

Transcript Prepared by Clerk of the Legislature Transcribers Office
Executive Board February 6, 2019

HILGERS: Good afternoon, everyone. Thank you for attending the Executive Board committee hearing. My name is Mike Hilgers. I represent northwest Lincoln/Lancaster County, District 21. I'm the Chair of this committee. This is, this is-- we have three resolutions before us today I want to talk about a few of the ground rules. It looks like we don't have that many testifiers because at the outset I will say-- at the moment, we, we-- typically this hearing happens over the lunch hour. In past years we have been able to go past the lunch hour although members might have to leave for committee hearings I would tell you today we will get kicked out by about 1:25 for Natural Resources in light of the HVAC renovation. So Senator Hughes will be kicking us out 1:25. At the moment in light of the number of apparent testifiers, I will start at five minutes. If we have more, we will, we will go to three minutes-- for a three minute for testifiers. So very quickly please turn off your cell phones or any electronic devices. We are-- this committee is electronic now like other committees in the Legislature and so you will see senators have their phones out or their computers out. They are following along tracking legislation or doing research for these particular bills. We will go in the order of introducer, proponent, opponents, neutral, and then closing. If you are testifying, please make sure you, you fill out a green sheet. And if you would like your-- if you would like to not testify but make sure your, your attendance is noted and your opposition or pro or being a proponent on a particular bill is noted, please fill out a sheet in the back. Right now, as I mentioned, everyone will have five minutes to speak. We will at four minutes we will turn on the yellow light which will give you one minute remaining to wrap up your testimony. If you have written test-- written materials, we have a page and you can hand out hopefully you have 12 copies is what we need for the committee. As like many other committees, we will-- we do accept written testimony in advance of the hearing at 5 o'clock. Hopefully it won't be an issue today and hopefully it won't be an issue for any of our hearings going forward. But in the event that we are oversubscribed with the number of individuals that we have here to testify, we will accept later written testimony for people who have shown up at the hearing to make sure that their voices are heard. Before we begin, we'll do quick introductions. To my right is legal counsel of this committee, Janice Satra. The committee clerk, Paige Edwards, is further down at the end. And our page today is Kelsey, Kelsey Lowski [PHONETIC]

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KELSEY LOSEKE: Loseke.

HILGERS: Loseke from Blair, Nebraska. With that, we will introduce the members starting at my right, Senator Lowe.

LOWE: John Lowe, District 37, Kearney, Gibbon, and Shelton.

BOLZ: Senator Kate Bolz, District 29.

CHAMBERS: Ernie Chambers, District 11.

VARGAS: Senator Tony Vargas, District 7, downtown and south Omaha.

KOLTERMAN: Senator Mark Kolterman, District 24, Seward, York, and Polk Counties.

HUGHES: Senator Dan Hughes, District 44, ten counties southwest Nebraska.

McCOLLISTER: John McCollister, District 20, central Omaha.

HILGERS: OK. Thank you. And with that we will begin with the first item on our agenda, LR2. Senator Blood, you're welcome to open.

BLOOD: Thank you, Chairman Hilgers, and good afternoon to Chairman Hilgers and members of the Executive Committee. My name is Senator Carol Blood, that's spelled C-a-r-o-l B as in boy-l-o-o-d as in dog, and I represent District 3 which is comprised of western Bellevue and southeastern Papillion, Nebraska. Today I'm here to speak with you on Legislative Resolution 2 which is about Article V of the constitution. As you know, Article V allows for two thirds of the states to call a constitutional convention. There are at least two groups that are actively lobbying states to pass applications for Article V conventions. These organizations are the Convention of States Action and Wolf PAC. The Convention of States Action is looking for states to pass resolutions proposing constitutional amendments that impose fiscal restraints on and limit the power of the federal government. Meanwhile, Wolf PAC wants states to pass resolutions calling for a constitutional amendment to address campaign, campaign finance reform. These are very noble goals, but there is really no guarantee that a convention would be bound only consider those particular issues. However, in the most recent attempts by Convention of States Action, they are requesting that states all pass largely the same resolution to legally call for a convention of states. Mark Meckler, president of that organization, stated in response to a question during the LR7

