they...if you look here, HHS can set those regulations up any way they want. So they can set it up. They can be terminated from the program. They can't hire anymore. However they want to set that up. We'll set it up and they can figure out how it's going to work. [LB368]

SENATOR SCHUMACHER: And so they can come up with some pretty mean regulations to penalize the employer. [LB368]

SENATOR KINTNER: Well, I don't think there's a penalty involved in this thing. My guess is they just wouldn't be able to participate. That seems to be the most commonsense way to do it. [LB368]

SENATOR SCHUMACHER: Okay. [LB368]

SENATOR KINTNER: But I would let HHS figure out how they wanted to do that. [LB368]

SENATOR SCHUMACHER: Okay. Now, Senator Kintner, in that particular situation if you were an employee and you knew this was on the books and you had done your six months and you really wanted to start sloughing off because you knew you had the employer kind of over a barrel because he's going to lose his ability, so you just start

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sloughing off, what would be stopping you from doing that? You've got 18 months of kind of a free ride. [LB368]

SENATOR KINTNER: Yeah, that would be a real problem. But these people are getting in this to get experience. They're...you know, if they wanted to just, I guess, slough off, as you said, I think they could...maybe they could find another government program to do that on. This is...as I understand, this is for people that really want to get job training. They really want to get better. They want to improve their lot in life, and that's what I've heard a "megatude" of people say. [LB368]

SENATOR SCHUMACHER: Okay, Senator. But if they said I did my 6 months, now this employer is on the line for the next 18 months to subsidize me; I'll show up, maybe I won't show up, but the law says he shall keep me on his employment records for the next 18 months. Aren't we inviting that kind of behavior with this kind of amendment? [LB368]

SENATOR KINTNER: Well, I guess it wouldn't be the first government program that had what you would call a moral hazard. [LB368]

SENATOR SCHUMACHER: Okay. Thank you, Senator... [LB368]

SENATOR KINTNER: But you know what? HHS could spell that out the way they think it should be done. [LB368]

SENATOR SCHUMACHER: Thank you, Senator Kintner. Senator Crawford, would you yield for a couple questions? [LB368]

SENATOR COASH: Senator Crawford, will you yield? [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR SCHUMACHER: If I'm an employer and I hire somebody under this program, are they on my unemployment compensation? They turn out not to last very long or not to want to work very hard, and I lay them off. Does that...does my unemployment compensation get dinged? [LB368]

SENATOR CRAWFORD: I don't know. I'll have to find out for sure about the unemployment compensation implications about that. [LB368]

SENATOR SCHUMACHER: And what about if they claim they hurt their back or something like that, does my...is it my workmen's comp that covers these people and my premiums that I have to pay in the future, or is it the state's? Are they riding on my workmen's comp? [LB368]

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SENATOR CRAWFORD: They would be on the employer's workmen's comp, yes. [LB368]

SENATOR SCHUMACHER: Okay. Thank you, Senator Crawford. One of the things you learn when you first set up a business is that the state loves you because immediately after setting it up they send you love letters. One letter from the Labor Department tells you you've got to tell them about all the new hires or bad things will happen to you. Another letter from the workmen's comp people says you better carry workmen's comp insurance, you better keep it up, or bad things will happen to you. Another letter from the unemployment comp people saying you better...if you let somebody go, you're going to get dinged... [LB368]

SENATOR COASH: One minute. [LB368]

SENATOR SCHUMACHER: ...and it's going to cost you money. Another letter from the Revenue Department saying you better get your employee withholdings in on time or it's going to cost you big money and you're not going to like the penalties. So about that time you wonder why you ever wanted to become an employer. The hiring of an employee is a very, very big business thing and a very important decision for a small employer. I don't know if some of that is built into this act to protect that employer. And if you're a big employer looking for entry level people, I'm not sure why they just don't go down to the unemployment office and apply for a job. So I'm not making a complete connection. Even though my heart might want to go with this, logically I have still not made the connection to say yes. Thank you, Mr. President. [LB368]

SENATOR COASH: Thank you, Senator Schumacher. Senator Hansen, you're recognized. Senator Hansen waives. Senator Krist, you are recognized. [LB368]

SENATOR KRIST: Thank you, Mr. President. Good afternoon, colleagues. And I only intend to speak once on this subject matter. I voted it out of committee. I think it's well-thought-out and I thank Senator Crawford for bringing it. I thank Senator Mello for bringing the subject matter up a couple years prior. I wondered if Senator Kintner would yield to a question. [LB368]

SENATOR COASH: Senator Kintner, will you yield? [LB368]

SENATOR KINTNER: I would be happy to. [LB368]

SENATOR KRIST: Senator Kintner, because you're qualified to put an amendment on this bill, I assume that you know the four goals of TANF. [LB368]

SENATOR KINTNER: Could you repeat that? I didn't hear that, I'm sorry. [LB368]

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SENATOR KRIST: Do you know the four goals of TANF and what governs how the money should be spent? [LB368]

SENATOR KINTNER: No, I do not. [LB368]

SENATOR KRIST: Okay. Do you know what Goodwill Industries does for a living? [LB368]

SENATOR KINTNER: Well, you know, I just toured there about two and half weeks ago. I sure do. [LB368]

SENATOR KRIST: Okay. So you know that most of the jobs at Goodwill Industries...not most; about 40 percent of the jobs at Goodwill Industries trains people for, and monitors them, are people who are people of special need, a disability, etcetera. So I'm sure you know that. So thanks for entertaining my question, Senator Kintner. Here it is, folks: This money is going to be there as long as the federal government puts it in the pot. And when it's not there, we're not going to use it. And I get a little sick and tired of people standing up and saying, oh my goodness, we can't count on the federal government to do anything. And they've got a trillion-dollar debt or a \$7-trillion debt or whatever it is, so we're going to give them back every dime in the TANF fund, and I hope that that saves us tax dollars in the future. Is that one of the stupidest things you've ever heard? It is, Senator Kintner. I'm sorry, but I don't know how we make this world better by giving all that money back to the federal government or not participating in these programs. And if I walk door to door and I knock on that door and I say I'm here and I want to try to make your life better in any way that I can within reason, I don't care if I get reelected or not, because that's the way I live my life. So you do what you want to do. But I'm going to tell you, there are four goals of TANF that govern how TANF money is spent: to provide assistance to needy families so that children can be cared for in the home or in the homes of relations; (2) to end the dependency of needy parents on government benefits by promoting job preparation, work, and marriage--that would be the family unit; (3) to prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for the preventing and reducing the incidence of these pregnancies; and (4) to encourage the formation and maintenance of two-parent families. I think those are great goals and I think if you knew about it you would think that this would be an honorable purpose to spend the money on. If I wanted to spend more time on the mike I would ask Senator Kintner and all the other adversaries or the opposition to this, how would you spend it any better than we intend to spend it? Come up with an idea. Stand up and bad-mouth everything that you hear. Come up with an idea that's a better way to spend TANF money. Thank you, Mr. President. [LB368]

SENATOR COASH: Thank you, Senator Krist. Senator Conrad, you are recognized. [LB368]

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SENATOR CONRAD: Thank you, Mr. President. I was hoping that Senator Kintner might yield to a few questions, please. [LB368]

SENATOR COASH: Senator Kintner, will you yield? [LB368]

SENATOR KINTNER: I'd be happy to. [LB368]

SENATOR CONRAD: Thank you, Senator. I was just having an opportunity to review your amendment and it's pretty straightforward. It says an employer shall continue employment of each employee for whom the employer receives a subsidy under the Subsidized Employment Pilot Program for not less than two years. Are there any exceptions to that government mandate? [LB368]

SENATOR KINTNER: Are there exceptions that the government can mandate? [LB368]

SENATOR CONRAD: Well, this is a government mandate, right, that the employer must continue employment of the employee under this program for two years? That's a mandate when you use "shall," right? [LB368]

SENATOR KINTNER: That is correct. [LB368]

SENATOR CONRAD: Okay. Are there any exceptions to this mandate? I mean, I don't see them on the amendment. Are you planning later amendments or anything like that? [LB368]

SENATOR KINTNER: No, I'm not. No. [LB368]

SENATOR CONRAD: Okay. Can you tell me whether or not this forced employment might violate Nebraska's right-to-work laws? [LB368]

SENATOR KINTNER: No. Right-to-work has to do with...it says you cannot be forced to pay union dues as a condition of employment or to gain employment. That's all right-to-work does. [LB368]

SENATOR CONRAD: Okay. But how does it not interfere with an individual's right or a business's right to form an employment contract, because we have this now-government mandate in place that interferes with that relationship? Can you explain how it doesn't interfere with that relationship? [LB368]

SENATOR KINTNER: Well, when you agree to participate in this program you've agreed to the rules... [LB368]

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SENATOR CONRAD: Give up all rights in employment law? Is that your intent? [LB368]

SENATOR KINTNER: You've agreed to participate in the program and whatever rules the program has in place you'll participate in those rules and you'll obey those rules. If you don't like the rules, don't get in the program. [LB368]

SENATOR CONRAD: Okay. So is it forced involuntary servitude if you mandate continued employment even if the employee doesn't want to work there anymore for two years? [LB368]

