

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

HOWARD: [RECORDER MALFUNCTION] --Omaha, and I serve as Chair of this committee. I'd like to invite the members of the committee to introduce themselves, starting on my right with Senator Murman.

MURMAN: Hello, I'm Senator Dave Murman from District 38: seven counties south of Kearney, Grand Island, Hastings.

WALZ: Lynne Walz, District 15: Dodge County.

ARCH: John Arch, District 14, Papillion-La Vista in Sarpy.

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

HOWARD: All right. Also assisting the committee is our legal counsel, Jennifer Carter, our committee clerk, Sherry Shaffer, and our committee pages today are Angenita and Lorenzo. A few notes about our policies and procedures. Please turn off or silence your cell phones. This afternoon we'll be hearing four bills, and we'll be taking them in the order listed on the agenda outside the room. On each of the tables near the doors to the hearing room, you will find green testifier sheets. If you are planning to testify today, please fill one out and hand it to Sherry when you come up to testify. This will help us keep an accurate record of the hearing. If you're not testifying at the microphone, but want to go on record as having a position on a bill being heard today, there are white sign-in sheets at each entrance where you may leave your name and other pertinent information. Also note, if you are not testifying but have written testimony to submit, the Legislature's policy is that all letters for the record must be received by the committee by 5:00 p.m. the day prior to the hearing. Any handouts submitted by testifiers will also be included as part of the record. We ask that, if you do have any handouts, that you please bring ten copies and give them to the page. We do use a light system for testifying. Each testifier will have five minutes to testify. When you begin, the light will be green. When the light turns yellow, that means you have one minute left. And when the light turns red, it's time to end your testimony, and we'll ask you to wrap up your final thoughts. When you come up to testify, please begin by stating your name clearly into the microphone. Then please spell both your first and last name. The hearing on each bill will begin with the introducer's opening statement. After the opening statement, we will hear from supporters of the bill, then from those in opposition, followed by those speaking in a neutral capacity. The introducer of the bill will then be given the opportunity to make

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

closing statements, if they wish to do so. We do have a strict no-prop policy in this committee. And with that, we'll begin today's hearing with the gubernatorial appointment of Dr. Michael Allen Christopher Greene to the Nebraska Rural Health Advisory Commission. Welcome, Dr. Greene. Come on up. All right, so--

MICHAEL ALLEN CHRISTOPHER GREENE: Good afternoon.

HOWARD: --we're hoping you could tell us a little bit about yourself and your interest in serving on the Rural Health Advisory.

MICHAEL ALLEN CHRISTOPHER GREENE: I teach at Creighton University. I'm the program director for the Family Medicine Residency Clinic there. I run the Family Medicine Residency Training Program. I'm a family medicine physician. And one of the missions of the residency is to train physicians to also practice in rural locations, rural Nebraska, so hence my interest in serving on the committee, as well as the dean appointed me. Yes, so--

HOWARD: Yes. And you're appointed. That's wonderful. So this is your first appointment on the Rural Health Advisory Commission?

MICHAEL ALLEN CHRISTOPHER GREENE: That is correct.

HOWARD: And what are you most excited to look at in terms of rural health in the state of Nebraska?

MICHAEL ALLEN CHRISTOPHER GREENE: Policies and procedures-- specifically have quite a bit of interest in healthcare disparities affecting patients that, that we take care of. So looking at any healthcare policies that might be able to help reduce some of those disparities.

HOWARD: That's wonderful. All right. Let's see if there are any questions from the committee. Are there questions? Senator Arch.

ARCH: Thank you, Senator Howard, and I just have-- I have, I have one question. There's obviously a difference in the, in the way family practice practices in a rural area versus an urban area. Maybe you could talk a little bit about that.

MICHAEL ALLEN CHRISTOPHER GREENE: There is. Myself being a family medicine physician prior to being here in Omaha, I worked for the Air Force. I practiced in quite a few rural locations myself to include-- not the United States-- Afghanistan, as well as Japan. The lack of consultants or specialty providers is challenging, as well as travel

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

distances for patients to be able to get something that myself, as an individual practitioner, might not be able to do for the patient is, is challenging. Training in Omaha, Nebraska-- it has the hub of a lot of medicine and has a lot of specialty providers around for most anything we'd be looking for. My clinic, in particular, has a lot of specialty providers. The residents train there, as well as we send them out west to train, do some work with Kearney at the moment, and hopefully expanding some of their rural training so that they can get a feel for what it's like training, both in a team of physicians as well as by yourself.

ARCH: Right, 'cause the specialties just may not be available, one of those being obstetrics, right?

MICHAEL ALLEN CHRISTOPHER GREENE: Absolutely.

ARCH: So delivering of babies, is that something that, that you train to prepare somebody in the, in the rural areas? Urban, probably not so much-- OB/GYN physicians are available, but--

MICHAEL ALLEN CHRISTOPHER GREENE: That would be ab, absolutely correct. Obstetrics is one of the biggest areas where there's challenges finding an obstetrical provider. Often the obstetrics is provided by a family medicine physician rather than an OB/GYN physician because of volumes and practice sites. We have the-- specifically the OB/GYN fellowship attached to our residency for that reason, to help people be more independent in their ability to provide obstetrical services.

ARCH: Good. Well, thank you for volunteering to do this.

MICHAEL ALLEN CHRISTOPHER GREENE: Thank you.

HOWARD: Senator Walz.

WALZ: Thank you, Chairwoman Howard. Thanks for being here today. I'm just interested in how telehealth fits into the goals that you might have. And I know it's not obstetrics.

MICHAEL ALLEN CHRISTOPHER GREENE: Yeah, telehealth by obstetrics is difficult, to say the least [LAUGHTER].

WALZ: That would not be good.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

MICHAEL ALLEN CHRISTOPHER GREENE: But it does fit in with another area that, that's high on the list of healthcare disparities, which is mental health.

WALZ: Yeah.

MICHAEL ALLEN CHRISTOPHER GREENE: So the ability to provide mental health for patients sometimes surpasses the ability of a family medicine physician. And so, you know, many communities have the lack of access to mental health providers. That does tend to lend itself to a telehealth-type visit, or at least that telehealth consultation. So in fact, the prior residency director for the child psychiatry program at Creighton is a friend of mine now practicing out west Nebraska, so-- and that's a passion of his to do some mental health consultation. And he's certainly been of help to me for that.

WALZ: Awesome. Thank you.

MICHAEL ALLEN CHRISTOPHER GREENE: Thank you.

HOWARD: All right. Any other questions? Seeing none, we're very grateful with your willingness to serve. You have a lovely wife.

MICHAEL ALLEN CHRISTOPHER GREENE: Thank you.

HOWARD: You're very lucky. I'm a big fan. The committee will meet and we'll forward your confirmation to the floor of the Legislature for debate, most likely next week.

MICHAEL ALLEN CHRISTOPHER GREENE: Thank you very much.

HOWARD: So thank you so much for your willingness.

MICHAEL ALLEN CHRISTOPHER GREENE: Much appreciated. Thank you.

HOWARD: Thank you. All right. This will close the hearing for the gubernatorial appointment for Dr. Michael Allen Christopher Greene, and we'll open the hearing for the gubernatorial appointment for Michael Sheridan to the board of Emergency Medical Services. Welcome, Michael Sheridan.

MICHAEL SHERIDAN: I didn't know if I'd need it, and so-- but I brought stuff. Hi.

HOWARD: Hi. Good afternoon.

MICHAEL SHERIDAN: Good afternoon.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

HOWARD: We're hoping you could just tell us a little bit about yourself.

MICHAEL SHERIDAN: Can you turn your microphone on? Oh, OK.

HOWARD: It's just my voice.

MICHAEL SHERIDAN: Yes.

HOWARD: All right. I'll be a little bit louder.

MICHAEL SHERIDAN: Thank you.

HOWARD: We're hoping you could tell us a little bit about yourself and your interest in serving on the Board of Emergency Medicine [SIC].

MICHAEL SHERIDAN: How far back you want me to go [LAUGHTER]?

HOWARD: How, however far you feel comfortable.

MICHAEL SHERIDAN: Well, I was in the United States Navy for six years. I worked for an intelligence unit in Eastern Europe. I was an enlisted man, but I was a cryptographer and several other things. After the military service, after Vietnam was winding down, and they-- I-- my plans were to stay with the military, but they were pushing people out the door because there were-- a reduction in force. In 1972, I-- actually I was working part-time for the Department of Labor. And my job was to tell veterans coming out of the service that they had to shave and put on shoes and get rid of their raggedy clothes; that's really what my job was. The other thing was, I got to see which jobs were the most, which I thought would be interesting. And I went and applied for a police officer in Council Bluffs. I was a-- there's a long story to that, that I wrote about one time, but you don't want to hear it. Anyway, I was a police officer. I worked in a CSI department before it was cool. I did a lot of that up until 1970-- oh, about 1977/78. I actually was shot by a person. I got shot three times by someone that I had put in prison. He got out on parole, and the second thing he did was to shoot me and hunt down all the, all the witnesses against him. I, I left-- after I recovered, I decided I didn't want to be a police officer any more. So I was a private detective for a while. That was interesting. Didn't payment, didn't pay anything. I went to work for the city of Omaha as a laborer. I worked all the way up through assistant superintendent for the Public Works, and I retired in 1997. And the only reason I retired, I had, I had asked my boss for a reduction. I asked for it to go backwards rather than a promotion because, as a construction foreman, you could stop at the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

end of the day and turn around and look and say, I accomplished this. When you get into upper management, you don't have that job satisfaction anymore. And I really wanted it; I needed it, in a way. I was a recovering alcoholic, and it was a mental stress for me not having that job appreciation. I've had a lot of medical visits in my life. During that 1978 spiel, I, I did break my neck. I was paralyzed for two years, and that was because I was drunk and stupid on a motorcycle-- young person-- I felt the world owed me a living and things of that nature. Along with the shooting and the broken neck and, and some deaths in my family, contributed to my alcoholism, and a friend got me involved in A.A. and other programs. I'm just being this honest with you because you need to know that I've been sober now for almost 32 years, and it's a hard thing to do. But I got there by helping other people and being open and trying to be honest with people as much as I can. Let's see. After I left the city of Omaha Public Works Department, I went back to school for a time and got a certificate, a certified construction inspector. I did civil construction inspection for about three years. One of the things I accomplished in the police department is that I did go to the police academy, and at the time, the city of Council Bluffs was offering a program for young police officers. If you can, if you completed 82 two hours of construct-- or correction-- if 82 hours of college credits and attended the Iowa Police Academy, they-- not only did you cert-- become a certified police officer, but they also made-- thee gave, in a sense, along with the training, an associate's degree in criminal justice. So back in, oh, '97/98 period of time, I wanted to be-- I wanted to be able to use that. I started out as a construction manager-- oh, correction-- look-- sorry, I'm not used to public speaking.

HOWARD: Oh-- no, you're doing great.

MICHAEL SHERIDAN: I had this degree in criminal justice and I, and I went to a, a friend of mine who was a manager for a security company. And with my background in security and also in construction management, they put me in an environment where I was-- took on new contracts. After the negotiation for the contracts which were done, my job was to come in and start, as a startup, as a new business, hire the employees, train all the security officers. A lot of that, from a military background and, and some other areas, pretty much put me in a position where I could speak with young people about improving their lives, using resources that are available to you if you have a problem, whatever the problem might be-- clean up, learn to say "yes, sir" or "no, sir" and "thank you, ma'am," things of that nature. And then, and then, along with being a security officer, training them in

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

all the positions. I was the security manager for First Data Resources [SIC] for about six years. And then, for whatever reason, we lost that contract. And the next contract I took over was the security director for the First-- all of the First National Banks, all 19 locations, 175 security officers. Same thing-- start-up of an organization, hire, train, inspect, ensure that the security officers were-- could actually do the job, you know. And at that time, for the First National Banks, that brand new tower had just been built pretty much. So the requirement for being a security officer at First National Banks was, you had to run that tower. And we wanted security officers that were-- that could do that in an emergency; so we made it part of the program. The other thing that I insisted upon, we had a bicycle patrol of security officers, and that worked out to be a great environment, especially when they were keeping track of people in the garages. I mean, it's a whole lot easier to get around six floors on a bicycle than it is to do it on foot. Anyway, I did that security officer management for about 15 years. I was having trouble with my knees. After a lot of consultation with the VA medical staff, they told me that I had to get my knees replaced. After I had knee replacement, after the recovery, I couldn't do the 43 floors anymore. I could probably get up two, and that would be it. So along with not being able to perform as a security officer in that environment, I took another retirement. I became a Lyft, an Uber driver for a while. I still had my concealed carry, so I did, did armed executive protection on my own; I started my own little company.

HOWARD: Well, Mr. Sheridan, let's see if there are--

MICHAEL SHERIDAN: Oh, is that too much?

HOWARD: No, no, that's wonderful. Let's see if there are any questions from the committee relative--

MICHAEL SHERIDAN: Oh, excuse me.

HOWARD: --to your interest in the, in the board at hand.

MICHAEL SHERIDAN: Sorry, I got too involved in my story.

HOWARD: No, that's wonderful; we loved it. Are there any questions? Senator Arch.

ARCH: Thank you.

MICHAEL SHERIDAN: Yes, sir.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

ARCH: Yeah, thank you for coming. I, I-- just to comment. You, you've obviously done a lot of different things. You've--

MICHAEL SHERIDAN: Yeah.

ARCH: And I, and I was looking through here, and CPR first aid certification, you've got fire and rescue, you've got EMT training officer. So you've got a lot of that, as well. So--

MICHAEL SHERIDAN: Right.

ARCH: But in addition to that, you've done a lot of volunteering.

MICHAEL SHERIDAN: Yeah.

ARCH: And so I just want to say thank you.