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hearing on February 1, 2019, in the Government, Military and Veterans Affairs hearing that states should rescind old calls for the convention as they would not be a part of the new three point resolution currently being promoted by the Texas organization. He was quite clear on the need to aggregate all attempts to embrace the three issues included in the current request. His response was if we could go back in time and we had our resolution and somebody had passed that 25 years ago, then-- and it was identical to the one you are considering, then yes that would aggregate; but if not the same a resolution, it will not aggregate. And that's a direct quote. Different resolutions are not aggregable. I hate that word Nebraska has 11 calls for a constitutional convention dating back to 1893 on a variety of subjects-- I believe you have a handout on those subjects-- from how we elect U.S. Senators to an application for a convention banning polygamy. According to the Article V library, there are 437 Article V applications pending nationally back to 1788. I find it improbable that the founders of this country intended for 200-year-old resolutions to have so much power. Further, it has not been made clear that what would prevent any of these pending applications from making their way into a constitutional convention. This is certainly not a cure-all for all of our nation's woes; and even, even in the unlikely event that a convention could be limited in scope, there is no guarantee the majority of the country or the state would be remotely happy with the finished product. With that said, I want to back up and remind you that Mark Meckler of Convention of States Action made it quite clear that states need to focus on what I call the big three-- the big three being (1) limiting the size and scope of federal government, (2) fiscal constraints, and (3) term limits. He stated in last week's hearing that unrescinded applications stay on the books until rescinded, which is what we're trying to do today. It's time for Nebraska to rescind and have a clean slate to prepare should there be a convention of states in our future. The list of worst-case scenarios is much longer than the potential for a positive outcome. A balanced budget amendment would have prevented the passage of the Republican Congress' signature tax cut package, the 2017 Tax Cuts and Jobs Act. It is also not clear how the country would have been able to deal with issues such as the economic collapse of 2008. There is also a concern that states such as New York and New Jersey could all very well have more voting power than Nebraska in Article V convention. For me, I have specific concerns for Nebraska as a significant amount of federal dollars are sent to Nebraska through defense-related spend. In 2016 the DOD spent \$2 billion in Nebraska. Over 730 million of those dollars directly paid for 18,000 personnel; \$1.3 billion went to jobs

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in the private sector for contractors with the DOD. That affects my district and Senator Crawford's greatly as well as the Omaha area and the Cass County area. My secondary concern is the direct federal aid to Nebraska farmers. In 2017, our farmers received \$803 million in federal payments. I am by far the only person-- I am not by far the only person who has some misgivings about unintended consequences of an Article V movement. In recent years, other states concerned about 437 pending applications being on the books nationwide have been cleaning house with measures similar to LR2. These states include Delaware, Oregon, Virginia, Maryland, Nevada, and New Mexico. National organizations representing both sides of the political aisle are uneasy with calling a constitutional convention as well. Organizations such as Gun Owners of America, Eagle Forum, the AFL-CIO, and the ACLU all oppose the Article V movement. I propose we follow their lead and rescind all of Nebraska's pending Article V applications. Article V of the Constitution is a very powerful tool, one that we really need to take seriously. Rescinding all pending applications will allow current legislators to have full and fair debate of Article V applications and have input on anything pending. In many ways, should it make it to the floor for debate, we are helping them hone in on their three-point message by taking away old issues that may cloud its way. So I appreciate your time today. It is my understanding we do have some experts on this process here to testify so the more technical questions might be better directed to them. But having said that, I'd be happy to answer any questions that you may have.

HILGERS: Thank you, Senator Blood. Are there any questions? All right. Seeing none, thank you very much.

BLOOD: Thank you Chairman.

HILGERS: Will you be sticking around for closing?

BLOOD: Yes sir.

HILGERS: Okay. Thank you. Are there any proponents wishing to testify for LR 2? Welcome.

GAVIN GEIS: Chairman Hilgers-- that's different-- members of the committee-- my name is Gavin Geis, G-a-v-i-n G-e-i-s, and I am here representing Common Cause Nebraska. We are in support of this resolution. You know, I am mostly going to argue today since Senator Blood covered the vast majority of what I was going to say, otherwise I would argue for intellectual honesty in this regard. Her last point

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of starting from a fresh point and addressing where we are today talking about this subject from the discussion at hand starting from LR7 as we debated last week in the Government Committee. During that hearing it was noted-- first of all one point she didn't make-- during the hearing it was noted by many members of the public and members of the Legislature that there is a fear of what becomes of these calls in future generations that we can't foresee. Many people noted this and it was-- it was understood that we don't know what becomes of these as time progresses that this Legislature can't foresee, that past Legislatures can't foresee if they're left unaddressed. So what happens? What will future policymakers do with these conventions that we can't predict today? That risk is made greater by leaving so many unaddressed calls on the books. We, by leaving these open, unanswered, we don't know what becomes of even the most ridiculous of these that we don't talk about that we don't clear. We don't know what becomes in 20 years, 30 years, 40 years that we today as a Nebraska don't simply clean. Finally or additionally, I would argue that it's best to keep this discussion of Article V convention fresh and current; that this is a hotly debated subject. We are having a robust discussion on this today. At the point when this was-- that the balanced budget, the last balanced budget amendment was passed, it was not as robust of a discussion. But both sides of this debate have deep talking points. They have deep counterpoints. This is a robust debate here in Nebraska from both sides. We should have that debate now today and not leave these in the past already decided. If we're going to have the discussion, let's have it. Let's continue that debate. Let's rescind these past convention calls, as Senator Blood has noted. As Senator Blood also noted, people say these can be rescinded. It is not a issue in whether they can or cannot be. But what Senator Blood did not note, some argue that these can be combined. I will say that it has been argued that if we don't rescind this it can be combined with other calls. So by leaving this open, it can be manipulated. There are legal arguments made that people-- I see my light.