SENATOR KINTNER: You can't force anyone to work there. They can quit. I mean forced into servitude would be slavery, and no there's...if the people are getting paid. [LB368]

SENATOR CONRAD: But it says in your amendment that there's no exceptions and the employer must continue employment of this person for two years regardless. So that's troublesome, I think. [LB368]

SENATOR KINTNER: I think the administering agency can set the rules and regulations. [LB368]

SENATOR CONRAD: But you already noted in your amendment there are no exceptions. So I guess maybe I'd point that out as a clarification. [LB368]

SENATOR KINTNER: Yeah. [LB368]

SENATOR CONRAD: What if the employee were to commit a criminal act, then would the employer be able to fire them at any point during this two years? Because that's not listed in your amendment. [LB368]

SENATOR KINTNER: Well, I would think if the Department of Labor, which it says right here, "may develop the guidelines." So if they're developing guidelines, they might put guidelines in there to say you'd be terminated if you committed a criminal act. [LB368]

SENATOR CONRAD: But, Senator Kintner, I think that we can all agree that statutory language trumps rules and regs, and there's an unqualified government mandate on private business in your amendment. So how would we draft rules and regs around that to provide any exception? [LB368]

SENATOR KINTNER: Well, no, this piece of legislation would set the rules and regulations of participating in the program. So that's what it has to do. [LB368]

SENATOR CONRAD: But how could you set a rule and regulation that violates...you're

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proposing a change in state law here that is an unqualified government mandate when it comes to the employment practices of a private business. [LB368]

SENATOR KINTNER: Right, if you agree to participate in this program you will employ the person for two years, because I think it's pretty simple. [LB368]

SENATOR CONRAD: No matter what. [LB368]

SENATOR KINTNER: Yeah. Well, that's subject to the rules and regulations of... [LB368]

SENATOR CONRAD: If they don't show up to work, you cannot fire them. [LB368]

SENATOR KINTNER: I think that depends on the rules and regulations of participating... [LB368]

SENATOR CONRAD: But you said... [LB368]

SENATOR KINTNER: ...the guidelines of participating in the pilot program. [LB368]

SENATOR CONRAD: Okay. Thank you, Mr. President, and thank you, Senator Kintner. And thank you, I guess, for warning us during the course of this session about creeping socialism and about how governmental (laugh) intervention in the private sector can spring forward at any time, because I think that's exactly what you've done in this amendment, is really an unprecedented and unqualified government intervention in the private employment relationship and private business activities. So I guess that warning shouldn't have been taken lightly by any of us. Because if you, a senator who has declared many times that you're against government mandates, would put forward an unqualified government mandate on private enterprise, we should all indeed be wary. Thank you. [LB368]

SENATOR COASH: Thank you, Senator Conrad. Senator Kintner, you are recognized. [LB368]

SENATOR KINTNER: Well, thank you very much, President...Mr. President. Senator Crawford, would you yield to some questions? [LB368]

SENATOR COASH: Senator Crawford, will you yield? [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR KINTNER: As we are kind of walking through this, some of my questions before, one of the questions I had is why is the pilot program needed for four years?

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This kind of seems like a long time. [LB368]

SENATOR CRAWFORD: Well, four years is a good amount of time to learn from the program, see how it works. And it allows the nonprofit that comes into this program to have time to get their practices in place. And so it's just a decision that that's a reasonable amount of time to try out the program and also gives you a chance to see how some of the graduates of the program have done while you're in the process of deciding how to continue the program. Also I would say the other advantage of having a four-year program as opposed to, say, a one-year program, is that we are asking for the data back each year. And so this gives the chance, if we get the data back at the first year, it gives us a...if we get data back after the first year's experience, then we might want to make a change in the program through statute. And so that gives us a chance to have at least one cycle of getting the information back and still have time to put a bill together and get it in and make a statute change and see if that makes a difference. Anything shorter than four years doesn't really give us the time to try some tweak in the program, I think, and see if it actually makes a difference. [LB368]

SENATOR KINTNER: Okay, thank you. What would qualify the program as a success? [LB368]

SENATOR CRAWFORD: What we've seen and the reason we talk about other state programs as success is that people who are in the program have employment after they graduate from the program at wages that are higher than the wages that they had before the program. And ideally, the people that graduate from the program have wages that put them at that sustainable level at 178 to 200 percent of poverty, at least. [LB368]

SENATOR KINTNER: I'm going to ask you slightly different: What are your goals for the bill? [LB368]

SENATOR CRAWFORD: My goal for the bill is for it to pass and be implemented well. [LB368]

SENATOR KINTNER: Okay. Do we have any examples or empirical evidence of, you know, how this program would...has been implemented in other states and how successful it's been? [LB368]

SENATOR CRAWFORD: Yes, we do. And that is really what makes me so excited about this opportunity, is that this has been put in place in other states; and several other states put something like this in place when they got the stimulus funds. Now, unfortunately, in our state, the stimulus funds went to the child welfare fiasco. But in other states, several other states, when they got that stimulus funds, they thought this would be a nice opportunity to try out the program; and so we have success in other states. And just recently, and this hasn't been published yet but it was a presentation

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that was given, there was an in-depth study of four states that had these programs and some examples. Seventy-six percent of employers retain at least one subsidized worker after the subsidy program ended. The for-profit firms were more likely to retain the workers and retained a higher percentage of workers. It is the case that the people in the program had higher wages after the program than they did before, and it was also the case in these programs that actually even long-term unemployed individuals had substantial increases in earnings after participating in the program. After they were participating in the program, they were making over \$10,000, and these were people... [LB368]

SENATOR COASH: One minute. [LB368]

SENATOR CRAWFORD: ...who before made less than \$1,000, long-term unemployed. So it's been successful both for... [LB368]

SENATOR KINTNER: Okay. [LB368]

SENATOR CRAWFORD: ...long-term and other people. [LB368]

SENATOR KINTNER: Those were the same numbers that Senator Mello was quoting, right, earlier is that correct? [LB368]

SENATOR CRAWFORD: I don't think that he has...I don't know that he has seen this study. His office conducted research on this last year during interim, and so they have other studies that also show it being successful in other states. [LB368]

SENATOR KINTNER: You know what, we're getting a little low on time. I'll ask the other questions later. Thank you very much, Senator Crawford. Appreciate it. [LB368]

SENATOR COASH: Thank you, Senator Crawford and Senator Kintner. Senator McCoy, you're recognized. [LB368]

SENATOR McCOY: Thank you, Mr. President and members. Would Senator Crawford yield to a couple of question, please? [LB368]

SENATOR COASH: Senator Crawford, will you yield? [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR McCOY: Thank you, Senator. And I know this being your first session here in the body, I know you and your staff have put a lot of time and effort into this legislation, and I appreciate that and I know many other senators do as well. I haven't been on the microphone yet but I do have a couple questions. Unless I missed it--and if

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I had, I apologize--but particularly in light of what's happened in the last few days in Oklahoma City, we oftentimes think of nonprofit organizations and charities and organizations that do an enormous amount of good in our country. But many times, when we give to charitable organizations or nonprofits, we look for those nonprofits that have low administrative costs. Unless I've missed it, I don't really see, when we're talking about HHS contracting with an organization, I don't really see anything in any of the amendments or the bill that would talk about how do we know, how do we ensure that these funds are going to get down to the people that I believe that we all intend them to get to? Can you address that for a moment? [LB368]

SENATOR CRAWFORD: Sure. Thank you, Senator McCoy. We are asking for a report each year from the nonprofit that's administering this program, and the report requires them to report the number of people who are employed and the wages that they are receiving. So it will be very simple math for us to figure out where the money is going in terms of how much of the money is going directly to those employees and how much money the nonprofit...how much money is not going to those employees. [LB368]

SENATOR McCOY: But I don't think, though, do we, Senator, that we direct how...what percentage level we deem to be appropriate, do we, in the legislation? You're right, they're going to have to make an accounting of that on an annual basis, if I'm reading the legislation correct; but I don't believe that we specify, you know, is it 10 percent administration and the rest gets down to the people that it needs to get down to? We don't specify that. So while they're going to make an accounting of it, we aren't calling out what we deem to be an appropriate level for administrative costs, do we? [LB368]

SENATOR CRAWFORD: The statute itself does not specify that. The statute does allow...again, we go back to what Senator Hansen raised about the "may." The statute does allow the Department of Health and Human Services to promulgate rules and regulations, and we would be talking to them about whether or not they felt that was necessary given their experience with these nonprofits in their past job training programs. So we have again the expectation that we have in the fiscal note based on Liz's discussion with some of those nonprofits. There is no administrative costs specified in the statute. If we felt that was necessary in talking to the department, there could be a discussion about whether that is specified anywhere. We do have a way to track it and we do have the expectation that it's based on best practices. [LB368]

SENATOR McCOY: Well, and I think that's great that we have a way to track it. I just, if I'm reading this correctly, it appears that especially in rural areas of our state that nonprofit entity can actually subcontract to other nonprofits. So in order to make sure that coverage, which I think is a noble purpose, that we're getting across the state. What I'm concerned about, Senator, is that you could have a multiplying layered cake approach of administrative cost that all of a sudden some of these funds, through the subcontracted entity and the ultimate entity that had the contract with HHS, and all of a