MICHAEL SHERIDAN: Oh.

ARCH: Thank you for your--

MICHAEL SHERIDAN: I do volunteer--

ARCH: --willingness to serve.

MICHAEL SHERIDAN: --quite a bit at V.A. hospital and the, and the retirement home for veterans.

ARCH: Great, and--

MICHAEL SHERIDAN: I do that; excuse me.

ARCH: --and applying your expertise. Thank you.

MICHAEL SHERIDAN: Yeah.

HOWARD: Any other questions? Seeing none, Mr. Sheridan, we're very grateful for your willingness to serve on the Board of Emergency Medicine-- Medical Services.

MICHAEL SHERIDAN: OK.

HOWARD: Yes?

MICHAEL SHERIDAN: No, that's all right.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

HOWARD: And so this committee will meet, we'll forward your confirmation to the floor of the Legislature. And if you watch us next week, we'll most likely be discussing you.

MICHAEL SHERIDAN: Great.

HOWARD: All right. So thank you so much for your time today.

MICHAEL SHERIDAN: I have a question.

HOWARD: Well, [INAUDIBLE].

MICHAEL SHERIDAN: I've already, I've already been notified that the first EMS meeting is Monday.

HOWARD: Oh.

MICHAEL SHERIDAN: Should I, should I attend?

HOWARD: Well, generally, you don't get to ask us questions, but--

MICHAEL SHERIDAN: I'm sorry.

HOWARD: Generally you don't get to ask us questions, but--

MICHAEL SHERIDAN: Oh, I'm sorry. I didn't know that.

HOWARD: But yes, you absolutely should attend. They'll be thrilled to see you.

MICHAEL SHERIDAN: OK. Well, I didn't, I didn't know. You said it would be a week and this is three days. And so--

HOWARD: Yeah. No, we're just very grateful for your willingness to serve.

MICHAEL SHERIDAN: OK.

HOWARD: So thank you so much today, Mr. Sheridan.

MICHAEL SHERIDAN: Thank you very much for your time.

HOWARD: All right.

MICHAEL SHERIDAN: Sorry if I bored you.

WALZ: No.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

HOWARD: Oh, that was thrilling.

WALZ: [INAUDIBLE] for your service.

HOWARD: That'll be the best part of our day, I swear. OK. This will close the gubernatorial appointment hearing for Mr. Michael Sheridan to the Board of Emergency Medical Services. And I will open the hearing for LB1185, the Health and Human Services Committee bill to change provisions relating to criminal history record information checks for childcare staff members. And I will pass it off to the very capable Senator Arch.

ARCH: Welcome, Senator Howard. And you may open on LB1185.

HOWARD: Thank you. Good afternoon, Senator Arch and members of the Health and Human Services Committee. My name is Senator Sara Howard, H-o-w-a-r-d, and I represent District 9 in midtown Omaha. Today I present to you LB1185, which this committee brought on behalf of the Department of Health and Human Services. Last year, the Legislature passed LB459 as part of LB460 to ensure that Nebraska comes into compliance with federal fingerprinting and national criminal history record information checks for childcare providers, under the Child Care Development Block Grant [SIC], and identical requirements for child caring agencies and child welfare under the Families First Prevention and Services Act [SIC]. Unfortunately, the department informed us that there was one group of childcare providers that was not included in the bills last year. LB1185 corrects that and helps Nebraska come into full compliance with the federal law. LB1185 amends the Child Care Licensing Act to include childcare providers who are not required to be licensed, but who do want to participate in the Child Care Subsidy Program. These are childcare providers who care for no more than three children. These unlicensed providers can have agreement, an agreement with the Department of Health and Human Services to be a provider in the Child Care Subsidy Program, even though they are unlicensed. As a reminder, the Child Care Subsidy Program helps low income families afford childcare by helping cover part of the cost. The subsidies are offered to the family on a graduated basis. So for example, as the family earns more, they would pay more of their own childcare costs, and the subsidy would cover the remainder. Under LB1185, beginning October 1, 2020, an unlicensed childcare provider who wants to participate in the Child Care Subsidy Program must request a national criminal history record information check for all existing and prospective staff members. This request must be made before the childcare provider can be approved as a provider within the Child Care Subsidy Program. If a childcare

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

provider is already a provider in the Child Care Subsidy Program prior to October 1st of this year, that provider will have one year until October 1, 2021, to submit a request for the background check to-- for their childcare staff members, their current staff members. Additionally, if a childcare staff member has already gone through a background check to become a licensed provider, and is in good standing with the department, that person doesn't have to go through another background check to become a provider in the subsidy program unless they've not worked for a childcare provider for more than 180 days. Under LB1185, the childcare staff member being screened must pay the actual cost of fingerprinting and the national criminal history record information check. According to the department, this bill would not apply to persons caring for a child who is a relative, such as grandparents caring for grandchildren; this doesn't apply to them. Finally, LB1185 amends language in Section 3(5)(e) so that DHHS may adopt rules and regs as they deem necessary, and strikes language that the rules and regs should be promulgated to protect the health and safety of children receiving care. It's important to remember that if the state does not come into full compliance with the childcare block grant requirements, it risks about 5 percent of the entire block grant funding, which is about approximately \$1.4 million. With that, I'm happy to try to answer any questions you may have.

ARCH: Thank you, Senator Howard. Are there any questions? I don't see any. I'm assuming you'll stay to close.

HOWARD: I guess so.

ARCH: OK, all right. Now for the first proponent for LB1185.

STEVEN GREENE: Good afternoon.

ARCH: Welcome.

STEVEN GREENE: It's always nice to be proponents.

ARCH: We like that.

STEVEN GREENE: Good afternoon, Chairperson Arch and members of the Health and Human Service Committee. My name is Steven Greene; that's S-t-e-v-e-n G-r-e-e-n-e. And I am a deputy director for the Division of Children and Family Services within the Nebraska Department of Health and Human Services. I am here to testify in support of 11-- or LB1185, and just want to thank the committee and Senator Howard for articulating the department's need for this bill. This legislation requires national criminal record information checks for certain

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

unlicensed childcare providers that participate in the federal Child Care Subsidy Program. It would impact just approximately 900 childcare providers, as well as their staff and applicable, applicable household members. This bill seeks to ensure that individuals convicted of certain crimes, such as child abuse and neglect, child pornography, rape, and sexual assault do not care for or have unsupervised access to children. LB1185 is necessary to comply with the federal mandate. And as you're aware, in 2014, the federal government reauthorized the Child Care Development Block-- Block, Grant, Grant program-- excuse me. As part of this reauthorizations, states receiving Child Care and Development Block Grant funds were required to ensure that the national criminal, criminal record information checks are completed for all individuals providing childcare who are licensed by the state. States were also required to conduct such checks for certain childcare providers who are exempt from state licensing requirements but participate in the Child Care Subsidy Program. As you're aware, in 2019, the Nebraska Legislature enacted, and the Governor signed, LB460, which required national criminal record information checks for all licensed childcare providers, their staff and relevant household members. The legislation enacted last year made Nebraska only partially compliant with the federal mandate. As you are aware, we had, we had worked with our federal partners with regard to this license-exempt population. They made it very clear that this was something that the state was going to be required to implement in order to be in full compliance with the CCDF reauthorization. And so today we are a proponent of LB1185, which expands on LB460 by requiring criminal record information checks for certain small, home-based childcare providers that are exempt from licensing but participate in the federal Child Care Subsidy Program. Specifically, the requirement would apply to all providers who care for nonrelative children in the provider's home or in the child's home and their staff. The requirement would also apply to anyone 18 years age, of age or older, who reside in the childcare provider's home and is not related to the child, in the case of providers who care for children in the provider's home. This bill does not apply to childcare providers who care for only relatives. It also does not apply to the small, home-based childcare providers who operate without federal subsidy. If Nebraska does not enact legislation that fully complies with the federal mandate, the state could lose up to 5 percent of its federal Child Care and Development Block Grant discretionary funding. In federal fiscal year 2019, Nebraska saved about \$28.9 million in such funding. A sanction of 5 percent would be approximately \$1.5 million. And Nebraska uses this funding to pay for childcare subsidies, health and safety monitoring of providers, professional

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

development and training, and quality initiatives benefiting low-income children. We respectfully request that the committee support this legislation and move it to the floor for debate. I'm happy to testify before you. Thank you for that opportunity and happy to answer any questions that you may have.

ARCH: Thank you. Are there any questions for Mr. Greene? I have one.

STEVEN GREENE: OK.

ARCH: And that is that these are, these are not licensed providers, right?

STEVEN GREENE: Correct.

ARCH: They do not have a license by the state. So how will you know who to contact to let them know about the regulation?

STEVEN GREENE: So these are license-exempt providers who receive childcare subsidies. So there are already providers that are in within our system. So we will have those, those households. Our-- we already know who those households are. We know the number, the exact number. And we will-- our childcare administrative team, our program administrators when they contact to let them know that they're going to need to be fingerprinted in order to receive their childcare subsidy.

ARCH: OK, all right. Thank you. Any other questions? Seeing none, thank you very much.

STEVEN GREENE: Thank you.

ARCH: Other proponents for LB1185? Welcome.

ADAM FESER: Hi. My name is Adam Feser, A-d-a-m F as in Frank-e-s as in Sam-e-r. Thank you, Senator Arch and members of the Health and Human Services Committee for having me. I'm a policy associate for First Five Nebraska. I'm here to testify in support of LB1185 on behalf of First Five Nebraska. I want to thank you, the committee, for your efforts to dig into these complex issues to bring Nebraska into compliance with the Child Care and Development Block Grant reauthorization in 2014. The fingerprinting legislation moved forward by this committee and passed by the body last session was an important demonstration of Nebraska's commitment to compliance with CCDBG, and the ongoing efforts of this committee, the Nebraska Department of Health and Human Services, and Child Care Development Fund

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

administrator Nicole Vint to fully comply are laudable. I'm not going to repeat all the background now that you just heard is all good, good information. I think you have what you need. We just want to say these regulations are necessary to ensure the safety of our youngest, most vulnerable children. And thank you again for your efforts in support of compliance.

ARCH: Thank you. Any questions? Thanks for your testimony today, Mr. Feser. Next proponent for LB1185? Seeing none, are there any opponents to LB1185? Seeing none, anybody want to testify in a neutral capacity to LB1185? Seeing none, Senator Howard waives close. And this will close the hearing for LB1185. There were no letters to read into the record.

HOWARD: All right. This will open the hearing for LB837, Senator Arch's bill to change provisions relating to background checks under the Child Care Licensing Act and the Children's Residential Facilities and Placing Licensure Act. Welcome, Senator Arch.

ARCH: Good afternoon, Senator Howard and members of the Health and Human Services Committee. For the record, my name is John Arch, J-o-h-n A-r-c-h. I represent the 14th Legislative District in Sarpy County. I'm here this afternoon to introduce LB837. Last session, the Legislature passed LB460, which we just discussed in our last bill, as advanced by this committee. As you know, that bill was in response to the federal Child Care and Development Block Grant Act and the Families [SIC] First Prevention Services Act that requires employees of licensed childcare providers and child caring agencies to undergo criminal background checks, including the submission of fingerprints. I introduced LR233 as a follow-up to LB460. And in a public hearing this past fall, this committee heard from providers on the implementation process of these new requirements. As you may recall, providers testified to the financial burden the fingerprint mandate is placing on their businesses. The cost per background check is around \$45.25. The providers aren't required to pick up this cost, but when you're trying to hire a prospective employee, it isn't very realistic to expect them to spend their own money for fingerprints before they even have been offered a job. And unfortunately, if that potential employee finds a different employment before the background check has cleared, that provider is out that amount of money. As written, LB460 included permissive language, allowing the Department of Health and Human Services to promulgate rules and regulations concerning the costs associated with the background checks. At the LR233 hearing, I was hoping to hear from the department, at that time, that it was actively pursuing federal funds to help offset the costs to providers.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

That information was not forthcoming at that time, and I, and I decided it was necessary to introduce legislation to move us forward. LB837 would require the department to seek federal funding to develop and implement a program to assist providers and staff members with the costs of fingerprinting and background checks. The bill explicitly states that if sufficient funds are not available, then the person being screened is responsible for the costs. I have continued to have conversations with the department about this issue, and I'm aware a letter just went out, letting childcare providers and child caring agencies know that funding has been secured to pay these costs for individuals employed prior to October 1st of last year. And I want to recognize the current administration for being proactive in finding these funds; it's greatly appreciated. However, having said that, I also want to address the fiscal note the department prepared. The department indicates a full-time person will need to be hired to process the necessary documentation for the background checks. I find this curious, given the department just announced yesterday it will be reimbursing eligible childcare staff, family members, and child caring agency employees beginning March 1st. According to the fiscal note, that's approximately 15,312 background checks the department will be processing with its current staffing, yet it will have to hire another person to process a quarter of that number, going into the future. I'll be interested to hear the department's explanation when they come up to oppose the bill. And I also want to thank our fiscal office for revising the fiscal note to reflect reality. So there is a revised fiscal note in your materials today. I do appreciate the department coming to me prior to the hearing to share their concerns with LB837, suggesting language which is mostly contained in an amendment I am offering to LB837. When I say mostly, I mean my amendment, AM2401, says the department "shall" seek federal funds to develop and implement a program. The department would have preferred the word "may," but in my opinion, this leaves us in the same situation we're in today with permissive language. Again, while I do believe the department is doing what it can to assist providers with respect to this federal mandate, and I commend them on their work, there's no guarantee future administrations will be as motivated. The mandate is not going away. So it's time to put this directive in statute. I know there are providers following me who will testify to challenges this mandate has caused, and how welcome financial assistance would be. I will conclude my opening, and encourage you to move LB837 forward. Thank you. I'd be happy to answer any questions you might have.