HILGERS: Do you want to finish your sentence?

GAVIN GEIS: I will.

HILGERS: Not the point, just the sentence.

GAVIN GEIS: Yes. But that people can utilize this call to combine it with other states' calls, even though the language is not identical,

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to call a convention that we might not intend. As I said, these calls go far beyond what we mean them to if we don't rescind.

HILGERS: Thank you, Mr. Geis, appreciate your testimony.

GAVIN GEIS: Yes.

HILGERS: Are there any questions? Seeing none, thank you for coming down today.

GAVIN GEIS: Of course.

HILGERS: Any more proponents wishing to testify? Welcome.

RENEE FRY: Thank you. Good afternoon, Chairman Hilgers and members of the Executive Board. My name is Renee Fry, R-e-n-e-e F-r-y. I'm the executive director of OpenSky Policy Institute. We're here in support of LR2. The need to use great care with taxpayer dollars is critical at all levels of government. However, we have great concerns about a pending Article V convention application in Nebraska for a federal balanced budget amendment dating back to 1976 that is still live. A federal balanced budget amendment would require the federal government to spend no more than it receives in a given year. The problem with this is that going into debt at the federal level actually works to stabilize the economy during recessionary periods. During an economic downturn, businesses and consumers spend less which leads to job losses. At the same time, expenditures for unemployment benefits and other benefits such as SNAP and Medicaid increase. These increases in federal benefits help cushion the blow to the economy and keep the purchases of goods and services from falling further. This helps families that receive the benefits but also helps preserve the remaining jobs and incomes of those who produce or sell groceries, healthcare, and other services. This is why Macroeconomic Advisers, an economic forecasting firm, found that recessions would be deeper and longer under a constitutional balanced budget amendment. Had one been in place in FY '12, they found that the effect on the economy would be catastrophic and would have doubled the unemployment rate. This is also why more than a thousand economists, including eleven Nobel laureates, issued a joint statement condemning a constitutional balanced budget amendment that was considered by Congress in 1997 warning that it would mandate perverse actions and would aggravate recessions. The U.S. has one of the strongest, most resilient economies in the world in large part because we have the ability to borrow and deficit spend when times call for it. We have recovered

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from the last recession better than most countries because we were able to borrow and spend in order to avoid deep budget cuts that harmed many other nations. If a family was unable to increase their debt, we would not be allowed to borrow for college, health emergencies, or buy a home. The Social Security Trust Fund is deliberately building up assets to help pay for the retirement of the baby boomers. Under a balanced budget amendment, the trust fund would never be able to use its safe balances to fund benefits because they were not raised in the current year. As Senator Blood indicated, Nebraska would not be alone in rescinding prior Article V applications. I have passed out an op ed by Senator Schumacher who has introduced this resolution in the past. And with that, I would be happy to answer any questions.

HILGERS: Thank you, Miss Fry, for your testimony. Are there any questions? Seeing none, thank you for coming down today.

RENEE FRY: Thank you.

HILGERS: Are there other proponents for LR2 wishing to testify? Seeing none, anyone wishing to testify in opposition? Welcome.

LOREN ENNS: My name is Loren Enns, L-o-r-e-n E-n-n-s. I run the national campaign for the balanced budget amendment to the United States Constitution. And I'll wait until you all get your handouts. Can you hear me OK?

HILGERS: You may want to-- since you're under the clock, you might want to go.

LOREN ENNS: OK. The reason I'm here today, I've flown up from Florida, is that LR2 would rescind Nebraska's two calls for a convention specifically limited to propose a balanced budget amendment to the U.S. Constitution. As prior testifiers have testified, Nebraska has a number of convention calls. The two that I'm concerned about are the ones, of course, from 1976; that's LR106 and then that was reaffirmed in 2010 with LR538 which just simply reaffirmed Nebraska's position as calling for a convention to propose a balanced budget amendment. The rest of Nebraska's convention calls are tied to campaigns long inactive. None of those campaigns which you see there, none of those convention calls are currently active. The most recent one, of course, was 1978 beyond the ballot budget call. So those campaigns are long dead and harmless at this point. So really the only two that are being targeted are for the active campaign for a balanced budget amendment.