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sudden we've diluted these dollars to the point that it really becomes not very practical. So can you...and I know we're probably limited on amount of time, but do you see where the... [LB368]

SENATOR COASH: One minute. [LB368]

SENATOR McCOY: ...layered cake approach of an administrative cost could be a problem here, especially when we're talking about subcontracting to other entities? [LB368]

SENATOR CRAWFORD: It is the case there would be administrative costs of the contracting and subcontracting. That's part of what allows the program to operate. Now another way that we would control this generally, a best practices, that the nonprofits who are applying to get this grant, get this contract, would usually be required to put together a budget. And so in order to actually get the contract or subcontract, they would need to propose a budget that has a reasonable amount of administrative costs. And if they can't, they wouldn't get the grant or the contract. And then we'd expect, if it's the case that they don't live up to that, that they would be held accountable. So I think there are ways that we can hold nonprofits and those who are contracting accountable for reasonable administrative costs. And it is true in order to make sure we get this in the rural locations and... [LB368]

SENATOR COASH: Time, Senators. Thank you, Senator Crawford. Senator Price, you are recognized. [LB368]

SENATOR PRICE: Thank you, Mr. President. And the previous conversation dealt extensively with what I wanted to talk about. Earlier I had asked for what these administrative costs were, and so I've taken the time to break it down based on the fiscal note, which we all understand has some assumptions to it. But before I go into that, again I'm sorry that Senator Lautenbaugh is not here at the moment to hear yet again another thing I've done. But, you know, when you're in the military you get a lot of additional duties, and I was the agency representative for the combined federal campaign. It's where we...you know, millions of dollars are raised through donations by employees through monthly allocations and allotments. And one of the first things they trained me to do was to look in this book of entities that could take a donation and look at that overhead that Senator McCoy was talking about. And they told us, if people asked, any nonprofit that had a whole number to the left of the decimal in the ones or tens place was horribly expensive; that a great number of those, the ones that were in the book, are to the right of the decimal, so less than a percent. And so as I...now again this may not apply directly to every nonprofit that's ever been out there, because as we said before, nonprofit is a broad term. And so with that said, I took the time to do the math, or the arithmetic again, and look at the fiscal note. It says that of \$63,000 that they would have for 60 individuals, that works out to about \$1,050 of contract costs per

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client. If we pay a max of \$4,640 to the employee and there's \$1,050 cost to administer it by the nonprofit, and we divide these smaller, enumerated by the denominator there, we get a percentage that rounds up to a 23 percent cost. Now Senator Crawford did come over to me. We had slightly different numbers and I think that could be based on a lot of different things within the model based on how much is being paid and what the hourly rate is. But again, not being conversant with these types of organizational costs, but being...having an understanding of nonprofits when you're donating, there is one at Offutt Air Force Base done by Navigators, and their administrative cost is 0.00. They charge nothing to do what they do. When you give the dollars to that group, every single dollar goes. But that's a different type of group. The question, and if Senator Crawford would yield. [LB368]

SENATOR COASH: Senator Crawford, will you yield? [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR PRICE: Senator Crawford, could you, through the committee and your contacts, between now and whenever and whatever happens with this bill, get back to me to help me understand what the going rate is for these type of organizations and their cost? [LB368]

SENATOR CRAWFORD: All right. And let me clarify too, there's a difference between an overhead or administrative costs that we find in, say, a Better Business Bureau assessment of a nonprofit and what is, I believe Liz calculated it in the fiscal note and talks about, is contracting costs. Now, often when we ask or expect a nonprofit to have a very low overhead cost, we are talking about any cost that the nonprofit expends on things that don't go into services to individuals. But now recognize when we talk about the contract costs... [LB368]

SENATOR COASH: One minute. [LB368]

SENATOR CRAWFORD: Thank you...contract costs here, that includes counseling with the people who are coming in who need jobs... [LB368]

SENATOR PRICE: Sure. I think I've got that. [LB368]

SENATOR CRAWFORD: ...and recruiting. So that contracting cost is not administrative costs. [LB368]

SENATOR PRICE: Right. [LB368]

SENATOR CRAWFORD: It is actual cost of running the program. [LB368]

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SENATOR PRICE: And I understand that because basically you're taking your FTE and you're allocating your pro rata on a person. I still think if I'm paying a person a thousand dollars in \$4,000 of delivered services, just rounding the numbers there, I'm spending 25 percent of what I'm giving to administer. And to me, not having a good and full background of this, it seems expensive. Thank you, Mr. President. Thank you, Senator Crawford. [LB368]

SENATOR COASH: Senator Price and Senator Crawford. Senator Nelson, you are recognized. [LB368]

SENATOR NELSON: Thank you, Mr. President and members of the body. What I was going to ask Senator Crawford has pretty well been covered already by Senator Price. I do want to...I don't see Senator Mello here, but I do want to respond to a comment he made that nonprofit means nonprofit. Well, we all understand that. But they still have expenses, and we just talked about the expenses. I took a look at the list that Senator Watermeier put out about where the TANF funds are going. And when you add up the administration and one of the other costs that you could call administrative, we're talking about 10 percent going for administration, at least; and here we're talking about 20 percent, 23 percent maybe. We just have to be careful. So I'm going to move on to just the other question I wasn't able to ask. And let me say I'm basically supportive of what you're doing here, Senator Crawford. But you mentioned the Charles Drew Health Center. Now they're a nonprofit organization, isn't that correct, if you're familiar with your operation? [LB368]

SENATOR CRAWFORD: I believe so. [LB368]

SENATOR NELSON: Yeah, just like OneWorld and other things. So they operate off of government subsidies and also from individual donations. It strikes me that if...first of all, if you would yield to a question or two? [LB368]

SENATOR COASH: Senator Crawford, will you yield? [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR NELSON: Charles Drew Health Center, if they were to hire someone on for six months and train them, what...do you have any idea what area that might be in? [LB368]

SENATOR CRAWFORD: No, I do not. I would expect probably an administrative kind of position, probably. [LB368]

SENATOR NELSON: Um-hum. Well, all right. But my question is, if we carry it, they would be an employment program. I mean, where they would receive benefits for

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employing someone for six months and perhaps (inaudible), but there really wouldn't be much incentive to keep the people on if they didn't need them, because they're going to be expending other funds that...expended additional funds that they probably would not ordinarily have to expend. Would that be true? [LB368]

SENATOR CRAWFORD: Well, I don't think so. And, in fact, what we found in other states' experiences is that employers often continue to keep the employees. Seventy-six percent of the employers in this study of four of the states retained at least one of their workers. So if you find somebody who is a good employee, you would expect that you would keep them because there is not only just the wage costs but then there's also the cost of retraining someone and the cost of reduced productivity when you have someone new there. So I think there are incentives to keep a good worker instead of thinking, oh wait, if I fire this person maybe I would get another wage subsidy. [LB368]

SENATOR NELSON: All right, thank you. That answers my questions there. And I understand if you've looked at other states to see what their experience is, why, that's helpful. Thank you, Senator Crawford. Thank you, Mr. President. [LB368]

SENATOR COASH: Thank you, Senator Nelson and Senator Crawford. Senator Bloomfield, you're recognized. [LB368]

SENATOR BLOOMFIELD: Thank you, Mr. President. I'd like to engage Senator Crawford in a brief conversation if I could. [LB368]

SENATOR COASH: Senator Crawford, will you yield? [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR BLOOMFIELD: Thank you, Senator Crawford. You mentioned the high unemployment rate, comparatively, in your zip code. I think you said that was Bellevue? [LB368]

SENATOR CRAWFORD: Yes. Yes. [LB368]

SENATOR BLOOMFIELD: And then you said businesses, please come...paraphrasing: Please come down here and build a business. [LB368]

SENATOR CRAWFORD: Sure. [LB368]

SENATOR BLOOMFIELD: That to me is not the way the system works. If you have employees down there, please send them to Wayne, to Pender, to Thurston, where we are dying for people that are willing to work. It is not the employer's job to move the business to where the employees are. Do you not think it would be prudent for maybe

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some of those unemployed to move to or at least go up and look around and see if there are jobs available up there? I have several times moved, in cases over 100 miles, to go to a job. I believe it is incumbent upon the individual to find that position for himself and not upon the state to deliver a position to him. Do you disagree with that philosophy? [LB368]

SENATOR CRAWFORD: I don't think it's the responsibility of the state to provide a position. And LB368 is just providing some incentive for businesses to add a position to hire, and so it's not, you know, requiring them to move anywhere or requiring anyone to take that job. It's just providing incentives, like we do with the Nebraska Advantage Act. We provide incentives to businesses to try to create jobs. [LB368]

SENATOR BLOOMFIELD: Okay, thank you. And I would encourage you to talk to some of your neighbors and tell them there are jobs aplenty. [LB368]

SENATOR CRAWFORD: Okay. [LB368]

SENATOR BLOOMFIELD: But they may have to leave home and the comforts of where they're at to take advantage of them. And with that, and having missed his mellow tones the rest of the afternoon, I'd like to yield the remainder of my time to Senator Chambers. [LB368]

SENATOR COASH: Senator Chambers, 2 minutes 45 seconds. [LB368]