HOWARD: Thank you. Are there questions? All right, seeing none, will you be staying to close?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

ARCH: I will.

HOWARD: Thank you. I'd like to invite our first proponent testifier up for LB837. Good afternoon.

TIM HRUZA: Hello. Senator Howard, members of the Health and Human Services Committee, my name is Tim Hruza, last name spelled H-r-u-z-a, appearing today on behalf of the Children and Families [SIC] Coalition of Nebraska--CAFCON. I want to start by thanking Senator Arch for introducing LB837. We support the bill. You have heard from me and various members of CAFCON over the last year or so, since we began this conversation with the bill that was introduced last year. Obviously, this has, has placed a large cost on providers. It has been an interesting transition as the October 1st deadline came ahead, and I appreciate your patience with us throughout this process, and then during last fall's hearing, as well. Senator Arch has been a true champion of this issue, and we appreciate that he has been responsive, as we've had discussions with him, and continued to encourage the department to seek funding. Yesterday's release was welcome news, I think, for all of the providers that I have heard from. And I think that, that the money that is being provided and that is going to help offset some of these costs, is a very valuable effort. We still believe, though, that the intent of the bill, and the continued encouragement and direction to the department to seek additional ways to offset some of these costs, is, is absolutely important. As we've discussed numerous times now, these background costs contribute to overhead costs. They affect our ability to handle staff turnovers, and they affect our ability to ensure-- obviously, we want to ensure that the children are safe and that they're being taken care of by people who, who don't pose a direct risk to them. But we also want to ensure that we're able to provide a stable care for the children that are placed, whether it's in a child caring facility or in a childcare facility. So staff turnover is very important for those purposes, too, and a smooth transition between new hires and those that are leaving is important, as well. With that, I thank Senator Arch for introducing the bill. I ask this committee to continue to work on this issue, and I hope that the department will continue to make efforts as they have. And again, on behalf of the members of CAFCON, I do want to thank them for finding that, that money and making it available. I think it'll be very helpful moving forward. With that, I'm happy to answer any questions, and I thank the committee for your time.

HOWARD: Thank you. Are there questions? Seeing none--

TIM HRUZA: Thanks very much.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

HOWARD: --thank you for your testimony today. Our next proponent testifier for LB837?

ADAM FESER: Chairman Howard and members of the Health and Human Services Committee, my name is Adam Feser, A-d-a-m F as in Frank-e-s-e-r, and I'm a policy, policy associate representing First Five Nebraska, an early childhood policy organization dedicated to ensuring all children have access to quality early childhood environments. On behalf of First Five Nebraska, I am here to support LB837, and thank Senator John Arch for introducing this bill. And I also thank you again for supporting the fingerprinting legislation that's gotten us into compliance, and the additional legislation in LB1185 to get us into compliance. Not taking those foot-- cuts to our CCDBG, to our block grant, is important, and that legislation was necessary, but the cost of fingerprint background checks became a great concern within the provider community. And as you just heard yesterday, Nebraska DHHS announced they'll cover the cost of background checks for existing childcare employees and adults living in family childcare homes. And that is great news, and we want to thank DHHS for their support. Without this funding, either the childcare businesses, which operate on thin margins, would have to absorb the costs, which would likely be passed to parents who are already struggling with the high cost of childcare. Or employees, who face compensation challenges when entering and remaining in the early childhood field, would have to cover the cost. So while rigorous background checks are critical in ensuring the safety of our youngest children-- and as a state, we should do everything possible so parents and early childhood educators do not have to shoulder that burden alone. Yesterday's announcement was welcome news for existing providers, but we still support this bill because it's critical for the future of childcare providers. And we urge you to move it forward to General File. We applaud Senator Arch's effort with LB837 to offer providers assistance, moving forward. And if you have any questions, I'll try to answer them.

HOWARD: Thank you. Are there questions? All right. Seeing none, thank you for your testimony today. Our next proponent testifier for LB837?

ANASTAZIA BAUER SCHEER: Good afternoon, Chair Howard and members of the Health and Human Services Committee. My name is Anastazia Bauer Scheer, A-n-a-s-t-a-z-i-a B-a-u-e-r S-c-h-e-e-r. I'm here today as an employee of Boys Town human resources team, and appear before you to provide support of LB837. I would like to take the time to thank Senator Arch and others for the ongoing support as it relates to fingerprinting and hiring processes for candidates that serve children

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

and families. I am also here to give-- excuse me-- to give an update on the fingerprinting process that I presented to this committee in October of 2019. Last fall it was taking us approximately two weeks to clear a regular background check for a new hire. Boys Town had already been submitting fingerprints prior to CCRF, and that fingerprint process added up to four weeks to receive results. Our fear was that requiring this clearance before an employee could start to work with kids would drastically increase that time for total clearance up to six weeks. Today, I am pleased to report that is taking less than 10 business days to receive most of our CCRF letters, a total of approximately one week added to our overall clearance time line. Last year I came before you to ensure we created processes that reduced duplication of efforts, costs, and the ongoing assurance that we respond timely to applicants to prevent a work force issue. I believe we have made significant progress toward these goals. We had discussed last session regarding whether Nebraska is able to draw down federal Title IV-E administrative funds to offset fingerprinting costs. The bill introduced by Senator Arch can help accomplish this task because Boys Town did experience a substantial increase in costs, surpassing \$16,000 within four months of adhering to this new process. While we appreciate the recent notice that DHHS will pay the \$45.25 fee charged by the NSP for completing background checks for existing childcare staff, it is our hope that we continue and can look at a long-term plan for offsetting these costs to new hires and employers. I truly believe that after the session last fall, the DHHS listened to the fears and concerns of providers, heard what we said, and took action to minimize the negative impact of this new, new process. Boys Town would like to personally recognize a few of our partners that have been instrumental in resolving issues that have arisen, and helping to implement process changes to gain efficiencies: at the Nebraska State Patrol, Tony Loth, research manager; DHHS team members Lindsay Braddock, program manager II, and Rita Krusemark, program specialist. Again, Boys Town appreciates the hard work and support of these partners. They have made this process much easier to navigate and comply with. We know that we still have work to continue to do to improve this experience for potential candidates and providers across the state, and that, that serve children and families. One hope is that we can stabilize the cost of fingerprinting in the future because this process added, this process added significant costs and staff resources for Boys Town and the rest of the agencies in the state. And this bill would play a, play a large role in savings. Thank you again for allowing me the opportunity to speak today, and for your support. I'm happy to answer any questions you may have.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

HOWARD: Thank you. Are there questions? All right. Seeing none, thank you for your testimony today. Our next proponent testifier for LB837? Good afternoon.

WESTIN MILLER: Hi, Senator Howard and members of the committee. My name is Westin Miller, W-e-s-t-i-n M-i-l-l-e-r. I'm the director of public policy with Civic Nebraska. Civic Nebraska is a nonpartisan, nonprofit organization, and we are committed to creating a more modern and robust democracy for all Nebraskans. One of the ways that we do that is by operating after-school programs across the state focused on youth civic leadership. We operate seven before- and after-school extended learning programs at elementary, middle, and high schools, mostly in the Lincoln and Omaha areas. And we serve about 1,500, 1,500 students a day. As has been well covered, the implementation of LB460 last year did create some noticeable new stresses on our hiring process, and LB837 could help relieve some of those stresses. Right now, Civic Nebraska has about 60 licensed, fingerprinted employees, including 10 licensed employees so far that are new in 2020. When the new fingerprinting standards were implemented, we experienced a significant increase in turnaround times for our background checks, and increased costs for processing those checks. The cost of fingerprinting and background checks could be cost prohibitive for many of our part-time employees, especially, so Civic Nebraska does cover those costs. And we are fortunate to have some flexibility in our budget, but I think it's worth pointing out that any dollar spent on fingerprinting is a dollar not spent on very valuable programming in before- and after-school programs. We obviously understand that LB837 will not magically make the long processing times disappear, but we are very grateful to Senator Arch for making an effort to alleviate the financial impacts that this has had on our team. The safety and well-being of our students is, of course, our number one priority. And so we really thank Senator Arch for recognizing that maintaining high standards, both of education and safety, can be really expensive. And if I could quickly, since I'm never in front this committee, which is a shame, my team who deals with the day-to-day of the impacts of LB460 asked me to pass on a little bit more context about our experience and, also, to offer to help however we can to resolve some of these issues. This is particularly about the turnaround times that has also been addressed today. So there are six Nebraska State Patrol Troops, and each of them have a different process for how they process the fingerprinting checks. In Lincoln, for example, you have to have an appointment, but in Omaha, I'm told that they only do walk-ins. There are many steps to this process, of course. The applicant has to fill out their own form, they have to take it with them to State

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

Patrol. But they also have to be given to our HR manager to give to DHHS. My team reported that they're experiencing what seems to them like some miscommunication between State Patrol and DHHS, surrounding the processing and the fees that govern this process. As a result, we've had a few applications. Our average turnaround time is about two weeks, but we've had a couple that have taken as many as four weeks. And of course we're still processing the APS and the CPS Central Registry checks. There are a very large number of reasons that people have to get fingerprinted. But my team also tells me that there seems to be no sharing of results between the different silos within DHHS. This means, for example, that a teacher has to get background checked for their teaching certificate, but they also have to get a check to work in a DHHS licensed CLC facility, even if those two experiences happen in the exact same building. We have had actually three different staff recently who have had to have multiple background checks processed in the same week, even though their functions are very similar. We've also had one employee who had to get fingerprinted for Immigration, for Foster Care, and to work with us, all within the same two-week period. This is obviously very expensive and takes a lot of time. These are issues that we would be very happy to work on an interim. But in the meantime, I just want to give another heartfelt thanks to Senator Arch and his team for seeking ways to alleviate the financial burden of the fingerprinting requirements. And thank you all very much for your time. I'd be happy to answer any questions.

HOWARD: Thank you. Are there questions? All right. Thanks for visiting with us.

WESTIN MILLER: Thank you.

HOWARD: You're always welcome in HHS.

WESTIN MILLER: I'll come back just for fun.

HOWARD: OK. All right. Our next proponent testifier for LB837? Seeing none, is there anyone wishing to testify in opposition? Do you want me to go straight to neutral? I'm kidding.

STEVEN GREENE: Hello again. Good afternoon, Chairperson Howard and members of the Health and Human Services Committee. My name is Steve Greene. S-t-e-v-e G-r-e-e-n-e, and I'm the deputy director for the Division of Children and Family Services within the Nebraska Department of Health and Human Services. I am here to testify in opposition to the green copy of LB837, which mandates the Department of Health and Human Services seek to maximize federal funding to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

implement a program to assist childcaring agencies and childcare providers with the cost of fingerprinting, the national criminal history record Information checks. The department-- as Senator Arch has, has noted, we've communicated our concerns regarding LB837 to the senator, and we understand that an amendment will be forthcoming that may address the department's concerns with this bill. The department looks forward to reviewing the amendment to LB837 and hope, hope that we can remove our opposition towards this bill. Maximizing federal funding would require the department to either prioritize funding the cost of fingerprinting over other programs, using the same funding stream, or use general funds to match additional federal funds, which it is presently not doing. The department also needs to maintain the option to promulgate reg, regulations regarding the costs associated with fingerprinting. For instance, the department may need to establish criteria for reimbursing the cost of fingerprinting, based on income. Childcare providers in child caring agencies play an important role to ensuring safe settings for children. The department announced earlier this week that its intent is to help eligible providers and agencies with the costs associated with fingerprinting and processing. The department believes that this is a step in the right direction. I think it also reflects our, our willingness to learn and listen to what providers and what the legislator is, is, is noting for-- of concern with regard to this, and so just our continued partnership with others in moving this in the right direction. We believe it's a step in the right direction and honors those providers' commitment to providing quality service, services to the Nebraska children. And the department does thank Senator Arch for being amenable to our concerns, and we look forward to reviewing the amend, the amendment. Thank you for the opportunity to testify, and I'd be happy to answer any questions you have.

HOWARD: Thank you. Before we get started for questions, do you want to walk me through your fiscal note--

STEVEN GREENE: Sure.

HOWARD: And maybe some of the thought process--

STEVEN GREENE: Yeah.

HOWARD: --behind the additional staff member?

STEVEN GREENE: Yeah, and--

HOWARD: I'm just kind of curious about that.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

STEVEN GREENE: Yeah, that's-- and that's, that's a good question. And it's a reasonable question from Senator Arch, as well. There's two different components there, the reason why we asked for one FTE. This is, this bill would create a new program that currently the, the department does not, does not administer. So it's not just the compliance or the reimbursement of child caring and childcare facilities or providers. This would also be sort of the ongoing aspect of looking for and maximizing our federal dollars throughout the process. So we requested an FTE because this is creating a new program, even though we, we have made the announcement that we're going to do reimbursements. But it's also future look forward in the sense that we are currently going to use CCDF dollars and, and social services block grants for these two different components. And that doesn't assume that those dollars will always be there. And so the new person-- or that FTE-- would also be looking to identify new funding sources. And so that's why we made the request.

HOWARD: OK. OK. All right. Questions? Senator Cavanagh.

CAVANAUGH: Thank you, Chairman Howard. Thank you for being here.

STEVEN GREENE: Thank you, Senator.

CAVANAUGH: I, I just wanted to look a little bit deeper at the, at the fiscal note and some of the follow-up questions on that.

STEVEN GREENE: Um-hum.

CAVANAUGH: So currently-- so it's, it's that it would be creating a new program.

STEVEN GREENE: Correct.

CAVANAUGH: It's not the actual seeking of the federal dollars--

STEVEN GREENE: Right.

CAVANAUGH: --that's the problem.

STEVEN GREENE: Right.