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If you go to page 2, now why target the Balanced Budget Amendment campaign? Well, you can see there the reason-- 28 states have called for this convention to propose a balanced budget amendment. We're talking about 27 other states outside Nebraska have seen the similar logic. Sixteen states in the last five years have passed resolutions calling for this convention. So this has been building. In 2013 there were only 17 states. Today they're 28. Now if you go to page 3, the greatest reason why you need to do this, why we need a balanced budget amendment is that interest will soon choke the federal budget. In 2018, we took in \$3.3 trillion and paid \$523 billion. That's over a half a trillion dollars blown on interest. That's 16 percent of federal revenue. And that was at a measly 2.4 percent interest. In 2025, 2019 CBO projections a \$29.2 trillion debt with an interest rate of 3.1 percent and \$4.4 trillion in revenue. That means we're paying \$900 billion in interest. That's 20 percent of all federal revenue. Imagine that. That's 1 out of every 5 of your tax dollars blown on interest, nearly a trillion dollars. And this is not just theoretical. This is what the CBO is projecting. And we know we're going to have \$1.2 trillion deficits down the road because we've been paying them for the last 10 years. Unfortunately, historically low interest rates have hidden the true nature of our peril. If we paid the 50-year average of 5.3 percent, we would owe \$1.1 trillion, 33 percent of all revenue. Think about that. That would make interest the largest budget item in the federal budget, larger than defense and larger than Social Security. If we were to pay 5.3 percent, the average that we've paid over a 50-year span, shouldn't be any big deal. If it gets bumped back up to that average interest rate, it would bankrupt us. The root cause--

HILGERS: Mr. Enns--

LOREN ENNS: Sure.

HILGERS: I'm sorry. Because we have a limited time, we have to strictly enforce the five minutes so I apologize for cutting you off.

LOREN ENNS: Oh, it's been five minutes?

HILGERS: Yes.

LOREN ENNS: OK.

HILGERS: Thank you for your testimony.

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LOREN ENNS: Sure.

HILGERS: We have your handout. Are there any questions for Mr. Enns? Seeing none, thank you. Oh, Senator McCollister.

McCOLLISTER: Yeah, thank you, Mr. Chairman. We have a balanced budget amendment, LR106, that was passed in 1976.

LOREN ENNS: Correct.

McCOLLISTER: And then we have the one passed in 2010. What's the big difference in those two?

LOREN ENNS: There really is no difference. In fact, in LR538 you actually see that LR106 was reprinted so it's just essentially reaffirming in the modern era that that was still the position of the Nebraska Legislature.

McCOLLISTER: When we talked this morning out in the Rotunda, you indicated that there would be no convention. What your main intent is to force Congress to have some kind of convention or change their, their, their ways. Can you elaborate on that just a little bit?

LOREN ENNS: That's exactly correct. The Seventeenth Amendment to the U.S. Constitution is the way that they changed the-- the election of U.S. senators. They used to be appointed by the state legislatures. You can imagine the United States Senate didn't want that to change. And every year for 10 years straight the U.S. House would send over the Seventeenth Amendment and the U.S. Senate would just simply reject it. It wasn't until the states got within one state of calling for a convention that the U.S. Senate finally capitulated, realizing that the states were about to do it, and they passed the Seventeenth Amendment and the states ratified. Now if you look at the back two pages, the two founders of the modern balanced budget amendment campaign were Ronald Reagan and then the former president of the Maryland Senate, James Clark. I've got a letter from Ronald Reagan on the back page you'll see highlighted. He says exactly that. Their original intent was never to call for a convention. They simply wanted to get to 33 states, put the pressure on Congress, Congress knowing they were only one state from a convention, and then have Congress do it itself. So there's an article where they interviewed James Clark, the Democrat who was one of the original founders of the campaign, and Ronald Reagan and they both say the exact same thing: We never wanted

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a convention, just simply to use it as leverage to get Congress to propose the amendment.

McCOLLISTER: But there's no guarantee that would occur as you describe.

LOREN ENNS: No. The one thing that you do have a guarantee of is that if Congress is sitting there looking at 33 states, on the cusp of 34, and the power to determine the fiscal rules by which they must live being taken out of their grasp, I can almost guarantee you that Congress is going to take action to do it themselves. There's no way they want the states to write the fiscal rules they'll have to budget by forever. Now, of course, there's no absolute guarantee. But this should go like the Seventeenth Amendment did and that is Congress feeling the pressure.

HILGERS: Thank you, Senator McCollister. Any further questions? Seeing none, thank you for coming down today.

LOREN ENNS: Thank you.

HILGERS: Do we have any other opponents? Welcome.

MAE JAMES: Thank you. Good morning, Mr. Chairman and members of the Executive Board. My name is Mae James, M-a-e J-a-m-e-s. I am a citizen of Nebraska and very proud to have the opportunity to talk to you. I live in Sterling, Nebraska. I'd like to speak in opposition to LR2 today as it would rescind Nebraska's balanced budget amendment convention application. Here's why this matters to me. In 2007, my son was born. According to the U.S. Treasury, the federal debt that year was just over \$9 trillion. Though he had no part in borrowing that money or any power to dispute the charge, he was born with a \$30,000 federal obligation as his share of the national debt. Tomorrow he turns 12. The national debt has continued to skyrocket and his share of the federal obligation is now \$66,000. When he turns 18, his share of the national debt as a taxpayer is projected to be around \$200,000. It is unjust and immoral for one generation to leave a massive debt like this to the next. Thomas Jefferson objected to this practice in a letter to James Madison saying that the Earth belongs to each generation in its own right and that succeeding generations receive it clear of debt for otherwise, quote, the Earth would belong to the dead and not to the living generation. Over the last 60 years, Congress' reckless borrowing has created a world that will still belong to us long after we're gone, leaving our children to pay our debts. I would