SENATOR CHAMBERS: Thank you, Mr. President and members of Legislature. I have been listening. I have been observing, and I have to give Senator Crawford an A plus. You have acquitted yourself very well and you had answers to the questions that were asked, the questions that were reasonable, the questions that were not, the questions that were sensible, the questions that were nonsensical, and you kept your aplomb and did a very good job; and in my view, the bill is going to pass. But I'm glad to see that on your maiden voyage, so to speak...maybe I should say gentlemanly voyage, because a man goes on a maiden voyage...but anyway, whatever the appropriate term is for your first time out, I think you've done very well; and that's all I'll say on that score. I don't have that much time on this two minutes or whatever it was. But I had a little chat with Senator Kintner, and I don't think he'd mind me saying that there are difficulties with his amendment. So questions that I was going to put to him I'm not going to put to him, and it's not just because he has left his desk. Even if he were there, I would not ask him the questions I intended to. But the hope with these programs always is that they will succeed. In the last few days we've talked about all these companies who will get hundreds of thousands of dollars of tax benefits, whether you call them incentives or exemptions; and those businesses could go out of business tomorrow. [LB368]

SENATOR COASH: One minute. [LB368]

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SENATOR CHAMBERS: And not one of these people who are asking all these questions where a relatively piddling amount of money is being spent and the aim of the program and the structure is as tight as you can make it under the circumstances, considering the kind of program it is; but when all that money is going to be going to the companies...Senator Bloomfield, who doesn't like to spend money, he doesn't mind spending it on those companies when the company can take it and run and there's nothing you can do about it. This money is not coming, all of it, out of the General Fund; so I'm in support of the bill. And there are different ways I would write it if it were my bill, but it's not. And the program and the structure that's there were put there by people who started from ground zero and brought it this far, and I'm pleased that somebody is recognizing the need for such a program and somebody has explained that you might have a low overall... [LB368]

SENATOR COASH: Time, Senator. [LB368]

SENATOR CHAMBERS: Thank you, Mr. President. [LB368]

SENATOR COASH: Thank you, Senator Chambers. Senator Johnson, you're recognized. [LB368]

SENATOR JOHNSON: Thank you, Mr. Speaker and members of the Legislature. I'll give Senator Crawford a break for a little bit. Before Senator Kintner moves again too far, I will have a question for him. Senator Schumacher has talked a little bit about the employment side of it and talked about it from the company and the obligations they have. Senator Conrad has continued that discussion. But I'm going to look at it from a little different perspective; and at the end of this I'll ask Senator Kintner to comment if he will, and I'm assuming he will. Will you yield? [LB368]

SENATOR COASH: Senator Kintner, will you yield? [LB368]

SENATOR KINTNER: I certainly will. [LB368]

SENATOR JOHNSON: Thank you. It could be written, and we talk about all these regulations that are going to have to be written into, and that's part of the fallacy of the bill...or the amendment. But a lot of things can be written in and that really concerns me. But right now it looks like a handcuff for the business side of it that they have to employ this employee. But I'm going to take a look at it from the employee's standpoint. It's a handcuff for the employee also. If that employee performs well and for some reason, you know, the business says you need to stay here for two years, but he has a job opportunity to better him or herself, it looks to me like he's bound or she's bound to be working for this company for two years. I'm going to assume that your question will be that can be written into the regulations in order to protect that. A lot of times the devil

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gets in the details. And that's my comment I guess. There are just so many things that have to be put into AM1257 in order to even make it a better bill...or amendment, but I still think it's a bad amendment. But I'll ask if you want to make any comments on that. [LB368]

SENATOR KINTNER: Well, thank you very much, Senator Johnson. A very thoughtful approach. I appreciate that. You know what? This was meant to tell the employer you've got to keep the guy on for two years; you can't abuse him and use him for six months and throw him away. There is nothing in here that would say he had to stay in the job. We hope he gets some job skills and they move him up and he gets a better job within the company or he has a better opportunity somewhere else. That's the intent of this legislation. [LB368]

SENATOR JOHNSON: Well, you read that into it, but I don't read it into this. It, to me, it looks at the employee is there. It's an employer obligation and it's an employee obligation also. Bottom line is I'm not supportive of AM1257. Thank you. [LB368]

SENATOR COASH: Thank you, Senator Johnson. Senator Chambers, you're recognized. [LB368]

SENATOR CHAMBERS: Thank you. Mr. President and members of the Legislature, here's what I'm trying to get at. They strain at a gnat and swallow a camel. You look at all--you all don't but I do--all of these bills to favor business. Senator Johnson, you just solved something that was troubling me. This time of evening I have to put on my cheaters to see you. See, I'm not even wearing them. I wonder where all that light is coming from, and then I see Senator Johnson's jacket and there is the...that's the answer. Senator Johnson, I can see; thank you. Members of the Legislature, the discussion...we always say it's been good. I say it's been long. I say it was overblown. I hear people standing up to talk at length on this program, and they don't have anything to say when millions of dollars are at stake and companies are going to be plundering the public till. But on that unemployment number, what some of these people need to understand is that...and somebody touched on it, there are areas like my community where we wish that the unemployment were 10 percent, because that would be a substantial drop. Where the young people are concerned, it's above 20 percent. So if there were fair hiring, then you might not have any unemployment, so to speak, if all the jobs that are available that they say are available were available to everybody regardless of race, creed, color, and the rest of that cliché. This is why it was such an insult and a racist gesture by this state to put into the constitution a provision against what's called affirmative action. There cannot be shown anywhere, anytime in the history of this state, where white people didn't get the employment they wanted because some black person got the job. They don't even want the kind of work that we're allowed to have. You talk about all the jobs available. Well, we don't even make up 5 percent of the population in the state, so how are black people a threat to white people's

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employment? And they've got everything. It was a gratuitous but intentional slight against black people, and it happens all the time. That's why I say: your constitution and what it does. My friend, Senator Kintner, going to talk about Thomas Jefferson saying let people succeed or fail. I don't take the word of a slaveholder. He owned black people and the government protected slavery, and when he was the President he held slaves. How much work was Thomas Jefferson doing? And when he's writing by candlelight "All men are created equal," a slave was holding the candle. And you all bring these criminals up as examples. And he was fathering children on a girl so young that if he did it today it would be statutory rape, and it may have been forcible rape because a slave could be dealt with any way anybody wanted to. And don't tell me Thomas Jefferson wouldn't do it. Look at this other guy recently where Jefferson is part of his name, and he was messing with Lewinsky, and she was not his slave. John Kennedy was having nude parties in the White House, and reporters are talking about it now. But they protected presidents then. Sam Giancana, a mobster, and John Kennedy had the same girlfriend. You didn't know that? [LB368]

SENATOR COASH: One minute. [LB368]

SENATOR CHAMBERS: You need to open your eyes and open your ears. So when you talk about how great the unemployment is, it creates a further gulf, because we say, yes, great for white people. So you're going to say, don't put a program in that might help some people who need it. And it's easy to jump up and attack those who cannot fight back. I cannot even hold you off altogether, but I'll try. And on this program I intend to support it, and I think it's going to pass. And if these people are having a filibuster, I don't know what it's for; but you're playing into my hands because you're taking time and I don't even have to talk. And this program is not the kind that's worthy of a filibuster, but I think it's good training for Senator Crawford, not that she needs it. But I've been watching and this is how I judge and I make assessments, and Senator Kintner wouldn't go around and say I'm... [LB368]

SENATOR COASH: Time, Senator. [LB368]

SENATOR CHAMBERS: Thank you, Mr. President. [LB368]

SENATOR COASH: Thank you, Senator Chambers. Senator Krist, you're recognized. [LB368]

SENATOR KRIST: Thank you, Mr. President. Good afternoon, colleagues and Nebraska. Not in support of AM1257. This is a jobs training program, and if it works out as good as we hope it would and as well as Goodwill Industries does their job, six months may actually be too much time. They may turn them around and say you're ready to go out there and do your job. So why hold an employer accountable for trying to keep them along even more? Obviously, there are some real legal issues and an

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unfunded...another unfunded mandate, government mandate, to do that. And the participation in the program is already outlined. There are hundreds of these programs out there and some of them have fallen off the books and others have reapplied for the program to continue. So think about AM1257 in terms of the spirit in which it was intended, and I believe that it was...it is not with good intention. It is, at this point, a hindrance to going home to dinner. I don't support AM1257 and I do support LB368. And again, Senator Crawford, thank you for bringing it up. I'd like to yield the rest of my time to Senator Chambers if he would like it. [LB368]

SENATOR COASH: Senator Chambers, you've been yielded 3 minutes 40 seconds. [LB368]