CAVANAUGH: OK. And then in your testimony, though, you, you expressed some concern over the federal dollars and the funding stream.

STEVEN GREENE: Yeah. So, for instance, under Title IV-E, and related to child caring institutions, there is an administrative cost that a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

state could pursue in doing the reimbursement for fingerprints for those staff. And that's a 50/50 state-- or General Fund federal match. And so in this case, and what we've decided, is using SSBG, but there are different types of funding sources that a state could use, specific to child caring institutions. And so that's why there's a little bit of nuance in how we, we tried to explain it in the fiscal note. Does that make sense?

CAVANAUGH: Well, your testimony says that it would infringe on funding of other programs and cause us to use federal funds to match-- or general funds to match the federal funds. So--

STEVEN GREENE: Yeah. So if, if it was to maximize federal funds-- and by maximizing federal funds, we take that to, to opt in to the state 50/50 match for administrative costs for childcaring institutions, then that would be a different source of dollars that we don't currently use in, in both federally. So that's, that's-- I think that's, that's the point of that part of the testimony.

CAVANAUGH: So if you did maximize through the administrative costs, then couldn't the 50/50 match apply to that FTE?

STEVEN GREENE: I, I don't know.

CAVANAUGH: Isn't that FTE an administrative cost?

STEVEN GREENE: So it's administrative costs related to the administering of the IV-E program, as specific to child welfare or foster care services.

CAVANAUGH: Right. So--

STEVEN GREENE: And so--

CAVANAUGH: --so if we max--

STEVEN GREENE: Oh, go ahead.

CAVANAUGH: If we maximize the federal funds for this grant--

STEVEN GREENE: Um-hum.

CAVANAUGH: --and you put into your, your fiscal note the \$54,000 for the FTE, shouldn't that actually be half of that? Or is that half of what you expect for an FTE, 'cause--

STEVEN GREENE: No.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

CAVANAUGH: --wouldn't that be the administrative costs?

STEVEN GREENE: The rules related to the administrative-- the rules and regulations guiding IV-E for this is very-- it's very voluminous. And so I don't know. I don't know the answer, but let me let me check with staff, 'cause I, I don't know that specifically, if we could use it for an FTE or not.

CAVANAUGH: OK. Thank you.

HOWARD: All right. Other questions? Senator Murman.

MURMAN: Yeah, thanks a lot. One of the previous testifiers, if I understood correctly, indicated that sometimes it was redundant to get different--

STEVEN GREENE: Um-hum.

MURMAN: --background checks for between different departments. Can you address that a little bit?

STEVEN GREENE: Yeah, I, I, I would-- so I think for foster care-- foster care and-- if, if, if that's correct-- and licensing are two different types of requirements. I don't know if the federal rules allow it to be a one fingerprint for, for all these different types of licenses, for a foster care license and a childcare license; they may be different. What I would say is that, as, as any, any-- is, your constituents are having concerns about wait times or finding redundancy. By all means, please let us know at the department so that we can be as responsive to those as possible. We want to be as, as helpful in getting people served in a timely manner. So that would be my, my response.

MURMAN: OK, thanks.

STEVEN GREENE: Um-hum.

HOWARD: All right. No other questions?

STEVEN GREENE: OK, thank you.

HOWARD: Thank you for visiting with us today. Our next opponent testifier for LB837? Seeing none, is there anyone wishing to testify in a neutral capacity? All right. Seeing none, Senator Arch, you are welcome to close. We do have some letters. Letters in support: Lynn Johnson, city of Lincoln, Lincoln Parks and Recreation Department;

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

Denny Placzek, YMCAs of Nebraska; Joey Adler, Holland Children's Movement; Lana Temple-Plotz, Nebraska Children's Home Society; Andy Hale and David Slattery, the Nebraska Hospital Association. No letters in opposition, no letters in the neutral capacity. Welcome back, Senator Arch.

ARCH: Thank you. Just a couple of things to close. One is, be sure if you're looking at fiscal note, be sure you're looking at the one that's identified as Revision: 01. After, after the release of the press releases yesterday, we had a revised fiscal note drafted in. And again, you'll see that the costs there are direct costs of, of reimbursement and under the, under the block grant, not including staff. And, and, and again, AM2401 to LB837 is, is the new language that we will make sure the department reviews. We took out the language regarding maximizing because that was problematic to the department. And, and now it simply states the department shall seek federal funds if available. And if not available, if such program does not receive sufficient federal funds, then LB460, of course, states very clearly that the individual is responsible. That doesn't preclude the employer picking up that cost, but, ultimately then, the individual becomes responsible for that. So we think we've, we think we've addressed most of the issues from the department, but we'll have, we'll have discussions, I'm sure, shortly on those if there's-- what remains, what issues remain. So with that, I would close and answer any questions you might have.

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

CAVANAUGH: Thank you. Thank you, Senator Arch. I know the intent of this bill is to seek the federal funds to help offset this cost.

ARCH: Right.

CAVANAUGH: So with the changes in the amendment, are you comfortable with that? Do you feel like that still will be ultimately the goal that you have set forth?

ARCH: Yes, I am. I, I'm, I'm comfortable with the amendment as it drafted.

CAVANAUGH: OK, thank you.

HOWARD: All right. Seeing no further questions, thank you, Senator Arch. This will close the hearing for LB837. And we will open the hearing for LB1049, Senator Bolz's bill to provide for participating

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

in federal childcare subsidy childcare assistance, as prescribed.
Welcome, Senator Bolz.

BOLZ: Thank you, Senator Howard. I am Senator Kate Bolz; that's K-a-t-e B-o-l-z, and I represent District 29. And I have several handouts for you. This bill proposes to increase the financial threshold for childcare assistance eligibility from 130 percent of the federal poverty line to 150 percent of the federal poverty line, for a five year period from fiscal year 2021 to 2026. The bill also has provisions to measure the impact of the increased eligibility, related to tracking participation of adults and children who are newly eligible for childcare. To provide just a little bit of history and background, in 2002, our childcare assistance eligibility level was set at 185 percent of the federal poverty line, which is much closer to that number that advocates like to see, which is about 200 percent of the federal poverty line or, or enough income to have family-supporting wages. We've talked a lot in this committee about the cliff effect, and 200 percent is, is a little closer to what it would really take to have a family make ends meet. Unfortunately, tough economic times in 2002 resulted in a very significant decrease to 120 percent of the federal poverty line. In 2013, the Legislature increased it by 10 percent to the 130 percent level it is today. I share that to say that, at the time, the Johann's administration and the Legislature made promises to put the eligibility level back up to 185 percent. That's better public policy in terms of reducing or eliminating the cliff effect. And those changes just have not been made over the years since the Johann's administration and the Legislature, in 2002, decreased eligibility. I'm going to leave it to the advocates in the room to talk to you about what childcare means to families, the burden of childcare costs for low-income families, and some of the value of the program. And I'm going to focus most of what I have to say to you right now on the proposed funding mechanism. The state of Nebraska has something called a TANF rainy day Fund. It's important and appropriate to have a rainy day fund for a program that supports low-income families because, in the context of an economic downturn, you may have more low-income families to serve. There is currently an \$80 million balance in the TANF carryover or rainy day funds. The rainy day funds increased by an average to \$3 million to-- of \$3 million to \$5 million each year, due to the way that we tend to overestimate a little the demand for the program, because that makes sure that we'll have the resources available to serve any families who might newly become eligible. However, our TANF participation level has main, remained pretty steady and has even declined over the past decade or so. So when we started looking at the accumulated balance in

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

the TANF rainy day fund, the first question that came to us was: What's an appropriate level or what's a good level for a rainy day fund? Other testifiers will share in more depth, but we do have some insight from national experts that suggest that a six-month balance to serve families is an appropriate level for a rainy day fund. This would equate to around \$28 million in the rainy day fund. Again, colleagues, we have \$80 million currently. The, the suggestion of six months from the national experts is \$28 million would be sufficient. So using this funding stream is in-- within allowable purposes of the TANF funds defined by the federal rules, and would utilize \$8 million to \$9 million annually over the course of the next five years. And the reason we put the five year limit there is just because we want to make sure that we're able to have sustainable funding over a period of time, and give the Legislature an opportunity to look back and make a strategic plan, as necessary. So the-- I do want to spend just a couple minutes talking about the fiscal note and some of the things I see in it. You will note that one of the things that kind-- one of the pieces of information that came out, from the time that we started working on this bill, in the spending proposal-- and today-- is that the department has proposed some new purposes for TANF rainy day fund usage. And I'll let the department address some of those, but you can see in the fiscal note a description of some of the things that they would like to work on. I do think that these-- well, I, I know that these are federally allowable purposes. I think a number of these programs are really positive and constructive for our TANF families. For example, the St. Monica's Women Are Sacred program is a program I'm familiar with, and I think is doing great work and really helping address families in poverty. So I don't necessarily want to critique the, the purposes that the department is proposing for TANF rainy day funds. What I would say is that I think that there are opportunities for a both/and strategy here. I think there could be a win-win in terms of the department continuing on with some of their existing plans and proposals. They were kind enough to walk me through some of those plans and proposals over the lunch period. So I do have a greater comfort level with, with some of that as I come to you today. But I think that there are opportunities for us to maximize those TANF rainy day fund dollars. The last thing I'll say, I-- forgive me for being a little long-winded-- is, one of the handouts that I gave you illustrates how there is room to provide the resources from the TANF rainy day fund for the proposals that the department is working on, for the programs the department is working on, while also doing more for childcare assistance and leaving that TANF rainy day fund at a balance that is above the \$28 million that we would suggest-- and "we" meaning me or the national experts that you'll hear about. So I think

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

there is an opportunity here. I would also suggest that we could increase the childcare eligibility assistance level to something above 130 percent, but below 150 percent if the committee thought that there was a different comfort level in terms of the TANF rainy day funds. OK, I've talked too much for a Friday afternoon. That's what I have to share. Thank you for your patience with me.

HOWARD: Thank you, Senator Bolz. I'm going to ask you a couple of questions just about the basics of the TANF rainy day fund so everybody's--

BOLZ: Sure.

HOWARD: --on the same page.

BOLZ: Yep.

HOWARD: Does every state has a TANF rainy day fund?

BOLZ: Yes.

HOWARD: And, and so do they have TANF rainy day funds that are as big as ours?

BOLZ: That is a great question, and I do have that information. I think it's on the fact sheet that I handed out and didn't keep a copy of myself. No, not that one. But let's see. Tim, could you? No, I have the answer for you, if you just be patient.

HOWARD: Here, yeah.

BOLZ: Nine states spend more than 30 percent of their TANF funding directly on childcare subsidies. Well, let me, let me answer that question in closing for you.

HOWARD: OK, perfect. OK. The other one was, so the department has walked you through what they're using TANF dollars for, and that's what's in the fiscal note--

BOLZ: Yep.

HOWARD: --the spread?

BOLZ: Page 2 of the fiscal note.

HOWARD: Is all of it-- has the Legislature put these, these funds in place?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

BOLZ: Um-hum.

HOWARD: Or is it that the department decided that this was a good program?

BOLZ: The latter.

HOWARD: The second one. So the department has decided how to use the TANF rainy day funds.

BOLZ: Um-hum.

HOWARD: So previously-- and you can correct me if I'm wrong-- but about ten years ago when we had sort of the debacle of privatization and we needed to do buyouts, did we use TANF rainy day funds for that, when our contractors ran out of money on our child welfare side?

BOLZ: That is my understanding, Senator Howard.

HOWARD: So we kind of keep this money here just in case something really bad happens.

BOLZ: You know, I guess I would say, I would say that the-- I will give you my perspective on it, and you can ask the other experts who have to testify today. I think the best purpose for the TANF rainy day funds-- the TANF rainy day funds-- is to serve TANF families in the context of an economic downturn, not in the context of something unexpected that happens in the state or a related purpose. And so I would say that the best purpose for the TANF rainy day funds is to serve TANF families in tough economic times. And that the purpose of the state's rainy day fund-- the overall rainy day fund-- is for circumstances such as unexpected contracts that don't work out or fines or fees or penalties, those kinds of things. I hope I'm answering your question.

HOWARD: You are. I think my questions relate to a concern about the utilization of the TANF rainy day funds as a slush fund for the department without very-- without enough legislative oversight for how we're utilizing those funds.

BOLZ: Yeah.

HOWARD: So let's see if the-- yeah.

BOLZ: Can I-- may I comment?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

HOWARD: Yes, please.

BOLZ: I shared that concern. And that's one of the reasons I, I really wanted to have a conversation with the department about the use of the TANF rainy day funds before I introduced this bill. And we were able to accommodate that over the lunch hour today. I, I think that what I learned earlier was that some of the purposes proposed relate to goals in the Family First Preservation and Services Act. And I think there's some logic to that, but I also think there is a lot of room for more communication and information sharing so that we can understand the full context of the policies and the funding in this area. And I did suggest to the department, over the lunch hour, that perhaps the annual agency budget request would be a good place to share information about big expenditures like this. This committee may recall that we had some questions about the use of the childcare block grant dollars last year, that we, we, we knew the dollars were coming into state; we didn't know what the plan for utilization was. So one suggestion that I made to the department-- and I will share with you in response to that observation-- is that there are probably existing mechanisms for us to better understand each other.

HOWARD: OK, thank you. All right. I apologize. Senator Arch.

ARCH: Thank you. And thank you, Senator Bolz. I-- so I probably missed it at the beginning. Is the rainy day fund right now continuing to grow each year?

BOLZ: Yes.

ARCH: OK.

BOLZ: By about \$3 million to \$5 million.

ARCH: By about \$3 million to \$5 million, OK. So, so if we were to use the rainy day fund, is that the spending down of the rainy day fund and, at some point then, our funding dries up because we don't--we want-- we don't want to take it below \$28 million, or whatever the number is.