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love to see Nebraska preserve its call for a balanced budget amendment convention in order for America to ever hope to right this wrong. And so I ask you to vote opposed to LR 2. If I have another second I would just, while I'm no economist, I know that there are ways to balance the budget that are not absolute balance and employ fiscal restraints like the Swiss debt brake in Switzerland and so I would urge you to consider that too when considering a balanced budget amendment. Thank you.

HILGERS: Thank you for your testimony, Ms. James. Are there any questions? Seeing none, thank you for coming down today. Are there any other-- others wishing to testify in opposition to LR? Seeing none, anyone wishing to testify in the neutral capacity? Seeing none, Senator Blood, you're welcome to close.

BLOOD: Thank you, Chairman Hilgers, and I'm glad I was able to stay for closing because I-- I heard what I needed to hear to say that what I presented was spot on and actually addresses their concerns. First, I do want to say that in 2010 I really encourage you on that resolution to pull the transcripts and perhaps Senator Chambers remembers that day. But there was very little debate that day. And I've spoken to senators since who were confused by what the resolution actually meant and have since regretted voting for it. So I do encourage you to pull those transcripts and our office would be happy to do it as well. I-- I want to address the first opposition. And the reason I want to address that is because I think that's a really good example of why we need to rescind. People are cherry-picking what they like out of the resolutions that are on the books. There is no way for us to prevent that from happening should we have a convention of states. The concerns that we're hearing about monies, about the budget are addressed in LR7 should it move forward and out to the floor for debate. It talks specifically about budget constraints. And so if you are for or if you are against the article-- the convention of states, this-- the resolution to move this forward, it-- it doesn't matter whether you are for or against. We all know that we need to rescind the past to have a clean slate to have it be fair and full debate and that's the issue at hand. It isn't whether you are for it, isn't whether you're against it-- and I don't know who is what at this table-- it's about doing our jobs as legislators. And when we do our jobs, we want to make sure that we have that clean slate that we're-- we're talking about the bill at hand that people don't have the opportunity to cherry-pick-- cherry-pick what they like and don't like

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about past resolutions and to move forward. And that is our responsibility as policymakers in Nebraska.

HILGERS: Thank you, Senator Blood. Are there any questions for Senator Blood? Seeing none, we do have letters in support from Kathy Wilmot from Beaver City; Deborah Levitov of Lincoln; John Cartier from Civic Nebraska; Cindy Maxwell-Ostdiek from Omaha; and Marrienne Williams from Lincoln; and in opposition from Zachary Cheek from Lincoln; Joe Stephans from Bellevue; David McPhillips from David City; and Joseph Jenkins from Omaha. With that, we will close the hearing on--

BLOOD: Thank you, Senator.

HILGERS: Thank you, Senator Blood. That will take us to our next item on our agenda, LR11CA, Senator Matt Hansen. Welcome.

M. HANSEN: Thank you.

HILGERS: Please proceed.

M. HANSEN: All right. Good afternoon, Chairman Hilgers and members of the Executive Board. My name is Matt Hansen, M-a-t-t H-a-n-s-e-n, and I represent District 26 in northeast Lincoln. I'm before you today to introduce LR11CA which is a proposed constitutional amendment that would lower the age to run for Legislature from 21 years of age to 19. I chose 19 because it is our current age of majority here in Nebraska. It is more apparent than ever that young people should have the opportunity to have their name on a ballot so that people of their legislative district can decide if they should represent them. I'm sure we all personally know at least one young person would make an outstanding state senator regardless of age. Just last November there were multiple people under the age of 21 who were elected to their state legislatures. Nineteen-year-old Representative Kalan Haywood was elected to the Wisconsin House of Representatives, becoming the youngest state legislator in the country. Close behind him in age were Representative Cassandra Levesque of New Hampshire and Delegate Caleb Hanna of West Virginia, both also 19 when they were elected to their respective state houses. These newly elected officials are already hard at work on issues you would expect from the diverse set of experiences including increasing voting accessibility, opposing sex trafficking, and promoting college affordability. In addition, there has been a recent wave of civic engagement and activism from young people across the country. Perhaps the most momentous example was the high school student led demonstrations across the country following

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the shootings at Stoneman Douglas High School in Parkland, Florida, last February. It is undeniable that these young people are highly active in the political process. It only makes sense for them to have the opportunity to be on the ballot and for their fellow citizens to decide if they should represent them. I know from past debates on this issue age is often served as a proxy for perceived competency as a state senator. In my view, all adults should be measured by the state's-- same standard of competency to serve in this legislature-- whether or not they can gain the trust and confidence of their constituents. This proposal would simply expand the pool of people eligible to apply to serve alongside of us here in the Legislature. With that I'll close on LR11CA and ask the committee to advance it forward.