SENATOR CHAMBERS: Thank you, Senator Krist, and thank you, Mr. President, I think. No thank you. Members of the Legislature, Senator Kintner, I don't remember exactly what he said, I'm Bill Kintner and I'm running for the Legislature and whatever else he said he'd do, he couldn't say that to people. But here's what he could say: I'm Bill Kintner, I'm running for the Legislature and the Governor supports me. That's all he needs to say and that's how he got into the Legislature. Now how many people can say that? How many people can do it? Well, that was in the newspaper, everybody knows that. And then when somebody said, well, some of these people whom the Governor opposed let that affect the way they do in the Legislature. And my good friend, Senator McCoy, do you know why I call him my good friend? He voted for my tax repeal. (Laugh) So right now we're good friends. He said I don't think they'd be that small-minded and I think they will not hold that against the Governor. And he can confirm this. When I came down here, I didn't know who Senator McCoy was. But when I found out, I said, Senator McCoy, you had said that you didn't think that people would be small-minded and try to get even with the Governor. I said, well, are you saying that the Governor is small-minded? Because he made it clear that when some of these people voted to override on that prenatal care bill, he said that's not the end of it, that's not the end of it, I'm going to get them; and then he tried to deliver. So I indicated to Senator McCoy that he expects senators to have a higher level than that of the Governor, because the Governor set that tone. And, see, those are the things that wind up in the newspaper. They are things that are not supposed to be mentioned on the floor, but they're things that I bring up when I'm dealing with people who are always attacking the vulnerable, always attacking the weak, always saying a government program was bad. I'd like to ask Senator Kintner a question if I may. [LB368]

SENATOR COASH: Senator Kintner, will you yield? [LB368]

SENATOR KINTNER: Yes, I would. [LB368]

SENATOR CHAMBERS: Senator Kintner, do you think that World War II, when America got into it, was a governmental program, a governmental operation? The army, the

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navy, and marines and all the others who participated, was that a governmental operation? [LB368]

SENATOR KINTNER: Yes, it was. [LB368]

SENATOR CHAMBERS: Was it successful? [LB368]

SENATOR KINTNER: Yes, it was. [LB368]

SENATOR CHAMBERS: Did it cost a lot of money? [LB368]

SENATOR COASH: One minute. [LB368]

SENATOR KINTNER: Yes, it did. [LB368]

SENATOR CHAMBERS: Did it cost a lot of lives? [LB368]

SENATOR KINTNER: Yep. [LB368]

SENATOR CHAMBERS: But you don't criticize that governmental plan, do you? [LB368]

SENATOR KINTNER: Well, the constitution says that's one of the roles of government, so it did what it was supposed to do. [LB368]

SENATOR CHAMBERS: Do you...but no, no. And the constitution allows everything we're doing here. Did you condemn the Marshall Plan? Did you know what the Marshall Plan is? [LB368]

SENATOR KINTNER: Yes, I do know the Marshall Plan, 1947. [LB368]

SENATOR CHAMBERS: Did you condemn that? [LB368]

SENATOR KINTNER: Well, I wasn't born for 14 more years. [LB368]

SENATOR CHAMBERS: Did you condemn it though, when you came into the world and got old enough to be aware that it happened? [LB368]

SENATOR KINTNER: No, I did not. [LB368]

SENATOR CHAMBERS: Okay. But that was money going overseas, wasn't it? [LB368]

SENATOR KINTNER: Yes, it was. [LB368]

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SENATOR CHAMBERS: Not to Americans, was it? [LB368]

SENATOR KINTNER: No. [LB368]

SENATOR CHAMBERS: Did some money go to help rebuild Germany, if you know? [LB368]

SENATOR KINTNER: Yes, and Japan too. [LB368]

SENATOR CHAMBERS: And were they the enemies of this country? [LB368]

SENATOR KINTNER: Not at that point they weren't, no. [LB368]

SENATOR CHAMBERS: But they had been, hadn't they? [LB368]

SENATOR KINTNER: Yes. [LB368]

SENATOR CHAMBERS: And a lot of young men died as a result of that confrontation, right? [LB368]

SENATOR KINTNER: Yes. [LB368]

SENATOR CHAMBERS: How many young men and Americans have been the enemies of this country whom this program will help? [LB368]

SENATOR COASH: Time, Senators. Time. [LB368]

SENATOR CHAMBERS: Again, thank you, Mr. President. [LB368]

SENATOR COASH: Thank you, Senator Chambers and Senator Kintner. Senator Davis, you're recognized. [LB368]

SENATOR DAVIS: Thank you, Mr. President and members of the body. It's very worthwhile to sit and listen to debate on things. When I saw Senator Kintner's amendment, I thought, well, I understand where he's trying to go with that and I think it probably makes sense. And as I listened to the debate, I realize now why that doesn't work. Let's look at the facts about what we're doing here. We really are not subsidizing people who are poor. We're subsidizing the employer to do something good. So it's a tactic that we're using to try to lift people from poverty by working through employers. It's a good program. It's a good bill. We did the same thing in LB476 not long ago when we incentivized interns. If we're going to have people in the work force and try to lift people out of poverty, a lot of times it takes help to do that. And I don't know, many of

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you may remember the Green Thumb program, which existed for senior workers some time ago. I know in a lot of the little rural schools out in the Sandhills, there were a lot of older people who lived out there and they didn't have any revenue, and the school district really couldn't afford to hire aides. But with that program they were able to bring aides in for the students, which was beneficial. Gave those people a little revenue. Didn't cost much federal money. We need to do some of these things. It's good policy. I commend Senator Crawford for the hard work she's done this afternoon. I would say to Senator Chambers, you know, a lot of times you'll hear in Washington there will be debates about billion-dollar bills, and it takes two minutes; but when you get down to a half-million dollars everybody worries to death about it. But Senator Crawford, congratulations. Good job. I'd yield the rest of my time to Senator Chambers. [LB368 LB476]

SENATOR COASH: Senator Chambers, 3 minutes 15 seconds. [LB368]

SENATOR CHAMBERS: Thank you, Senator Davis. Thank you, Mr. President. Here's what I'm getting at, and I'll go on and mention what I told Senator Kintner, because we do talk, believe it or not, and very civilly when it's just him and me. The way his amendment is crafted, it puts the responsibility on the employer. He shall or she shall keep this person employed for two years. If I quit, the duty is on the employer to continue paying me. The duty is on the employer. The employer shall. So the only thing the employer can do to comply with that is to continue paying me for the remainder of the time. And if that is not the intrusion of government, then I don't know what is. And that may be unconstitutional. I don't know how it could be enforced. But this is what happened when these conservatives get on their hobbyhorse and they're pushing an ideology and an agenda and not looking at what the program really is about, and maybe it was meant to be satirical or sarcastic by saying then if you're going to subsidize these businesses for this period of time, then compel them to do something after the subsidy runs out, so the thing to do is compel them to give this person this employment for this period of time. I don't think you can constitutionally do that. Now, maybe you could try to say if you don't hire the person, then give the money back. Then the person who is offering the internship or whatever we're going to call it might say, well, I don't want to undergo the risk because I've had the person there that long and if they don't work out then I have put in the time. And let's presume that somebody is going to act in good faith in trying to give somebody some on-the-job training but the person just doesn't work out; then that employer has to give the money back. And I don't think anybody would get the impression that I'm going to bend over backwards to give the employers an advantage. But employers are people too. At least they were people before they became employers with a capitalistic bent of the kind that is rigid. [LB368]

SENATOR COASH: One minute. [LB368]

SENATOR CHAMBERS: That was addressed to my pupil. But at any rate, we know that

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this amendment is not going to go, and the reason I wanted to applaud Senator Crawford while she's in the middle of this struggle is to let her know that those who are listening are aware of the context in which all these questions and other things are occurring. But you're handling it very well; and if I didn't think the bill was going to move, I wouldn't tell you that. But you'll see the quarter from which the attacks, if they can be called that, or the very close questioning, will be coming. It's known. So be of good cheer, your votes are here, you have nothing to fear. Not even my pupil, Senator Kintner, who I understand, believe it or not, what he may have in mind, but it's just not feasible, it's unworkable, and I think he's going to... [LB368]

SENATOR COASH: Time, Senator. [LB368]

SENATOR CHAMBERS: ...do the right thing, because there's a lot of good in Senator Kintner. It just takes... [LB368]

SENATOR COASH: Time, Senators. [LB368]

SENATOR CHAMBERS: Thank you, Mr. President. [LB368]

SENATOR COASH: Thank you, Senator Chambers. Senator Kintner, you're recognized. [LB368]

SENATOR KINTNER: Thank you, Mr. President. I kind of wanted to hear what he was going to say. It sounded pretty good. But, you know, really, you know, this is not about attacking the vulnerable. You know, what this is about is ending the cycle of government dependence. You know, private charities I think are a lot more effective than the government handouts, because donors can withdraw their support. Government handouts cause the beneficiaries to be resented and they don't solve poverty. They never have, they never will. But I've got to tell you something, I have listened to Senator Conrad, I listened to Senator Krist, and I think maybe my attempt to amend this bill and make it a little better, I laid an egg on this one. Mr. President, I seek to withdraw my amendment. I did not write it correctly. [LB368]

SENATOR COASH: AM1257 is withdrawn. Mr. Clerk, you have another amendment. [LB368]

CLERK: Mr. President, Senator Hansen would move to amend the bill with AM1464. [LB368]

SENATOR COASH: Mr. Clerk. [LB368]

CLERK: Mr. President, I have...then we're back to consideration of committee amendments, Mr. President. [LB368]

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SENATOR COASH: Returning to discussion on LB368 and AM816. Senator Chambers, you are recognized. [LB368]