BOLZ: Um-hum, yeah. Yeah, that's-- it's a really good question. And I, I think there are a number of ways to put this together. You could in, increase-- let me step back and say what you're observing-- or the concern that you have is a fair one, which is we don't want to put this funding off a cliff, right? We don't want to be able to fund it for five years and then have, have to change the eligibility back down to 130 percent. That is not an ideal set of circumstances. I would

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

offer a few reservations about that. One is that if we have funds available and we think childcare is the greatest need, there may be an argument to say, let's do what we can with what we have when we have it. And we may have to change that policy back, just like the Johann's administration did in 2002. It may not be ideal, but it is better to help those kids and families with the resources we have than to say, well, because at some point in time we may have to change it, we shouldn't do it at all. The second observation I would have is that there's-- there might be something of a sweet spot where we could use these funds over a longer period of time with a slightly different eligibility level that makes it a little more sustainable, while always maintaining that \$28 million base and a contingency. That's something I think we could talk about and work through. But I, I don't think that we necessarily have to say, just because at some point in time we may not be able just to spend out everything, we should do nothing.

ARCH: One-- just one other follow up. So the rainy day fund continues to grow because we do not spend everything that we receive.

BOLZ: Um-hum, yeah.

ARCH: Simple as that?

BOLZ: Yep.

ARCH: OK, thank you.

HOWARD: Other questions? Seeing none, will you be staying to close?

BOLZ: I'll stick around as long as I can.

HOWARD: OK, thank you. Our first proponent testifier for LB1049? Good afternoon.

ROBERT PATTERSON: Good afternoon. You always keep it nice and toasty on these Friday afternoons.

HOWARD: We don't usually. It has been really cold.

ROBERT PATTERSON: Just for me.

HOWARD: So this is new.

ROBERT PATTERSON: Senator Howard and members of the committee, my name is Robert Patterson, P-a-t-t-e-r-s-o-n, from Omaha, Nebraska. And I'm

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

here to support LB1049. I'm the CEO of Kids Can Community Center. We're a nonprofit organization in Omaha with a mission to educate, engage, and inspire children through early childhood care and out-of-school experiences. All of our programs are state licensed, and we go as young as 18 months, up to 13 years old. Kids Can is also a participant in the state's Step Up to Quality program. Last spring we were awarded Level 5, the top level that you can get. And we're happy to say that we're one of three organizations and childcare centers in Omaha at that top level. In December of last year, I celebrated my 21st anniversary at the organization. So I can attest to when the senator mentioned that when it was at 185 percent and it was cut all the way back to 120 percent, we saw parents that either froze their pay, moved to part-time, quit their jobs, or did whatever they had to do to retain their subsidies, and to make ends meet for their family. Eighteen years later, we have yet to move that eligibility bar back to the same level. It's been long enough that a lot of those preschoolers are probably now parents that find themselves in the same situation. And I look at that as that an entire generation where not too much has been done. I feel like it's time that we do better. And that's why I'm appreciative of this bill. I want to share some data about our organization. I created a little graphic which kind of explained, which I also use for our stakeholders. It shows that a family of four currently making a little over \$34,000 would be eligible for the childcare subsidies. About 62 percent of our Kids Can family's kind of sit at that level. But I also want to note that this isn't the only criteria for eligibility for childcare subsidies. There's other criteria that might be able to kind of knock them out, but typically, this is the most important one. With an expansion to 150 percent of the poverty level, this would leverage about another 14 percent of Kids Can families that would be able to meet that financial eligibility criteria. So that same family of four would then be able to make up to a little over \$39,000 to get those subsidies. These numbers tell part of the story. But I know these parents, there's a lot of hardworking parents. Many of them work a couple of jobs to make ends meet. But the, their goals are pretty simple and they just want the best life for their kids and the best way to kind of start them off on the right foot, educationwise. I want to share, share a story about one of our parents, Debra. She's a mother of four children. Two participate in our after school program, and one, her four-year-old is enrolled in our preschool program. Debra and her partner's household income is around \$46,000 per year, which makes her ineligible for the childcare subsidies program. Debra's possible cost of childcare, just for that preschooler at Kids Can, is \$9,620 for one year. That is the equivalent of 20 percent of their household income. And I put this in

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

bold in my testimony because I think it bears repeating-- 20 percent of their entire household income, for one child, of childcare. According to recommendations by DHHS, the maximum amount working families should be spending on childcare is seven percent of their family income. And I'd be remiss, as a nonprofit leader, not to mention that Kids Can's actual costs are still less than the latest national average of \$11,148 in 2018, as published in the "Kids Count" report by Voices for Children. If that eligibility line was moved to 150 percent, a family like Deborah would qualify for childcare subsidies, and she'd be able, better able to invest into her family's immediate needs. I know Debra and I know her kids. Unfortunately, her story is just one that I personally encounter at our organization. Everything that we do at Kids Can is to believe that every child, no matter where they live, no matter what their family dynamics, no matter their household income, every child has the opportunity for a successful start in life. There is already enough obstacles for these families, these kids, these parents like Debra, but LB1049 will help create a better pathway for the future. And with that, I thank you, and if you have any questions, I'd be happy to answer them.

HOWARD: Thank you. Are there questions? All right. Seeing none, thank you for your testimony today.

ROBERT PATTERSON: Thank you.

HOWARD: Nice to see you. OK, our next proponent testifier for LB1049? Good afternoon.

KRISTEN HASSEBROOK: Good afternoon, Chairwoman Howard, members of the Health and Human Services Committee. My name is Kristen Hassebrook, K-r-i-s-t-e-n H-a-s-s-e-b-r-o-o-k, and I'm here today in support of LB1049, on behalf of the Nebraska Chamber, the Lincoln Chamber of Commerce, and the Greater Omaha Chamber. I want to start by saying thank you to Senator Bolz and others on this committee, who I know are working so hard in this area. Work force attraction and retention is really critical to Nebraska employers, and this work force emphasis has really made more and more employers aware of the cliff effects in some of our public benefit programs. And this is especially true as it relates to childcare, which is an immense cost. Employees are oftentimes offered promotions, pay increases, or additional hours, and some of our employees are faced with very difficult decisions. Take that promotion or the pay increase, move from part-time to full-time and lose the assistance that's been helping them to get by. For some, that's not really a choice. And so as much as they want to do this, the earning increase does not come close to covering the cost of

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

childcare. In an environment where work force is such a priority for employers and business, we don't think there should be anything that would discourage people from taking a full-time position over part-time. So extending the initial income eligibility, eligibility limits on the front end is a positive step in this area of cliff effects. As chambers of commerce, we are also interested in looking at the back end and considering instituting a more gradual step down in assistance. In the bigger picture, though, there is immeasurable benefits in getting people on a career path that leads to economic stability, even if it's just one family at a time. And employers-- we care about our employees and the communities in which we're located. And we really believe that together business and the Legislature can go-- can work a long way. And LB1049 can be part of that. With that, I'm happy to answer any questions.

HOWARD: Thank you. Are there questions? Seeing none, thank you for your testimony today.

KRISTEN HASSEBROOK: Sure.

HOWARD: Our next proponent testifier for LB1049?

ADAM FESER: Hi again.

HOWARD: Good afternoon.

ADAM FESER: Chairman Howard and members of the Health and Human Services Committee, my name is Adam Feser, A-d-a-m F as in Frank-e-s-e-r. I am a policy associate, policy associate representing First Five Nebraska. We're an early childhood policy organization dedicated to ensuring all children have access to quality early childhood environments. On behalf of First Five Nebraska, I want to thank you for giving the time to speak in support of LB1049, and thank Senator Kate Bolz for introducing this bill. We believe LB1049 represents an exciting opportunity to have a huge positive impact on Nebraska's children, families, and communities. Research, research shows that access to childcare subsidy, the childcare subsidy results in a range of long-term benefits for Nebraska children and their families. And given the work force realities facing our state, increasing access to the subsidy would also benefit our communities. With stable quality early childcare, children are on their way to realizing their full potential, parents can work or seek education to improve their family's future, and employees have access to a larger work force that includes parents who aren't struggling to find reliable childcare. All these needs must be addressed for our

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

communities, families, and children to thrive. And the pool of unused TANF funds represents an opportunity for us to do just that. LB1049 will allow many more children to access quality environments, but to guarantee providers who accept the subsidy offer quality care, we must ensure that the subsidy yet pays for the actual cost of quality. We applaud the Nebraska Department of Health and Human Services's openness to examining the utility of a hybrid approach to setting subsidy reimbursement rates, that takes into account the costs of providing quality care in addition to the market prices charged. For this bill to have the largest impact, we must also eliminate the obstacles preventing quality providers from serving children utilizing the subsidy. I'd like to recognize the work of Nebraska's Child Care and Development Fund administrator, Nicole Vint, and her team in support of this goal. The proposed Child Care Development Fund plan offers many exciting changes that will benefit childcare providers serving families using the childcare subsidy, and we hope it will be-- will encourage more providers to do so. Graduated phase-out implementation, billing for up to five absences per month, billing for half day and full day, instead of hourly, and 12-month eligibility are among the changes that will directly benefit providers and families. For our youngest children most in need and their families, access to reliable, quality childcare can improve their lives immediately and in the long-term. For employers, this represents greater access to a dependable work force. We ask you to advance LB1049 to General File, and I'll try to answer any questions you might have.

HOWARD: Thank you. Are there questions? All right. Seeing none--

ADAM FESER: Thank you.

HOWARD: --thank you for your testimony today. Our next proponent testifier? Good afternoon.

JULIA ISAACS TSE: Good afternoon, Chair Howard and members of the Health and Human Services Committee. For the record, my name is Julia Isaacs Tse, J-u-l-i-a I-s-a-a-c-s T-s-e, and I'm here today on behalf of Voices for Children in Nebraska. You have my full comments in front of you, so I'm going to try to summarize a little bit of what I've included in my testimony today, to take a step back and think about what the childcare crisis means for families. To start, we should say that Nebraska parents are working incredibly hard, but hard work, unfortunately, does not always pay the bills. Seventy-three percent of Nebraska children under six have all available parents currently in the work force, which is the fifth highest in the country. Eight percent of Nebraska workers have more than one job, which is the

fourth highest in the country. And still, 17 percent of all Nebraska jobs pay less than what is considered a poverty wage for a family of four, while one quarter of Nebraska families have volatile income from month to month. So it makes it really difficult to budget for childcare, especially, which is a large budget item for families with young children. All this means that the cost of childcare leaves young children as the age group that is most likely to live in poverty in Nebraska and across the nation. Coupled with unstable work schedules, lack of access to paid leave, low pay, childcare cost means that families with young children are significantly more likely to live in poverty than other families, even after controlling for other factors like age, educational attainment, and race. It's notable that this negative effect only eases once children reach school age, and families can send them to school. Bringing up eligibility for childcare assistance, closer to what a living wage is, would significantly lower rates of child poverty in our state. The Urban Institute recently simulated this with a microsimulation model, using ACS data, to find the real effect of strengthening parents' ability to work, as is proposed in LB1049. That simulation estimated that 1,500 Nebraska mothers would enter the work force, 3,000 Nebraska children would have parents newly entering the work force, and most importantly, 3,300 fewer Nebraska children would be living in poverty for an overall 6 percent reduction in child poverty. We believe it's long past time for Nebraska to invest in our children in this childcare subsidy program. It's fundamentally unfair that our system forces families to make untenable lose-lose decisions that involve sacrificing their family's long-term goals in order to pay the bills in the short term. None of us in this room would want these options for our own families. What we find when we speak to Nebraska families is that their decisions are to leave the work force and maybe gamble on employers looking past a five-year employment lapse. They can turn down a promotion or, or raise, and lose out on future earning potential. They can cut back to part-time hours and have less in the bank for an emergency and for retirement. And they can also choose an unlicensed or lower quality provider and miss out on ensuring their child is ready for school on day one. Senator Bolz mentioned the 2002 line item veto, and I looked at the numbers in 2002. For comparison, the nominal dollar amount for an, for a family of three, for eligibility back then, was \$27,700, which equals to about \$39,000 in 2020 dollars. At that time in 2002, childcare costs averaged \$4,400. Today the same family of three earning \$27,700 is just \$32 away from being ineligible for childcare, when they can expect to spend almost half of their income on childcare. I think in recent years there's been an interesting argument that this bill, and bills like it, is not

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

really a cliff-effect bill because it increases eligibility on the front end instead of ensuring that those that are in the program can step down. I think that is a-- that's a false argument that looks only at a small set of factors, because we should make no mistake that our state is already paying for this flaw in our childcare system. Families are churning in and out. Administrative data shows that 60 percent of new families coming into this subsidy are actually not new. They previously were eligible for subsidies, but for some reason cycled off. I would suspect that it's related to the way that we structure this program. As it stands, the magnitude of this cost is spread much more widely, borne by our local economy. I'll wrap it there and thank Senator Bolz and this committee for their time and consideration. Thank you.

HOWARD: Thank you. Are there questions? Seeing none, thank you for your testimony today.

JULIA ISAACS TSE: Thank you.

HOWARD: Our next proponent testifier for LB1049?