HILGERS: Thank you, Senator Hansen. Are there any question? Seeing none, thank you.

M. HANSEN: Thank you.

HILGERS: Are there any wishing to testify in support as a proponent of LR11CA? Seeing none, anyone wishing to testify in opposition? Seeing none, anyone wishing to testify in the neutral capacity? Seeing none, Senator Hansen waives closing. We do have two letters from proponents: Amy Miller from the ACLU Lincoln and Sabina Eastman. And with that will close our hearing out LR11CA. We'll go to our next item on the agenda, 11-- LR12CA. Senator Vargas. Welcome, Senator Vargas. Please proceed--

VARGAS: Thank you.

HILGERS: -- at your leisure.

VARGAS: First time, well, not first item on this end, but it's good to see everybody. Thank you very much. My name is Tony Vargas, T-o-n-y V-a-r-g-a-s. I represent District 7, the communities of downtown and south Omaha in the Nebraska Legislature. I want to thank Chairman Hilgers and members of the committee. I'm here today to talk about LR12CA which I'm proud to sponsor with a bipartisan coalition of senators from across the political spectrum and across the state. LR12CA will put a measure on the ballot that adjusts legislators' salaries to half of Nebraskans' median income. I'll get into the mechanics in a little bit. First I'd like to talk about legislative pay in Nebraska and across the country. Now this committee, I know we have some new members, but this committee is familiar with low pay

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here in the Nebraska Legislature. We receive \$12,000 a year plus a per diem of mileage depending on your distance from the Capitol. A 2017 survey done by the National Conference of State Legislatures found that the average pay for state legislatures to be \$35,592 excluding per diem and expense payments. Twelve thousand dollars per year in Nebraska falls far, far behind many states with similar costs of living such as Arkansas, Michigan, and Iowa. Now when considering inflation, average legislative pay has decreased substantially over the past 30 years especially in states like Nebraska which haven't had-- seen increase pay since 1989. Now this low salary prevents many Nebraskans from participating in government at the highest capacity. Nebraska boasts of a citizen Legislature but can we really say that honestly when so many are full-- our fellow Nebraskans are essentially precluded from serving in office due to this financial barrier? Now under LR12CA, legislative salaries would be adjusted every two years at the beginning of each biennium. I felt it was important to set salaries this way so our salaries are responsive to Nebraska worker salaries. If their median income goes down, there is no reason our pay should stay higher. LR12CA method to determine legislator pay every two years has been tested in several states including Massachusetts and Pennsylvania. I believe it's an effective way to increase pay with respect to inflation and cost of living. Higher legislative pay has several benefits. First, candidate recruitment becomes less difficult. Lawmakers and advocacy groups on both sides of the political aisle in Nebraska who once opposed increased-- increasing legislative pay now support it because there has been a struggle to find citizen legislators to then enter as candidates. Second, it allows a broader range of citizens to consider running for office. Higher pay enables Nebraskans of all income levels and in all districts to consider elected office. Now six years ago Nebraskans rejected a similar ballot measure to increase pay for state lawmakers. LR12CA gives voters a chance to reconsider. It is a step towards creating a Legislature that reflects the interests, concerns, and demographics of the state. I urge you to support LR12CA and move it to General File. Only thing I want to say is, you know, I think we face-- we all have different reasons why we're here. We all have different backgrounds. And what I love about the Nebraska Legislature is we are citizen legislators. But I know and I've talked with many of you, we-- we take tremendous amount of sacrifice to then be here. All I'm asking is that you consider the sacrifices you take to be here. You have retired individuals, farmers, we have working professionals that have multiple kids, people that are in their early 20s that are trying to then save. They're all sacrificing time to be in here and serve. And what we're

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saying is we're just trying to make it easier. We're not saying we're trying to provide health insurance. We're not saying we're trying to create a salary that is above the median household income. We're saying according to the actual amount of the household income based on the census that we would raise this to about \$27,000 a year and just make it easier for somebody in our state to serve in the Nebraska Legislature. Now with that, I'm happy to answer any questions you may have.

HILGERS: Thank you, Senator Vargas. Are there any questions? Senator Chambers.

CHAMBERS: Senator Vargas, do you consider yourself a practical man?

VARGAS: I consider myself a pragmatic man.

CHAMBERS: Have you considered making the effective day after I've left the Legislature?

VARGAS: I've considered-- I'm open to amendments that would make it more amenable to people.

CHAMBERS: [INAUDIBLE] but I believe that that might inspire some people to vote for it if they're sure it will help me get on out of here.

VARGAS: [LAUGH] That was not my intention, Senator Chambers, but I appreciate the conception.

HILGERS: Thank you, Senator Chambers. Are there any other questions? Senator McCollister.