SENATOR CHAMBERS: Mr. President and members of the Legislature, and this will be the last time I'll speak on the bill, obviously, I have to say over and over that what's bothering me now is the fact that we cannot get the level of interest in expanding Medicaid coverage that we ought to. And if Senator Kintner and these other people who are so worried about how this money is being spent, they would be happy to embrace three years of federally funded medical care for our constituents who need it, our constituents who are not going to get it by virtue of our providing money from the General Fund or any other way. And yet there are other times when something happens, we'll say you're in our prayers. Let something happen in Moore, Oklahoma, and if anybody in this Legislature were asked, they'd give all their condolences and say they are resilient people, we're pulling for them, if they need help here we come. Charity begins at home and spreads abroad. And there are a lot of people, when there is something in the news, it could be a child, it could be an animal that was treated cruelly, and people from all over the country, because now it's public and it's in the news, they can bask in the reflective glory; they will come forth and say I will help. But there are similar people similarly situated where they live and they're not going to do anything like that. They don't have to look at a child that's been horribly abused in some other state and the family needs help and they say, well, we're going to ante up and send all this money in, as has happened as a matter of fact, when they might can look down the street and around the corner and see a family just like that, but they walk by and don't see it. What I'm looking at is the disconnect between people on this floor who seem so concerned about money being spent here and money being spent there, turning around and saying when somebody else is going to foot the bill for helping our constituents, they say, oh no, that money is dirty, we don't want that money. You all are not the ones who are trying to create a record so you can run for the U.S. Senator. The Governor is the one, and he's got a ring in your nose and he's got a hook on the end of a stick, and he puts the hook in that ring of that nose and a little man my size can make that bull's head turn where I want it to. And wherever the bull's head goes, the bull follows. You've got a ring in your nose and everybody in this state sees it. When has Nebraska or any legislature other than one dominated by these "Repelicans" and the tea pot people said we're not going to accept money that will help our constituents. There was some governors who said that initially. Then they changed their tune and said, well, the money is there; it's going to be spent and somebody is going to get it and I'm going to get it to help the citizens of this state, because they started getting heat from their constituents who said, you are not going to hurt us to advance your political cause. But see, this Legislature is still insensitive because the heat has not been felt yet, and the way to bring that heat...if I were the Speaker, which I'm not, I would know how to do it, which I do know how to do. But we can only do what we can do with what we have to work with. And I will believe that Johnnie means what he says about not spending

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constituents' money when he takes no money from the federal government, no money, not for water studies, not for anything. And I'd really like to see you get rid of all these crop insurance programs... [LB368]

SENATOR COASH: One minute. [LB368]

SENATOR CHAMBERS: ...all government subsidies. Don't be telling some farmer if the price drops below a certain amount we're going to make up the difference. If there is a laboring person in the city and the wages are dropped, they can't go below minimum wage; then the government says, well, we're going to subsidize what you were making so you'll be back up here where you were making it. They don't do that but they do it for farmers. At least Senator Watermeier was honest enough to say, I don't want to see all government subsidies go away. But the rest of the farming community, give us those free dollars. And they did take money for not planting. And when John Wayne, who had farms, was criticizing people for not working, they said, well, we want to be paid for not picking the cotton that John Wayne is paid not to grow. That's how we get in on it too. [LB368]

SENATOR COASH: Time, Senator. [LB368]

SENATOR CHAMBERS: And I don't mind this time, Mr. President. Thank you. [LB368]

SENATOR COASH: Thank you, Senator Chambers. Mr. Clerk. [LB368]

CLERK: Senator Kintner would move to amend the committee amendments with AM1515. (Legislative Journal page 1556.) [LB368]

SENATOR COASH: Senator Kintner, you're recognized to open on AM1515. [LB368]

SENATOR KINTNER: Well, thank you, Mr. President. Let it not be said that I listened to those wiser than me and obviously I knew I had given birth to an unhealthy baby and it wasn't going to make it, so we've given birth to a new one here. And what this does is it says very simply, An employee (sic) shall continue the employment of each employee for whom the employer receives a subsidy under the Subsidized Employment Pilot Program for not less than one year, and then that's, if the employee is meeting and continues to meet the minimum employment standards prescribed by the Subsidized Employment Pilot Project (sic), unless the employee voluntarily ceases employment with such employer. So if the employee leaves on his own, there's no longer an obligation to pay him. If the employee is not meeting the minimum standards that are prescribed in the Subsidized Employment Pilot Program, as outlined in the Department of Labor's guidelines that they developed for this program, then he will cease to be employed there, that they can let him go. So I think this does what I was trying to do the first time. The other thing I did was I shortened it from two years down to one year. I

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thought that would be a little easier to swallow. So what that does is it keeps any abuse of the program by potential participants, employers, and it keeps any employees from being abused in the program. I think this is consistent with the spirit of what Senator Crawford has worked hard to do. And once again, I understand that she deeply cares about these people and she wants to help them. I'm not thrilled about a government program; but if we're going to do it, let's make sure that we protect the employer, protect the taxpayers, and protect the employee. That is what this is about. Thank you, Mr. President. [LB368]

SENATOR COASH: Thank you, Senator Kintner. Members, you've heard the opening to AM1515. Senator Conrad, you are recognized. [LB368]

SENATOR CONRAD: Thank you, Mr. President, and thank you, colleagues. And to be clear, I haven't had a chance yet to review this new amendment from Senator Kintner. But goodness knows, I've made drafting mistakes during my seven years in the Legislature, and so I also know that Senator Kintner is, from our service together on the Appropriations Committee, is a big personality and a guy who likes to give it and take it in equal regard. And so I just would have felt remiss if I hadn't pointed out the irony in the drafting error presented in the last amendment. But to be clear, I'm glad Senator Kintner is a part of the Legislature, because I say frequently, and I mean it sincerely, if we all felt and thought the same thing, we wouldn't need a Legislature--and we don't. And having passionate debate, zealous advocacy for our respective positions and philosophies is what makes this institution great and it is what makes our laws better. So with that, Senator Kintner, thank you for acknowledging some of the defects in the original amendment and I look forward to learning about the newest. Thank you, Mr. President. [LB368]

SENATOR COASH: Thank you, Senator Conrad. Senator Krist, you are recognized. Senator Krist waives. Senator Bloomfield, you are recognized. [LB368]

SENATOR BLOOMFIELD: Thank you, Mr. President. I do believe we've made a step forward on this amendment. I hope we get some discussion on it; I'd like to see it vetted a little bit more. But I'd like to ask Senator Crawford a question if I could. [LB368]

SENATOR COASH: Senator Crawford, will you yield? [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR BLOOMFIELD: Thank you, Senator Crawford. Do you feel you've been attacked this afternoon? [LB368]

SENATOR CRAWFORD: No. [LB368]

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SENATOR BLOOMFIELD: Thank you. [LB368]

SENATOR COASH: Thank you, Senator Bloomfield and Senator Crawford. Senator Kintner, you are recognized. There are no other members wishing to speak. Would you like to use this opportunity to close or would you like to use the time to speak? [LB368]

SENATOR KINTNER: Nope, we're not ready to close yet. There hasn't been sufficient debate, I don't think, so. [LB368]

SENATOR COASH: Senator Kintner, you're recognized. [LB368]

SENATOR KINTNER: Senator Crawford, would you yield to some questions? [LB368]

SENATOR COASH: Senator Crawford, will you yield? [LB368]

SENATOR CRAWFORD: Yes. [LB368]

SENATOR KINTNER: What kind of in-demand jobs does the bill talk about? I was a little unclear about that. Can you explain that to me? [LB368]

SENATOR CRAWFORD: Sure. It leaves it broad. It requires the nonprofit to identify the in-demand jobs. And so it can vary because what would be in demand in one place may not be in another. So it might vary in terms of who the employers are in an area or who the best employers would be in terms of a segment of the population that you're trying to serve. [LB368]

SENATOR KINTNER: Hmm. Okay. How does the Department of Labor feel about this bill? [LB368]

SENATOR CRAWFORD: They came to our office to talk to us about it, and we...their main concern was addressed in the amendments that I proposed. [LB368]

SENATOR KINTNER: Are they now optimistic about the bill? [LB368]

SENATOR CRAWFORD: The only concerns they raised were ones that, again, we addressed in the amendments. [LB368]

SENATOR KINTNER: How much impact would the subsidy actually have? You know, it seems minimal if they're going to have this sliding scale. [LB368]

SENATOR CRAWFORD: I don't know what you are referring to when you talk about a sliding scale. Do you mean...you mean, it's going to actually...the subsidy actually...if you mean it actually slides down in those six months? So the... [LB368]

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SENATOR KINTNER: Yes, it reduces. Yes. [LB368]

SENATOR CRAWFORD: Yes. Yes. And so what we're doing is we are putting the maximum subsidy at the beginning when you have the most risk and the most training costs to bring someone in, and then as the person...and so we are absorbing more of the cost of that initial cost of bringing someone in and having all the orientation. And I think, you know, most employers are not as...you know, are not able to produce as much when they first come in, because they're learning, and so that's when the subsidy is highest. And then it tapers off so the business can get used to and make sure that they're able to pay for that employee so that at the end when they're paying 25 percent...excuse me, at the end when they're paying 75 percent of the wage, they're almost there, and hopefully it will be the case that--and what we expect to be the case, in many cases--they'll continue to keep the employee on. [LB368]