DANIELLE HELZER: Hello. My name is Danielle Helzer, D-a-n-i-e-l-l-e H-e-l-z-e-r. I'm from Grand Island, Nebraska, representing YWCA of Grand Island. And I'm here to testify in support of LB1049. So senators of the Health Human Services Committee, thank you for your time and for giving me a chance to speak today. So I am the director of Mission Impact at YWCA of Grand Island. We are a mission-centered organization, dedicated to working towards racial justice, advocating for the health and safety of women and girls, and empowering and advancing the economic situation for women and girls. At our YWCA, we have one of the most affordable childcare centers in Grand Island, where we provide quality care for children there, infancy all the way to age 12. Our childcare programs are strong foundations on which women and families can build their financial futures. For this reason, we support LB1049. The increase of the initial eligibility threshold for families would allow more women to enter the work force and would be good for the economic vitality of Nebraska. According to the Bureau of Labor Statistics, from 2000 to 2015, the labor force participation rate of women in each of the four major race and ethnicity groups declined. These statistics also reveal a steady decline in the labor force participation across levels of educational attainment. The recently released Early Childhood Workforce Commission report from the Buffett Early Childhood Institute states that Nebraska has a shortage of 58,000 workers. That same report showed that in 2016, more than 4,000 parents were forced to leave, not accept, or change jobs because

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

of childcare problems, including affordability and access, which is what many people have referenced today. We see this at our center in Grand Island. For example, we have one working mother at our center. She had a child in our program. She got pregnant and then, after that, she found out that she fell over the limit, just over the limit to qualify for the childcare subsidy. But she still did not make enough to pay for two children in care, so she had to pull her children from care and find other options. A minimum wage worker in Nebraska spends 67 percent of their income on infant care, and that's according to the Buffett Early Childhood Institute. This mother had to make a difficult choice to quit working in order to stay home with her children. And this is just one story at one center and one community. We want to empower women to work, at the YWCA, not force them into greater dependency on state resources; and we believe this bill could do just that. Increasing the initial eligibility for the childcare subsidy program to 150 percent would allow more women to work. A report from the Department of Health and Human Services, dedicated to examining the effects of childcare subsidies on maternal labor force participation, indicated that higher childcare subsidy expenditures significantly increase labor force participation and employment rates of low-income mothers in the United States. Research indicates that greater access to childcare subsidies will allow more women to enter the work force and will contribute to their own financial stability and economic growth of Nebraska. Furthermore, increasing access to quality childcare has economic benefits for the entire state. One dollar spent on quality childcare and education results in a \$4 average return for the state. For vulnerable children, those in poverty or with special needs, or perhaps trauma histories, the return can be as much as up to \$13, and includes money saved on outside resources in the future, like healthcare, special education, or social services. LB1049 would not only be good for women and families, it would be good for Nebraska. Thanks for your time, and I'm happy to answer any questions if you have them.

HOWARD: Thank you. Are there questions? Seeing none, thank you for your testimony today.

DANIELLE HELZER: All right, thank you.

HOWARD: Our next proponent testifier for LB1049?

JAMES GODDARD: Good afternoon. My name is James Goddard; that's J-a-m-e-s G-o-d-d-a-r-d, and I'm the senior director of programs at Nebraska Appleseed, here today to testify in support of LB1049. I just want to start by saying that this bill is an important opportunity to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

invest TANF carryover dollars. And this is a conversation that we've actually been having for years, about how to invest these funds. And the reason we've been having that conversation for years is because funds consistently carry over, and we have a large reserve. In fact, I think it was in 2014, then auditor Foley recommended that we figure out and legislate ways to invest these dollars, because it's a best practice to use those funds rather than having such a significant reserve. So this goes back some time. The fiscal note discusses the consistent carryover. We have the seventh largest reserve of TANF funds in the nation, meaning there are only six other states that have a higher reserve than we do. Yet we have one of the low, lowest childcare subsidy eligibility levels in the nation, as well. As Senator Bolz said, in 2002-- almost 20 years ago-- we had a higher, much higher eligibility level than we do now. So we talk a lot about moving people forward, rewarding work. If that's a policy goal, then this bill should be passed. As Senator Bolz mentioned, we have about \$56 million annually from the TANF block grant, reserving about 6 months-- or half a year of spending is a recommended best practice. And this legislation, legislation would allow us to continue to do that. I'd like to spend the rest of my time talking about some of the information in the department's fiscal note, where it was indicated that all TANF carryover funds are obligated for other community service and programs, and, as a result, this bill would have a General Fund impact. And I, just to be frank, would say that that is misleading and misstates the role of the Legislature and legislative power. The majority of the suggestions of further-- from the department for spending the reserve are just that; they're suggestions. They are using the discretion that they have to spend those dollars. They're not mandatory or required by federal law. The reserve sits at nearly \$80 million right now, and the department has ideas for how to use those funds. Those ideas may have merit, but the department doesn't have the authority to obligate those funds over a legislative directive. In other words, this committee, this Legislature decides what the policy is and decides what funding priorities are. If the body decides that this bill should be passed, and it should be funded with TANF carryover funds, then that's the end of the matter. We also have some examples from the past of the Legislature making that policy decision. And a few years ago, I believe it was LB89, TANF carryover funds were used to increase ADC cash assistance levels. I believe the year before that these funds were used to invest in a wage subsidy program. So this is something that the Legislature has done before and certainly can do again. I would also submit it's pretty important for this body to be involved and decide how to spend such a significant level of resources, almost

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

\$80 million. So with that, I will-- wanted to see if I could talk for a moment about what I think Senator Arch's question was getting to, about-- a concern about whether this bill's passage would deplete the reserve. And I would caution against that conclusion, in part for looking at the-- taking a look at the fiscal note and the consistency of the underspending in, in the TANF program. I think there are a number of reasons why we're underspending. Some of that is caseloads are declining, people might be doing better with wages. There are a lot of reasons why we have carryover funding, but we consistently do. And back when the debate was had, around increasing ADC levels, what we heard at that time was that change is going to deplete the reserve. In a few years it will be gone; we won't have that anymore. Yet five years later, we sit here at \$80 million. So I would caution against the conclusion that passage of this bill would deplete the fund. With that all, I'll conclude and answer any questions, if I can.

HOWARD: Thank you. Are there questions? You may not know this, but what is the St. Monica's Women Are Sacred program?

JAMES GODDARD: I would have to-- I would have to take a look at it. I'm familiar, I'm, I'm only vaguely familiar with it. We get calls from folks that are part of the program, but I can't, I can't give you the details.

HOWARD: OK, perfect. Thank you. All right. Seeing no other questions,--

JAMES GODDARD: Thank you.

HOWARD: --thank you for your testimony today. Our next proponent testifier for LB1049? Seeing none, is there anyone wishing to testify in opposition?

STEVEN GREENE: Hi.

HOWARD: Good afternoon.

STEVEN GREENE: Good afternoon. Good afternoon, Chairperson Howard and members of the Health and Human Services Committee. It's been a long day. My name is Steve Greene; that's S-t-e-v-e G-r-e-e-n-e, and I'm a deputy director for the Division of Children and Family Services when, within the Nebraska Department of Health and Human Services. I'm here to testify in opposition to LB1049, which amends state statute by raising the initial gross eligibility limit for childcare subsidy from one, 130 percent of the FPL to 150 percent of the federal poverty level for fiscal years 2021 through '22, and then through fiscal years

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

2025 through '26. This bill then restores the FPL back to 130 percent, starting in fiscal year 2026 and '27, and each fiscal year thereafter. LB1049 proposes using carryover funding for the Temporary Assistance for Needy Families, or otherwise known as TANF, program to off, to offset expenses incurred with this change. The department believes that quality childcare plays an important role in children's development with providing vital assistance to support families. The Child Care Development Fund, CCDF, serves as the primary federal funding source to provide low-income families assistance for childcare in Nebraska. In 2014, President Obama signed the CCDF reauthorization act that made many statutory changes focused on strengthening the childcare system. For Nebraska, this means the state must comply with those regs, regulations governing CCDF in order to maintain our funding. This includes comprehensive background checks for childcare providers addressed in LB460 and LB1185, but also additional requirements that support equal access to stable, high quality childcare for low income children, for example: allowing providers to bill up to five absent days per child per month; discontinuing the use of hourly rates to pay childcare providers to either full- or half-day rates and half- or full-week, week rates; allowing homeless individuals full-time childcare for three months to help them secure housing and employment; prohibiting states from closing a childcare subsidy during the middle of a family certification period. It is important that this committee understands that applying each of these CCDF requirements comes with a significant fiscal impact. Understanding the administrative and financial burden that these new man, mandates would have, the federal government provided CCDF discretionary funds to help states implement these regulatory changes. Per federal requirements for utilizing the discretionary funds, the department obligated its appropriation prior to September 30, 2019. Raising the income limit to qualify for childcare subsidy at 150 percent FPL would require a fair amount of state dollars to implement and, importantly, to sustain. The TANF funding proposed in this bill, as has been noted before, is obligated towards multiple assistance and service types aimed at strengthening vulnerable families, which is reflected in new expenditures starting in federal fiscal year 2020. Present TANF, TANF carryover balance is equivalent to only 18 months of TANF expenditures. Currently, TANF families that are eligible for childcare subsidy under TANF rules are paid with the TANF transfer to CCDF dollars. If the intent of this bill, LB1049, is to offset the cost associated with raising the eligibility for families to 150 percent FPL, the department will need to create a new program that will delineate between TANF and CCDF. Each funding source has a different set of spending rules that require an additional cost for

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

implementation and additional approval from the Administration of [SIC] Children and Families. The department supports efforts in helping Nebraska develop access to high quality childcare for low-income fam, families. However, to achieve this goal, the state must comply with the regulatory requirements currently with CCDF. While the department does appreciate the policy discussion that LB1049 provides, the department strongly recommends delaying any discussions about increasing initial eligibility limits until after full compliance with the CCDF reauthorization has been achieved. The department has pursued, pursued a prudent and holistic approach to improving childcare in Nebraska, and cannot support a bill that directly funds-- that the-- funds money away from extremely low-income families for the sake of increasing eligibility. Thank you for the opportunity to testify before you today, and I'm happy to answer any questions.

HOWARD: Thank you. So before we--

STEVEN GREENE: Sure.

HOWARD: --get started on questions, I'm hoping you can walk me through the fiscal note--

STEVEN GREENE: Yeah.

HOWARD: --and maybe tell me a little bit more about the programs that are there, specifically, which ones are recommended by the Legislature and which ones the department is doing themselves.

STEVEN GREENE: I can't speak to the ones that are recommended by the Legislature. What I can say-- on the fiscal note on page 2, starting-- and I believe it's with family-focused case management--

HOWARD: OK.

STEVEN GREENE: --and following are programs that the, that the department has recommended and has planned to use with TANF dollars. So you had asked earlier about St. Monica's Women Are Sacred program, for example.

HOWARD: Yeah.

STEVEN GREENE: So St. Monica's-- that program specifically, we're going to use funds-- or we would like to use funds to provide social services for expectant mothers and their children in in-patient drug treatment facilities. Another example would be home visitation

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

programs. So with Healthy Families America, which is an EBP under Family First for home visitation that we want, we want to expand the scope of HFA across the state of Nebraska in light of Family First. And so we want to use TANF dollars, which is an allowable expense under the rules that apply to TANF to expand services. Another, another one that is important that we've developed is E&T, SNAP E&T, which was talked about yesterday in the SNAP hearings. It's a great program. It engages families [INAUDIBLE], sort of helping them career ladder. Currently, the USDA, USDA offers a very limited amount of money that, that states can leverage for E&T. We would like to apply that statewide, especially [INAUDIBLE] with the low unemployment rates, rates across the state. And so those are the different purposes that we have obligated with TANF, that if, you know, if-- so we ran the numbers yesterday, starting in 2022, which sort of the total of those each going, outgoing years is about \$9 million per year.

HOWARD: OK. So what, what's the family-focused case management?

STEVEN GREENE: I don't have a program description for family-focused case management. My understanding is that it is ADC or TANF families, so expanding the service scope for them. But let me ask my program administrator for that one specifically.

HOWARD: Sure. And what's the Social Services Block Grant Community Response program?

STEVEN GREENE: So these would be work supports and supportive services for child welfare families. So they're supportive services and work supports needed for families involved in child welfare when no other public or community program is available. So part of this is with the TANF, you're allowed 20-- up to 30 percent CCDF-- I think it's 10 percent social services block grant. So we want to transfer part of our TANF dollars to show the social services block grant for the purpose of serving emergency-- child welfare-- families that could be involved in the child welfare system, as far as coming through a Community Response or a community collaborative for emergency assistance. So our team has been working with community partners to sort of figure out a plan for how we can leverage those specific dollar, dollars with social services for emergency assistance.

HOWARD: And so the Community Response program, how is that different from the supportive services and work supports for child welfare families? Or Is it the same?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

STEVEN GREENE: It's similar. I-- let me, let me find out what the exact difference is.

HOWARD: OK. So you talked about home visiting. You talked about SNAP. I know what emergency assistance is. Tell you that the JAG program.

STEVEN GREENE: Yeah. So JAG is a national program specifically in at-risk high schools. My, my, my experience in Kansas is coming from Topeka specifically. It was in several different schools there. It's in Missouri, Oklahoma, as well. But it's a national program that specifically helps students, that are juniors and seniors in high school, find a career path post-high school, whether that's getting them ready for their ACTs, getting them ready for college, community college, vocational opportunities. And so it's really a mentoring program within the high schools.

HOWARD: OK. And so, based on your testimony, you said that by increasing eligibility, we would have to delineate how this program-- which portion of this program was using TANF versus which was using the CCDF. And so for these in those programs, do they delineate, as well?

STEVEN GREENE: Um-hum.

HOWARD: Because I know SNAP is obviously a different funding source.

STEVEN GREENE: Yep. So there are certain rules that apply for one-time nonrecurring benefits within SNAP or within the TANF program related to SNAP E&T. And so this is something that we have asked for approval from both our-- and because one is administered by HHS and the other one, SNAP, is administered by USDA-- to make sure that this was an appropriate funding source-- or that the rules-- we were following the appropriate spending rules. So I think, so related to E&T-- I'm getting a little off, off track. But does that answer the first part of your question?

HOWARD: So, I mean, the question is, do you delineate specifically--

STEVEN GREENE: Um-hum.