McCOLLISTER: Yeah. Thank you, Mr. Chairman. I favor this proposal. It's unfortunate that only people of my generation can, can serve in this Legislature. You simply look around the members here and you see members of my generation, and I think it's time we opened it up a little further. And for those younger, there's an opportunity cost because they could be earning more money someplace else. So I agree with your contention that it's time to make this-- make it more possible for more people to serve in this body.

VARGAS: I appreciate that very much, Senator McCollister. And I want to say that while this is important for creating some more diversity in the types of socioeconomic levels, I also think this affects individuals from all different walks of life and all different age

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brackets. I think there's people that are forgoing retirement, spending time with other individuals; and we're just trying to make this easier, not harder. And ultimately this is going to be left up to the vote of the people so we're being responsible legislators by saying this is something we believe will elevate and is important for beyond this. Now with the era of term limits, we're really thinking about what is the type of citizen legislators that we want in our body 5, 10, 15 years from now.

HILGERS: Thank you, Senator McCollister Any other questions? Seeing none, thank you, Senator Vargas. Anyone wishing to testify as a proponent for LR12CA? Welcome.

JENNIFER CREAGER: Thank you, Senator Hilgers, members of the Executive Board. For the record, my name is Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r, senior director of public policy for the Greater Omaha Chamber. I'm also authorized to represent the Lincoln Chamber of Commerce and the Nebraska Chamber of Commerce and Industry today in support of LR12CA. On a personal note, I previously spent four years on staff of the Legislature. The business community has historically supported legislation similar to this bill. There's not much that I can say that you don't already know from your own experience. But year by year serving as senator-- as a senator has become much more than a part-time job. It's a year-round job and we know that. As you know, serving in the Legislature takes a toll on income that limits the number of people who can undertake this opportunity. Although state legislator compensation across the country is not, with a few exceptions, in any way on par with average wages, at \$12,000 a year Nebraska is noticeable as among the states with the lowest pay levels. We also know that there is a need for greater public education as to the workload of senators and we're committed to assisting with that effort. That's all I have. I'd be happy to answer any questions.

HILGERS: Thank you, Ms. Creager. Are there any questions? Seeing none, thank you for coming down today. Any, any other proponents for LR12CA? Seeing none, anyone wishing to testify in opposition? Seeing none, anyone wishing to testify in the neutral capacity? Seeing none, Senator Vargas, you're welcome to close.

VARGAS: I'll be brief. What I think you do have in front of you, you should have references the history of this salary increases. I just encourage you to look at the individuals that have brought forward some type of either increase or a commission and then, you know, this ranges from Warner, Landis, Kristensen, Avery, Lautenbaugh, Preister,

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Schimek, and Quandahl. These are groups that represent all different walks of life. I know we're going to be tasked with making this decision in our lifetime and hopefully this year. And I want us to set up a better legislative system that is not making it harder for people to serve. I'm not going to read this entire piece but I encourage everybody and what I'll do is I'll send this out the floor debate from March 5, 2012. The Speaker Flood-- Senator Flood makes a statement and it's just extremely well said. There's not enough time to, to say it so I'll follow up with it. But the one piece that he does say is, you know, I ask-- I ask you to think about the Legislature, to think about the Legislature as an institution, to think about the people in our community that would be outstanding members of the Legislature but for whatever reason, maybe because of some barriers or point in their life or their income, they don't do it. I ask you to consider what it takes to make it a little easier for somebody to serve in 5, 10 years, and 15 years. But when I come to work and I know that I have 48 people that serve and sit in these seats and vote and talk on these microphones, they're here for the right reasons. They care about this place. They care about Nebraska. And they may disagree or agree on individual bills. And we may have debate from time to time that is emotional and heated and it makes it hard to come to work, but I know one of-- every single one of you care about the state and want to see it prosper and grow and we want to keep that going. And I think that the salary increase is a legitimate change that should be respected by the people of the state. County commissioners have salaries that are higher. I don't think that we should have a cost of living increase and I don't think that we should have health insurance. That's not in here. What we want is citizen legislators and we want to be part of being a citizen legislator is by making sure that we have things like this in place. I'm going to vote for this and I appreciate Senator Lautenbaugh putting this in. And so he just basically is asking us to consider not only the institution but what we're setting up from here on in. And so I ask you for your support for this and welcome any more questions that you may have.

HILGERS: Thank you, Senator Vargas. Any questions? Senator Kolterman. Senator Chambers. Let the record reflect Senator Kolterman deferred to Senator Chambers.

CHAMBERS: Senator Vargas, I've seen many efforts to raise legislator salary and it encourages me to see that hope does spring eternal, even where there is no basis whatsoever for it. And to put an image in your mind that might help you see what we're up against, when salmon swim

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upstream to spawn, bears catch them. Well, we're in a situation where the bears cannot catch any of the salmon except one that they have by the tail. They can't set the salary for the city council, for the county board, or the U.S. Congress, all judges, only the Legislature. It's a pretty poor fish, but they're not going to let it go.