SENATOR KINTNER: Thank you, Senator Crawford. Let me ask you a question about...if...let me see if I got this straight. You know these numbers better than I do, but the current number of people under 200 percent of FPL, which is the federal poverty line, I assume, or what, like 156,000 people, 156,800 people for March of this year. So if this program is going to help...well, how many people...how many families will this program? Like 180? Is that what the... [LB368]

SENATOR CRAWFORD: The expectation...it depends on what the wages are. The expectation is...you know, I'm estimating about 150 a year, 150 people. It's a small number because it's a pilot program. [LB368]

SENATOR KINTNER: So if there's 150,000 eligible families, would this program result in massive amounts of people on a waiting list to participate? [LB368]

SENATOR CRAWFORD: It depends. I don't think that would be the case. If each, the nonprofits running the program would target particular groups or geographic areas where they would be recruiting people. There might be a waiting list, and that's why it's a good thing we're doing this for four years. [LB368]

SENATOR KINTNER: But how do you handle... [LB368]

SENATOR COASH: One minute. [LB368]

SENATOR KINTNER: ...50,000 people that apply for 150? What's...how do you handle a massive number if there's that many people that are eligible or that many families? [LB368]

SENATOR CRAWFORD: Well, what we've seen in the past with the job training

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programs in the past is that there have been limited numbers of people who have participated in those programs. And so part of the job of the nonprofit is actually often to reach out and recruit people to participate, as opposed to having thousands and thousands of people show up. [LB368]

SENATOR KINTNER: Well, then that gets to me to, how does this program going to really impact these 156,817 people, as three months ago? How is this going to impact them? [LB368]

SENATOR CRAWFORD: One person at a time. [LB368]

SENATOR KINTNER: One person at a time. Thank you very much. I appreciate that, Senator Crawford. I know it's tough to stand there and take question after question. [LB368]

SENATOR COASH: Time, Senators. Senator Kintner, you are now recognized again. [LB368]

SENATOR KINTNER: Oh, well, thank you. Thank you very much. You know, we've talked about the Founding Fathers and we've talked about, you know, quotes by Ronald Reagan. You know, as I walked up here, I looked at a quote that I have taped here. It's such an important quote I look at every time I come to speak. And that quote is probably easier to understand, for a lot of people, than Thomas Jefferson. And that quote is by John F. Kennedy. It says, "The best road to progress is freedom's road." And I don't think freedom's road is a government program. I don't think freedom's road is taking money from one taxpayer and spending it to benefit another taxpayer. That's not freedom's road. I mean, that's a little closer to tyranny's road. I don't want to say it's tyranny's road, but over closer to the tyranny side than you are the freedom side if you're using the coercive government to take people's hard-earned money and give it to somebody else. I think when we're looking at a program like this...I want to go back to the free market that I talked about, and I want to emphasize once again how you get a job. You know, I don't think Sam Walton, he was dirt poor when he grew up. He grew up during the Depression. He was a young man during the Depression, and he didn't have a government program. He had an idea. He had a work ethic. He had a dream and he followed it. And there was no government program, nobody was training him how to do that. He did that all on his own. You know, there's a guy in Cincinnati, his name is the late Carl Lindner, the Great American Insurance Company's...the richest man, you know, in Cincinnati. He started out delivering eggs, collecting eggs from the country and delivering them in the city. Didn't have a college degree but he had a dream and he had a work ethic. And he took that and he's a billionaire or he was a billionaire until he died three years ago, and he didn't have a government program. He didn't have anything but his own dreams and he followed those dreams and he worked hard because that's the only thing he knew how to do. Now we've got a generation that maybe knows how to

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work hard, but they certainly know where to go for a government program. They know where to go for a handout. They know how to get help from someone other than their family. And I think we've created a class of people that look to government for their success, and we're never going to be a great state and we're never going to be a great country if we have a generation of people looking to government for their success in life. And if you're looking to government for your success in life, you're not going to have a great life. But you know what? If you have a dream and you have work ethic and you work hard, you don't have to have any training. Hard work will advance you. Lack of hard work will put you on a government program. That's what we're talking about here: a government program. I assure you, anyone that wants to work hard in a state with 3.8 percent unemployment will succeed. And if they don't want to work hard, there's always the government program. And I think...I'm afraid that's what we've come to create: a class of people that would rather look to the government than look inside themselves and figure out how to be a success and how to achieve their dreams. Their dream is now, for some people, a government program. Not their own company, not being the next Bill Gates or Warren Buffett, but how to get on a government program. And that's not going to make Nebraska great and it's not the Nebraska way. Thank you, Mr. President. [LB368]

SENATOR COASH: Thank you, Senator Kintner. Senator Brasch, you are recognized. [LB368]

SENATOR BRASCH: Thank you, Mr. President. And thank you, colleagues, here. I have been listening. I've turned my light off and I've turned it on, off and on since, oh, I'd say it was before 5:00. But Senator Bloomfield did say something earlier that really kind of struck home that I'm going to speak of, because I think he was brilliant in what he said. He didn't use the right word perhaps. The word is relocation I think that you were talking about, that when people need a job once upon a time, they would move to where the jobs are. When I look at the legislation we've had for rural economic development, we had an interim study trying to bring more people into our rural communities, like Thurston, like Wayne, Bancroft, West Point. We have a lot of opportunities, a lot of employment, but not enough people in our communities for those jobs. And listening to Senator Crawford, you said you have 7 percent unemployment; you have people but no work. I was hearing Senator Chambers, too, I think, 10 percent, 20 percent, different figures that...we have work. We have employment. Now perhaps I could go green if this was to provide funds for moving expenses to a rural community where we have a lot of jobs. You have a lot of people. Maybe we could make a deal on this one and...because, you know, earlier we're talking about we've seen our government programs grow, but we've also seen poverty grow. So apparently those programs are not helping solve poverty issues. But employment typically is what can lift people economically, working with the Department of Economic Development, Department of Labor, I think we have...we have the jobs. Let's fund a moving expense program and bring those people on out. Send them north. Send them west. And that's what America did. Go west, young

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man and lady. You know, they left the East Coast and they made their way across the country despite all kinds of elements. They fought their way to opportunities. A couple years ago I took a business trip and I talked about it once on the floor. Sat next to a graduate from the university here who was a student, him and his wife both from China. I was very excited to hear that he was working in Atlanta in a medical research field. His wife was soon to graduate. I said to him, I hope you're going to stay in Nebraska; come, you know, out to our communities. He said, oh no, we're not staying here. America is on the decline. China is on the way up. They are here to get their education and leave. Again, back to your bill, let's do moving expenses. Make that, you know, an amendment on this. Let's bring some of those people where permanent long-terms jobs, excellent neighborhoods, great schools, wonderful opportunities for generations to thrive. [LB368]

SENATOR COASH: One minute. [LB368]

SENATOR BRASCH: But at this point I do hesitate. I'm thinking, you know, is this a program that's sustainable? You know, is it something that we need to do when there is employment in our rural communities? Absolutely, we are definitely needing to populate, as we saw redistricting, everyone shifting east. That's why you're short of employment, is everybody is going, I think, to areas that can't sustain livings for everyone. So I do thank you for introducing this. I did have to stand up and say thank you to Senator Bloomfield, as well, when he said that we have jobs. And yes we do, we have a lot of jobs. Thank you. [LB368]

SENATOR COASH: Thank you, Senator Brasch. Senator Watermeier, you are recognized. [LB368]

SENATOR WATERMEIER: Thank you, Mr. President. I've been working on something ever since Senator Bolz had asked me a question about this idea of doing a study and seeing where TANF funds are going, and I've been digging and digging and digging into the last couple of budgets the last couple years. And I was hoping that Senator Mello was still in the building if he would answer a question. [LB368]

SENATOR COASH: Senator Mello, will you yield? [LB368]

SENATOR MELLO: Yes. [LB368]

SENATOR WATERMEIER: Senator Mello, I was trying to dig through the budget a little bit and the history about why our funds have gone up. And I handed out this sheet that started in fiscal year '09 through '12. Do you still have that on your desk, by chance? I handed out two sheets, one was a TANF block grant description of the funds, and the second... [LB368]

SENATOR MELLO: Yes. [LB368]

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SENATOR WATERMEIER: Okay. Do you see how the '09 is \$50 million, the '10 is \$50 million, and then it jumps to \$65 million and \$64 million? [LB368]

SENATOR MELLO: Yes. [LB368]

SENATOR WATERMEIER: Help me out here: What happened in those years there? Was there some budget issues there that was going on? I think Senator Krist had alluded to the fact that he was disappointed that funds were moved around. [LB368]

SENATOR MELLO: Well, as I mentioned, Senator Watermeier, over the last couple of years the Department of Health and Human Services had utilized the TANF rainy-day fund to deal with the aftermath of underfunding the child welfare privatization effort, which accounts for a significant amount of that. The other component was a one-time increase of TANF funds due to the stimulus bill back in I believe it was fiscal year '10-11, if I'm not mistaken, is when those funds actually were able to be used. So this actual, to some extent, I would argue that the department started to utilize the federal funds for the stimulus that we received. And once those stimulus funds... [LB368]

SENATOR WATERMEIER: Can I interrupt you there? [LB368]