HOWARD: --the way that you believe that you would have to in this instance?

STEVEN GREENE: Right. So any of the, any of the dollars that we've obligated that you see in those fiscal notes, we believe are-- we, we believe-- or know that they are following the proper federal spending

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

rules for TANF, for use-- appropriate uses of TANF. So in TANF, there's four purposes. Two are means tested. Purpose three and four are more philosophical, and states have a wide flexibility. And so, so those rules have to be applied, and they have to be followed. And we believe that these, these programs would do or will fit under the purposes of TANF for the, for spending rules--

HOWARD: Thank you. I see.

STEVEN GREENE: --or the rules applying to CCDF or SSBG.

HOWARD: So right now, you already take some of your TANF money and put it into the childcare?

STEVEN GREENE: We do.

HOWARD: OK.

STEVEN GREENE: Historically, I believe-- and I'll have Liz fact check me on this-- I think it's been 30 percent year to year. We've, we've-- so we've done the full transfer from TANF to CCDF, and we're allowed 30 percent of our TANF, TANF grant. In our spend, we-- I think it's somewhere around 2 percent or 3 percent to SSBG for the purpose of social services, and then the rest to Child Care Development Fund.

HOWARD: And so for the funds that come from TANF to the Child Care Development Fund, are those delineated separately, because I'm--

STEVEN GREENE: Right.

HOWARD: --trying to sort of get--

STEVEN GREENE: Yep.

HOWARD: --my arms around why this becomes a new program?

STEVEN GREENE: Yep. So correct. We pay for our ADC families who are-- that-- to receive childcare subsidies through our CCDF block grant. And historically, that is something that the department has done, and I'm not sure for how long. But so historically that's how we've always-- we have approached paying those families. So if the intent is to pay TANF-eligible families specific with the TANF block grant itself and not the CCDF funds, then there would be, there would be a new process that the department currently does not have for paying those separate, those separate groups. You'd have the CCDF group, which is, which is its own population. And then there would be this

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

new, new group that would need to be paid with TANF, our general or our typical TANF grant amount. I don't know if that makes sense.

HOWARD: Well, I think maybe where I'm getting caught up is that you're already using the 30 percent--

STEVEN GREENE: Um-hum.

HOWARD: --TANF that's coming in. And then would, would you not be allowed to sort of take the TANF rainy day funds and put it into the childcare? Or are you-- you're saying you would have to be separate?

STEVEN GREENE: Yeah, I believe so. So we take the full 30 percent transfer currently. And so, if I understand your question correctly, are you asking why we can't use those dollars? If I understand-- could you rephrase that?

HOWARD: Sure. So I, I'm, I think we're on the same page--

STEVEN GREENE: Yep.

HOWARD: --on the 30 percent.

STEVEN GREENE: Um-hum. OK.

HOWARD: No problem, great. But I think my confusion lies in, why is this a new-- or a separate program?

STEVEN GREENE: Right.

HOWARD: And I think the reason why I'm asking this question is because the limitation on 30 percent, I get that--

STEVEN GREENE: Um-hum.

HOWARD: --there's nothing there. But with the rainy day funds, it's acceptable to put them into the childcare program without having to have a new program.

STEVEN GREENE: So long as they're TANF-eligible and meet the-- so as long as--

HOWARD: Remind me the--

STEVEN GREENE: --they would qualify under--

HOWARD: --eligibility for TANF.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

STEVEN GREENE: So there are certain income criteria, so I'm not sure. One is-- I'm-- I know there's income, there are income criterias for TANF eligibility. There's obviously work-- or excuse me-- there's-- you have to be a family. You can't be able-bodied without a, without a dependent. As far as the income, the, that should be something I have locked into my mind. It's been a long day, and I don't know what the income eligibility is. And I'm sure somebody can, can correct me. But those-- in order to use those TANF rainy day funds just as a childcare assistance, they would have to be TANF-eligible.

HOWARD: OK.

STEVEN GREENE: Does that make--

HOWARD: So everybody who's on childcare subsidy right now is TANF-eligible?

STEVEN GREENE: No, Everybody-- and that's not everybody that receives childcare subsidy also is TANF-eligible. Those are--

HOWARD: So then how are we using the 30 percent TANF dollars for then?

STEVEN GREENE: So we're, we're transferring 30 percent of our TANF balance into Child Care Development Fund, which is an allowable transfer, under federal rules. And, and it's not-- I think a, a large portion of states do that TANF transfer to CCDF.

HOWARD: Pretty much everybody.

STEVEN GREENE: Yes. And so, so once, once you transfer it into the CCDF funds, the rules guiding CCDF eligibility apply. So the TANF--

HOWARD: Right.

STEVEN GREENE: Yeah.

HOWARD: OK.

STEVEN GREENE: OK.

HOWARD: Yes. But then how would the rainy day funds be different?

STEVEN GREENE: I'm not sure if I understand. So those, those families that are receiving TANF are paid from the Child Care Development Fund currently, the, the block grant or the, the fund that we have within the department. If the intent is to use the rainy day funds specifically for the TANF population families,--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

HOWARD: Um-hum.

STEVEN GREENE: --then we would, we would need to-- it's, it's more of a-- just a business process internally and how we currently reimburse families and how we code and in focus, that that, that's-- it's more of we currently use one bucket. If the bill's intent was to use essentially two buckets, where you're establishing two areas in which two different groups are being paid childcare subsidies would put two different sources, then that would be a new, a new thing that the department currently does not do.

HOWARD: Can you help me see where, in the green copy, it says that it has to be for only TANF-eligible families?

STEVEN GREENE: If, if you-- so it's, it's more of what the rules apply to TANF. For, for as, for TANF expenditures for those families, they have to be TANF-eligible. So it's assuming that if you're going to use TANF dollars, and we've already taken the 30 percent-- the full transfer for Child Care Development Fund for the childcare subsidies, then those families that, that would, would be eligible for, as we see it in this bill, would have to follow the same TANF rules. So maybe that might be a, a misunderstanding in how we interpreted the bill with that was, that was our understanding when, when--

HOWARD: Sure.

STEVEN GREENE: --providing our, our input.

HOWARD: OK. Thank you, Mr. Greene. I, I will be candid. I think my main heartburn is with such an enormous amount of money, having very little legislative oversight in terms of where it's going and how it's--

STEVEN GREENE: Um-hum.

HOWARD: --being used. And that's something that this bill doesn't necessarily address.

STEVEN GREENE: Sure.

HOWARD: But let's see if the committee has questions.

STEVEN GREENE: Is it--oh.

HOWARD: Are there questions?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

STEVEN GREENE: If I say one thing-- just-- I appreciate Senator Bolz's comment. I was-- I had the pleasure of being in that meeting to talk about how we're using it. And the message is heard. And, and we, we understand.

HOWARD: OK. Thank you.

STEVEN GREENE: Yeah, um-hum.

HOWARD: All right. Any other questions? All right. Thank you. for visiting with us today. Our next opponent testifier for LB1049? Seeing none, is there anyone wishing to testify in a neutral capacity?

GWEN EASTER: Hi, my name is Gwen Easter. I'm the founder of Safe Haven Community Center and Safe Haven Early Childhood Preschool Education Academy. I'm located--

HOWARD: Will you spell your name for us?

GWEN EASTER: G-w-e-n E-a-s-t-e-r. I came here today because I understand that there are parents in rural communities and other communities that may need childcare. There may be-- they may need childcare centers in other areas. But in, in north Omaha, where my business is located, over 100 some daycares have already been pushed out of business. OK? I'm not against parents getting the help that they need. But these centers that have been placed in our community, the learning-- with the, this partnership with the school-- Howard Kennedy, and, and Skinner, and all of these that are offering free childcare. If these funds are going to make it where more daycare businesses like mine are pushed out of business, then I have a problem with that because they get Title XX, they're getting Early Childhood funds, they're getting Sixpence, Head Start funds that are being used to push out our businesses, mainly in north Omaha. And no one is standing up for our businesses. First of all, Health and Human Services, Nebraska Board of Education, this Buffett Early Childhood Institute that's, you know, portraying like, like the-- we're not quality, portraying like they want to work with us, most of these reports don't even represent, is not even representing our businesses. They're talking about rural areas who need childcare businesses, you know, or need, need centers. Families are-- you know, there are families who, who may need help with paying for their childcare. But if they're going to, to come in our community and force out our business, and no one's going to speak up and say anything about it, this isn't right. And maybe this isn't the, the bill, the place for me to come. But I'm coming because my business is right across the street

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

from Howard Kennedy, down the street from the Kennedy daycares. The center, Skinner and all these other day cares is being put in our, our community and they're downplaying our business, portraying like we're less quality. And they're offering free childcare. Daycare businesses cannot compete with free. We're not being provided resources to, to, to help build our, our-- our businesses or being-- kids being able to come to our centers for free. I understand that parents need help, but there are parents that are work-- that, that are making a little bit more money than, than low-income people that are not getting, getting, getting assistance. I feel like this, this is a-- this unfair system is work force. This, this Buffett Early Childhood Institute and all these collaboratives, they are pushing out our businesses. And no one, no one is willing to stand up for our businesses, especially in north Omaha. A majority of businesses that are located in north Omaha are black-owned childcare businesswomen. There's a whole nother agenda that's going on here, and especially in north Omaha. And I can say that I understand if they need, if they need centers in these other towns, then they need to have those centers. But these reports, and everything that's being said does not represent all of our private childcare business owners. And I would like something to be done because I'm not going to stop, you know, until, till everything is out here on the table, if there's not going to be fairness within these systems. These people should never have been given the right or the authority over our businesses in the manner that it has been done. My business, my property is up for sale. I had no problem with getting children and I provided a good program for kids. I provided good programs for children and families, holistic services to support families and children, just the same as anyone else. And I'm-- like I said, I'm not against parents and families getting the help that they need, but this system and all of these collaboratives that's working together, they're not for our businesses. And I really want something done about it. I want something done about this whole monopoly sabotaging, you know, portraying like they, they, they-- we all are one; we're not. There is a agenda here with this Buffett Early Childhood Institute, the Nebraska Board of Education and all of these entities that are working to get all these-- you know, using data, using data from other areas-- and they're trying to put us, or lump us all in, in one, in one area, in one boat--no. Uh-uh.

HOWARD: OK, Ms. Easter, we'd ask you to--

GWEN EASTER: Something needs to be done about this.

HOWARD: --wrap up your final thoughts. You've got the red light.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

GWEN EASTER: My final thought is this: Something needs to be done. So if, if, if if providing more funding to help, to help, help families is going to end up pushing out more childcare businesses, and there's no fairness, when they're already getting money and they're already providing free, free serve, free services to childcare, something needs to be looked at before all these decisions continue to get made across this board, whether it be this bill or another bill.

HOWARD: Let's see if there are questions from the committee. All right. Are there questions? Seeing none, we're very grateful that you took the time to come talk to us today.

GWEN EASTER: Thank you. It's not over; I'm going to continue.

HOWARD: Our next neutral testifier for LB1049? Seeing none, Senator Bolz, you're welcome to close. There are some letters for the record-- letters in support: Wendy Patterson, National Association of Social Workers, Nebraska Chapter; Joey Adler, Holland Children's Movement; Jordan Rassmussen, Center for Rural Affairs; Bridget Claborn, League of Women Voters of Nebraska; Anne Constantino, the CRCC. No letters in opposition, no letters in the neutral capacity. Welcome back, Senator Bolz.

BOLZ: Thank you. I believe Ms. Easter left, but I was going to say, while her thoughts may not be directly relevant to this bill, I appreciate any childcare provider taking care of our kids and using his or her voice to try to make our system better. So, Ms. Easter, if you're still in, in hearing distance, I appreciate you. I wanted to try to describe my understanding of how the funds flow and my understanding of why I don't believe that a separate state program is necessary. And we'd be happy to follow up with some additional clarification and information to get it clear for the committee. But my understanding is this, that the 30 percent can be transferred to the Child Care and Development block grant, and those rules follow, right? So that goes in the Child Care and Development block grant bucket. But dollars from the TANF rainy day fund can be used to serve families that meet the four criteria of the TANF program, which are: keeping kids in their homes; ending dependence by promoting work; supporting two-parent family formation; and preventing out-of-wedlock pregnancies. And it's my understanding that the feds eliminated the rule that you have to be TANF-eligible-- eligible for TANF cash assistance to be eligible to be served with TANF, TANF rainy day funds for childcare. In other words, if you're a family that needs services under the four criteria, you don't have to meet the cash assistance income limits. My, my understanding is that nine other states spend

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

more than the 30 percent that can be transferred to the Child Care and Development block grant without having a separate state program. So that, that is my understanding and attempt to clarify what is a somewhat complicated process. But we'd be happy to provide additional follow-up information so that you can have the details and references to contemplate this bill.

HOWARD: Thank you. Are there questions? Senator Arch.

ARCH: Thank you. I'm just trying to make it simple in my mind. So from your previous testimony, you indicated that our, our fund was growing at about \$3 million a year, right?

BOLZ: Um-hum.

ARCH: The cost of this, if you took it to 150 percent, was about \$9 million.

BOLZ: Um-hum.

ARCH: So you'd deplete about \$6 million a year and use that.

BOLZ: Um-hum.

ARCH: Did you understand the department to say, though, that those funds were, in essence, committed. This, the, the budget that they provided, the additional funds that were being-- that were--

BOLZ: Um-hum.

ARCH: --to be spent on these various programs can't do it because it's already committed.

BOLZ: So if you look at the handout that's horizontal, that has my initials in the bottom right hand corner--

ARCH: OK.