VARGAS: Thank you very much, Senator Chambers. I'm not a pragmatic optimist. I'm pragmatic. I think that we have an opportunity to-- and again, I urge you to look at the cosponsors of this-- we have an opportunity to elevate this to the public and then make our case to the public.

HILGERS: Thank you, Senator Chambers. Senator Kolterman then Senator Bolz.

KOLTERMAN: Thank you very much, Senator Hilgers. A couple of questions. I support the concept. I'm not-- I think people don't realize how much time we spend. I re-- I understand that and the commitment that we make. If we get this to the floor and we can advance it and pass the legislation, how are you going to sell it to the public or convince the public that they need to get on board because we're working a lot harder than they realize we're working? Is that a fair question?

VARGAS: Yeah. I think every question that you ask is a fair question, Senator Kolterman. Actually I shouldn't say that. No, I think it's absolutely a fair question.

KOLTERMAN: I'll remind you of that.

VARGAS: Yeah, yeah, right. I think it's a-- I think it's a fair question. And to be quite honest, I think that's really going to depend on both the debate. I think it's going to depend on how this comes out of the body. I think step one is making sure that people really understand what we're facing, that we're elevating that to the debate and that we have a strong showing on the floor. Step two is then going to be trying to communicate what this really looks like. You know, times have changed even from 2012 to now. Legislative, you know, bodies have made some different changes as well. But I'm ready to take on that challenge and I know I'm not going to be long because it's not just my story. It's not-- this isn't I would say a selfish deed. This is with the intention of very similar to the-- to the other one for lowering the age to 19. We just want to make sure more people can serve. And so I'm committed to working with other senators to make

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sure the different stories and voices of we're working senators, what we're doing, the amount of hours we put in so that we have an educated-- an educated voter making a decision.

KOLTERMAN: The reason-- the reason for my question really is are we-- we got-- we've got the chambers on record as saying that they're going to support this. They even said that they would do what they can to help. But I think the last attempt at this was Senator Tom Carlson, and he kind of did it on his own. He worked hard at it. But it cost a lot of money to get the word out of what we're really trying to do. So if we're going to do this, let's do it right and let's tell the people.

VARGAS: It sounds like you just signed up-- signed up to be-- to help me with this. That's what it sounds like.

KOLTERMAN: I have more time than you do.

VARGAS: I know. [INAUDIBLE] I can use your help.

KOLTERMAN: Thank you.

VARGAS: And I think it was 2012 actually with Senator Lautenbaugh was the most recent time just like an update on that, 2012.

HILGERS: Thank you, Senator Kolterman. Senator Bolz. Senator McCollister.

McCOLLISTER: Senator Vargas, if I heard you correctly, the last time the salary was changed was 1988?

VARGAS: 1989 I believe.

McCOLLISTER: 1989?

VARGAS: Um-hum.

McCOLLISTER: In inflation adjusted terms, what would the salary be now if it was 12,000, set at \$12,000 in 1989?

VARGAS: I'll have to get that number for you. I don't know off the top of my head. But I can do that.

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McCOLLISTER: But following up on the-- the numbers that you-- you used in your testimony, the-- the legislator salary based on the average income, family income would be what, approximately \$24,000?

VARGAS: It would be right at \$27,000.

McCOLLISTER: \$27,000.

VARGAS: So the average household income is around 56, 57. It might have changed based on the other census. Based on that 50 percent would be \$27,000, \$28,000.

McCOLLISTER: Thank you, Senator Vargas.

VARGAS: Thank you.

HILGERS: Thank you, Senator McCollister. Any further questions?
Senator Lowe.

LOWE: Thank you, Chairman. And thank you, Senator Vargas, for bringing the bill or the LR. I knew when I ran how much I was going to be paid. I willingly ran for this office and for the \$12,000 a year. Would you be amendable [SIC] to amending it to something like no sitting senator or only a new senator to get this? That way we're not giving ourselves raises.

VARGAS: I am open-minded to then finding a pathway for this to work. So absolutely be open-minded to some amendments.

LOWE: [INAUDIBLE] paid.

VARGAS: Yeah. No, I don't. I think you are bringing up a great point, not with the intention of getting Senator Chambers to not come back.
[LAUGH]

LOWE: He's the only one who's willing to come back I think.

HILGERS: Senator Chambers.

CHAMBERS: Senator Vargas, don't phrase it "no sitting senator" because I'm the only one who stands so they'll think it's for me. So just phrase it differently.

HILGERS: Thank you, Senator Chambers, and thank you, Senator Lowe. Are there any further questions? Seeing none, thank you, Senator Vargas. We did have four letters in support from Marriane Williams of

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Lincoln; Lynn Rex of the League of Municipalities; John Antonich of AFSCME; and Sydney Butler from Lincoln. With that, that will close our hearing on LR12CA and our hearing for the day. Thank you, everyone.