SENATOR MELLO: ...and once those stimulus funds went away... [LB368]

SENATOR WATERMEIER: Senator, can I interrupt you a second? [LB368]

SENATOR MELLO: Yes. [LB368]

SENATOR WATERMEIER: It was '11 and '12, according to page 44 on that document that I dug up. But it looks to me like it was directed by the Legislature. It wasn't just whimsical from the Health and Human Services we decided we're going to take the money. It looks to me like if I plow through it, we were directed...they were directed to do it. So I apologize for not having my stuff in order here, and Senator Bolz really got me motivated to do this, and I apologize. Like I said, I'll plow into it a little bit more and get the numbers behind it. But you probably don't remember the specifics of that, I'm sure, but I do remember the stimulus package helping this. [LB368]

SENATOR MELLO: Senator Watermeier, I would be more than willing to look at the documents that you're referring to. I was referring to the documents you sent earlier in regards to the "grant spending by State Fiscal Year," fiscal year '09 through '12, is what I was referring to. I don't know what document you are referring to a specific page number. I'd have to look at that and be able to talk with you, probably off mike, about it. [LB368]

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SENATOR WATERMEIER: Yeah. I appreciate that. Well, so go back to the sheets that I handed out though. I mean, what I put together here was a request that I put in to Health and Human Services, and that's what I got from them. That's correct, I'm pretty sure. [LB368]

SENATOR MELLO: Yes. [LB368]

SENATOR WATERMEIER: Okay. And the second sheet that talks about the increasing amounts that are taken out of TANF, I'm pretty confident those are correct. And I wanted to stop Senator Bolz in her tracks when she challenged me earlier there, but I didn't want to do it on her time. But we definitely went from \$50 million, \$50 million, to \$65 million and \$65 million. So we need to figure out what is going on there. Did we mandate that here in the Legislature to do it, or what? And I'll get to the bottom of it, unless you have an idea of it right now. [LB368]

SENATOR MELLO: Well, Senator, I imagine, Senator Watermeier, as I mentioned, the increase that you see from that roughly \$50 million to \$65 million was due to two things: the department utilizing this funding for child welfare privatization effort being part of it; the other part was simply expending the emergency TANF funds that the state was very late to apply for. We were one of the last states in the country to apply for our allotment of the emergency TANF funds that were available through the American Recovery and Reinvestment Act. [LB368]

SENATOR COASH: One minute. [LB368]

SENATOR MELLO: So that's why you see that big jump from \$50 million to \$65 million is for those two reasons. Now the reality is, the department spent that money. And the question is, is that spending ongoing and where is that money going into the future? That's something that ultimately we can continue to talk about and explore. That's where I would argue the department has a little bit more flexibility. We took a little bit of that away, actually last year, with some of the bills we put forward with child welfare privatization or bills to take away the privatization effort and to kind of silo the child welfare budget. So that's something I can easily bring to the Fiscal Office and walk through a little of the history of what they're now able to use this TANF money for in regards to child welfare and what they're not able to use it for, which should be able to reduce their spending, arguably, in the future. [LB368]

SENATOR WATERMEIER: Fair enough. I appreciate that. I'll spend the time with you. But you can see where I was coming from here. I mean, we clearly went from \$50 million, \$50 million, jumped to \$65 million. And it's not fair to just say... [LB368]

SENATOR COASH: Time, Senators. Senator Watermeier, you may continue on your... [LB368]

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SENATOR WATERMEIER: ...and it's just not fair to just continue--thank you, Mr. President--to say that it's all due and charged to new programs or added programs. So I'll get to the bottom of it. And I appreciate that, Senator Mello. I will yield the rest of my time to Senator Kintner. [LB368]

SENATOR COASH: Senator Kintner, 4 minutes 45 seconds. [LB368]

SENATOR KINTNER: Well, thank you very much. You know, I introduced this because I thought that it took care of some of the concerns. I heard Senator Johnson have some concerns; Senator Schumacher; Senator Conrad; and then off mike I talked with Senator Chambers. And, you know, if you want to find out what's wrong with your bill or amendment, talk to Senator Schumacher and Senator Chambers. They'll let you know very quickly. I think I've now fixed the problem and I think that we're good to go, and I think we've got something that protects the employers; I think we've got something that protects the taxpayers; and above all, it protects the people who are in this program trying to better themselves and get better employment. So I think we've done all that with this bill and I would encourage everyone to support this amendment to the bill actually, and let's have a vote and see what we can do. Thank you. [LB368]

SENATOR COASH: Thank you, Senator Kintner. Seeing no other lights on, Senator Kintner, you're recognized to close on AM1515. Senator Kintner waives closing. Members, the question before the body is, shall AM1515 to AM816 be adopted? All those in favor vote aye; all those opposed vote nay. Have all voted who wish? [LB368]

SENATOR KINTNER: Mr. President, could we have a call of the house? [LB368]

SENATOR COASH: There has been a request for a call of the house. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB368]

CLERK: 27 ayes, 3 nays, Mr. President, to place the house under call. [LB368]

SENATOR KINTNER: The house is under call. Senators, please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator Sullivan and Campbell, please check in. Senator Christensen, please return to the Chamber and record your presence. Senator Kintner, how would you like to proceed? [LB368]

SENATOR KINTNER: I would like a record roll call vote in order. [LB368]

SENATOR COASH: Thank you, Senator Kintner. Mr. Clerk, please read the roll. [LB368]

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CLERK: (Roll call vote taken, Legislative Journal page 1556.) 4 ayes, 32 nays, Mr. President, on the amendment. [LB368]

SENATOR COASH: The amendment fails. Raise the call. We return to discussion on LB368 and the committee amendments. Seeing no members wishing to speak, Senator Campbell, you're recognized to close on the committee amendment. [LB368]

SENATOR CAMPBELL: Thank you, Mr. President and colleagues. Just a reminder that the committee amendment deals primarily with the responsibilities of the nonprofit as outlined in order to secure the employers and also to report back to the Health and Human Services Committee in terms of the data and information they gather. And I'd appreciate your green vote. Thank you, Mr. President. [LB368]

SENATOR COASH: Thank you, Senator Campbell. Members, you've heard the closing to AM816. The question before the body is, shall AM816 be adopted? All those in favor vote aye; all those opposed vote nay. Have all voted who wish? Record, Mr. Clerk. [LB368]

CLERK: 40 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB368]

SENATOR COASH: The committee amendments are adopted. Returning to discussion on LB368. Seeing no members wishing to speak, Senator Crawford, you are recognized to close on the advancement of LB368. [LB368]

SENATOR CRAWFORD: Thank you, Mr. President. I'd like to thank again the members of the Health and Human Services Committee and Chairwoman Campbell for their support and their help with this bill LB368, and as well as Speaker Adams for selecting it as a priority bill and also to Speaker Mello and his office for all their work leading up to this year on the bill. Statewide, Nebraska's unemployment rate is relatively low; however, there are areas of Nebraska that have much higher unemployment rates. In my district, for example, as I said it's above 7 percent and four counties have unemployment above 5 percent. This bill provides a job for people who need a job. It's an important pilot project to see if we can run this program, which is an innovative program, in our state; and I urge you to support the bill. Thanks. [LB368]

SENATOR COASH: Thank you, Senator Crawford. Members, you heard the closing to LB368. The question before the body is, shall LB368 advance to E&R Initial? All those in favor vote aye; all those opposed vote nay. Have all voted who wish? Record, Mr. Clerk. [LB368]

CLERK: 35 ayes, 1 nay, Mr. President, on the advancement of LB368. [LB368]

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SENATOR COASH: LB368 does advance. Next item, Mr. Clerk. [LB368]

CLERK: LB368A. (Read title.) [LB368A]

SENATOR COASH: Senator Crawford, you're recognized to open on LB368A. [LB368A]

SENATOR CRAWFORD: Thank you, colleagues, for hanging in there for a long afternoon. I will just tell you this is the appropriation bill for the bill we just approved, and ask you for your green vote. [LB368A]

SENATOR COASH: Thank you, Senator Crawford. Members, you've heard the opening to LB368A. The floor is now open for discussion. Seeing no members wishing to speak, Senator Crawford, you're recognized to close. Senator Crawford waives closing. The question before the body is, shall LB368A advance to E&R Initial? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB368A]

CLERK: 36 ayes, 0 nays, Mr. President, on the advancement of LB368A. [LB368A]

SENATOR COASH: LB368A does advance. Items, Mr. Clerk? [LB368A]

CLERK: I do, Mr. President. Thank you. Enrollment and Review reports LB507 and LB507A as correctly engrossed. Enrollment and Review also reports LB331 to Select File with amendments. I have amendments to be printed: Senator Hansen, LB368; Senator Haar to LB57; Senator Schilz to LB57; Senator McCoy to LB348; and Senator Coash to LB225 (sic--LB255). (Legislative Journal pages 1557-1559.) [LB507 LB507A LB331 LB368 LB57 LB348 LB255]

Mr. President, I have a priority motion. Senator Burke Harr would move to adjourn the body until Thursday morning at 9:00 a.m.

SENATOR COASH: Members, you've heard the motion. All those in favor say aye. Those opposed say nay. We are adjourned.