BOLZ: If you maybe want to grab that, that is that is my best attempt, with, with help from people who are smarter than me, to understand how the department's new expenditures and this bill would come together. And I, I don't have it in front of me. But the bottom line is that, at the end of the five-year period, we would still show a \$30 million--

ARCH: Right.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

BOLZ: --balance in the fund, which is above the \$28 million minimum reserve that the experts at the, at the national level have shared with us.

ARCH: And those are existing expenditures from, from the department.

BOLZ: So if you look at that spreadsheet-- and I should've kept a copy; maybe I did. But if you look at that spreadsheet, I think you'll see that it includes the pieces on the fiscal note, such as the family-focused case management and St. Monica's Women Are Sacred. Correct? That's what's on your sheet. So, you know, Senator Stinner would, would say that the columns and rows match up.

ARCH: All right. Thank you.

BOLZ: Thank you.

HOWARD: All right. Other questions? All right, seeing none, thank you, Senator Bolz.

BOLZ: Thank you.

HOWARD: This will close the hearing for LB1049, and the committee will take a brief break. And we'll be back around 3:15.

[BREAK]

HOWARD: And I-- we will open the hearing for LB917, Senator Wayne's bill to provide for a diabetes pilot study. Welcome, Senator Wayne.

WAYNE: Thank you, Chairwoman Howard and the Committee of Human-- Health and Human Services. Sorry, it's just a little warm in here. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha and northeast Douglas County. OK.

HOWARD: They're very excited.

WAYNE: That was interesting. For those who are reading the transcript, there was a big cheer down the hallway for this bill. This is a great bill [LAUGHTER]. So the theory behind this bill is simple. A couple of years ago, actually about four years ago, the University of Nebraska did a study on telehealth. I did not bring the study. I brought it last year. I wasn't-- because this is after the priority deadline. And I kind of know where, where I'm at, so I wasn't going to bore you with a whole bunch of data and facts, but what they found was about a 30 to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

40 percent reduction in, in the first 90 days of your A1C for those who participated in the telehealth. And what it basically was, is you had a monitor that uploaded automatically, through Wi-Fi or a service provider, immediately back to a nurse practitioner. And they were able to control your A1C a lot, tremendously, actually. So then I started thinking-- and I'm also a diabetic. I, when I was working down here, I spent many moons my first year going out with lobbyists, and talking to people, and learning things, and not always eating the best. So then what my doctor did-- said, we're going to put you on a program, we're going to have somebody call you every, every month. And believe it or not, as an attorney, I consider myself somewhat educated. I consider myself one, somewhat disciplined, growing up the way I did and making it to where I'm at. Having a monthly phone call really makes a difference, when you got to say, ah, my sugars have been up around 200 or they've been around 112. And so I started thinking more and more about the population that we deal with and where we spend a lot of money on, which is our Medicaid population. And what we found out is that there are many people who have diabetes who are on Medicaid. So how do we control those costs? Typically, we have the, we have situations where people go to the emergency rooms time and time again because their diabetes is high. And this is when those diseases that you don't get rid of, you just try to control and live. And as time goes on, it gets sometimes worse if you don't know how to control your diet and work out. And so when looking at that population and talking to other people, particularly individuals at Creighton University, we proposed this bill. And this bill simply says the Department of Health and Human Services to award a competitive grant to a post-secondary institution, having a college of medicine in the state, for a diabetes pilot program. And it's a \$2 million grant. And what we're trying to look at is type 1 and type 2 diabetes. What we're trying to do is do a tech-- use technology to better manage our Medicaid. And for what all the studies have shown across the country, whether it's rural Nebraska or whether it's urban Nebraska, if we can get instant feedback, whether it's the holidays and you ate too much or actually you're just starting to slip, you're not controlling your diet, but that instant feedback, we can manage this disease in a better way. And by managing this disease in a better way, we will control costs. And that's not just short-term, but long-term. And so every year I will keep bringing this bill back because of something that's near and dear to my heart, because I think this is truly how we start controlling our Medicaid population expenses. And the more and more I try to get information from Medicaid-- and as this committee knows sometimes is very hard to. But I do work with the three providers, and they also are trying new programs around managing

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

Medicaid. But that everybody's trying something, but at the end of the day, I think it's up for us, as a state, to say we have the technology today-- just don't partner with Sprint, because I have a Sprint phone, it doesn't work well in Lincoln. But we can use service providers, we can use Wi-Fi, and we can have instant communication back to nurse practitioners, to doctors, to where we can help manage this disease. And in the long run, it will save us billions. So I'm looking for a long-term plan, but I'm looking at understanding that it's going to have to start with a pilot program. And the second thing I will mention about, once I had this-- found out that I had type 2, I started learning more about type 1. And what we found out about type 1 is that the first year you're diagnosed, you're hospitalized three to four times, and most of the time it's emergency room visits. It's because you're trying to learn how to deal with this. And it's as simple as sometimes you order the wrong Coke. You get a regular Coke, and you eat your food, and you take a little bit of insulin, and you have a dessert. And I'm still trying to figure out this disease. That hospital bill, as everybody knows, for, especially for our Medicaid patients, is expensive. So imagine three to four times out the gate, when you're first diagnosed with type 1 or type 2, but particularly type 1, we could have an instant savings already of three or four times of a minimum, \$800 to \$900, \$800 to \$1,000, \$1,200 actually, of emergency room bill, just in the beginning of the first year, of just of that first person who's been diagnosed. And if you get even closer to it, that first 90 days, there's usually one hospital visit after they're diagnosed, especially with type 1, because they're literally trying to figure out how to control. And the problem with type 1, it's not necessarily a science, it's an art. Each individual is different. You learn as you go. And sometimes those learned, learning things can be extreme. And so I just look at this as a, as a safe way to handle our Medicaid costs over the long term, at the same time, provide valuable research for the rest of the country on how we can use technology to manage this disease. And with that, I will answer any questions.

HOWARD: Thank you. Are there questions? Senator Walz.

WALZ: Thank you, Chairman Howard, Chairwoman Howard. So--

WAYNE: And that applause was for this bill, too, just for the record.

WALZ: Yeah. Diabetes also causes other problems, heart attacks, for example.

WAYNE: Yes.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

WALZ: I've heard that that is like one of the number one factors of having a heart attack, and you didn't know you were diabetic.

WAYNE: Yes, there's heart-related issues, there's kidneys-- around blood pressure. So typically, if you have diabetes, it's, it's a life-- especially type 2-- it's a lifestyle. And then you're-- you have blood pressure problems, and it just compounds from that, from that thing. Interesting, on a side note, there's another bill that I didn't introduce, but if we were just to have Medicaid patients go one or two more times to the dentist, their A1C would drop significantly. Creighton did a study where, with their dental program-- and I'm sorry to put Creighton on the spot, but they're probably not here. But their dental school will tell you that they did a small research program. And it's, and it's actually through all the literature, that by just increasing people going to the doctor once, the dentist once, will lower their A1C by about 10 percent. And that's significant in the studies. And the reason is, to your question about heart, heart and teeth are very well connected. And so as long as you're going and you're taking care of your health and you have somebody checking, it's always about that. I hate to say it because I'm a big personal responsibility person, but going to the dentist one more time, having somebody call once a month, they're always going to ask you a question about how your health. And it makes you cognitive of taking care of yourself. And I'm sure, as the, as the chiropractor knows, that that's true. You ask them how they're doing today. How are things going? And it just, it puts the onus-- I got to answer this question honestly or I got to lie. And at the end of the day, you're pricking yourself. They're going to run their three-months blood count. You can't lie through that; it's going to show.

HOWARD: OK. Other questions? Seeing none, thank you, Senator Wayne.

WAYNE: Thank you.

HOWARD: Will you be staying to close?

WAYNE: Yeah. I need to lose some weight. So it's kind of hot here, so I'm going to stay here [LAUGHTER].

HOWARD: All right. We'd like to invite our first proponent testifier up for LB917.

WAYNE: All good then.

HOWARD: Seeing none, is there anyone wishing to testify in opposition? Good afternoon.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

CARISA SCHWEITZER MASEK: Good afternoon, Chairman Howard and members of the Health and Human Services Committee. My name is Carisa Schweitzer Masek, C-a-r-i-s-a S-c-h-w-e-i-t-z-e-r M-a-s-e-k, and I am deputy director for the Population Health for the Division of Medicaid and Long-Term care within the Department of Health and Human Services. I'm here to testify in opposition to LB917, which appropriates \$10 million from the General Fund, over five years, for a diabetes pilot study. MLTC appreciates Senator Wayne's goal of improving health of Medicaid beneficiaries with diabetes, and lowering the cost of care. MLTC's goal of improving the health of the population is one of the tenets of the quadruple aim. Our work in this area includes our managed care organizations, who provide case and care management for enrollees, including those who have a diagnosis of diabetes. Many services are currently provided, provided under Nebraska Medicaid, such as interdisciplinary coaching, telehealth, and, as Senator Wayne mentioned, telecommunications, which can benefit diabetics in managing their health. LB917 can be interpreted to include coverage of services and devices currently not covered by Nebraska Medicaid. And if the study would require coverage of services not currently covered by Medicaid, there would be an additional fiscal impact. It is also unclear if the study funds are intended to cover the care that is already covered by Nebraska Medicaid. There is a great deal of data that exists from the services Medicaid currently covers. This data is used by the department in our managed care organizations for population health reforms, and there may be complications in the federal law surrounding the sharing of Medicaid data, as is written for in LB917. There are other ways such a study could be financed. There are often grants that are available from institutions, such as the National Institutes of Health and the Agency for Healthcare Research and Quality, for academic institutions to study clinical interventions, as in the green copy of the bill. The department believes this would be a more appropriate way to fund the type of study outlined in this bill, whether than, rather than utilizing state General Funds. In summary, though, we share Senator Wayne's goal. We do not think this legislation is the best means to this end, and we respectfully request the committee oppose this legislation. Thank you for the opportunity to testify, and I'd be happy to answer any questions.

HOWARD: Thank you. Are there questions? Seeing none, thank you for your testimony today. Our next opponent testifier for LB917. Seeing none, is there anyone wishing to testify in a neutral capacity? Seeing none, while Senator Wayne is coming up, we have one letter in support: Andy Hale and David Slattery, from the Nebraska Hospital Association.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

No letters in opposition, no neutral letters. Welcome back, Senator Wayne.

WAYNE: I'm just here to answer any questions.

HOWARD: OK. Are there any final questions?

MURMAN: Go ahead.

WALZ: No, you go first.

HOWARD: Senator Murman.

MURMAN: Thank you, Senator Howard. Is there any new-- or excuse me-- any studies available in other states or nationally that this would be, you know, redundant, do you think?

WAYNE: No. I will, I will send you some studies that are going on right now. Yeah, there are plenty of studies around this. Kentucky actually did a thing where they provided every diet, every person who's been diagnosed with diabetes in Medicare, with-- not everyone, in a certain area-- with a monitor that was connected to Verizon. And they saw significant drops. And over the course of two years, they saved about \$20 million through cost. So it worked. But there are plenty of studies, everybody is starting to figure out that, with this disease, there almost needs to be instantaneous feedback. And so you have manufacturers like Lilly and other manufacturers right now who are coming up with a mechanical pancreas because it's so-- if we, if you-- even if your average A1C is a 6, 6.9, it sounds great 'cause it's your average. But during that three months, or even during the day, you can go as high as a 12 and as low as a, as a 2. But your average looks great. But we were starting to see that even that instant feedback of continuous monitoring and manufactured pancreas is probably where people are going to go for type 1. But type 2, we still need to do more work on that instant feedback. And they have programs now, you can go through your phone and things like that, but we're talking about a population that use prepaid phone a lot, who maybe doesn't have a, a steady provider, where they're switching a lot and where they're moving a lot. So we're trying to figure out a way to how do we demonstrate that this can save money. But there are a lot of, a lot of studies out there around this area and around telehealth in general.

MURMAN: Thank you.

HOWARD: Senator Walz.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

WALZ: I was just going to ask what-- and I'm trying to read through, through this. But what kinds of things are you looking to do that the department is not, like what kind of areas?

WAYNE: So the department right now, when I look at Medicaid, they typically still do the three months. They do the initial. What we're trying to do is that, is the gap of that three-month test. So every doctor is going to say every three months, come in and get your A1C.

WALZ: OK.

WAYNE: We're trying to figure out that gap between, because what happens is that they have three months, that's three months of them being 14, 15, and then going to the emergency room because their sugar is at 800 or 900. We're trying to prevent that because a three-month gap is just too long.

WALZ: Yep. I-- and you-- maybe you said that before. I'm sorry. And the--

WAYNE: That's OK.

WALZ: One other thing I just want to say is that I know that you are worried about your health, so we should probably work on getting that swim meet.

WAYNE: Whenever you want to do that swim competition, I'm, I'm in. We'll do teams. Hansen's on my team, too. But he doesn't know how to-- no, no, we're good then, we're good. He is off my team. I'll, I'll do it twice [LAUGHTER].

HOWARD: Senator Arch.

ARCH: Thank you. Did, did you say that you did have conversations with the MCOs? That our--

WAYNE: Yes.

ARCH: I mean, I, I would think, I would assume, given the incentives that they have under contract, that the management of diabetes probably is certainly in the top five.

WAYNE: Yes. But as my conversations with them have been-- they're still doing the three months. They're, they're, they feel it's cost prohibitive, at least the two that I've talked to directly, feel that it's cost-prohibitive to try to give everybody a new one that

Transcript Prepared by Clerk of the Legislature Transcribers Office
Health and Human Services Committee February 21, 2020

automatically communicates. So we explored Wi-Fi, which is an option. But again, not everybody has Wi-Fi, especially in rural Nebraska. But they are looking into it. I'm trying to speed that process up and move it along a little faster.

ARCH: Thank you.

WAYNE: Thank you.

HOWARD: Any other questions? Seeing none thank you, Senator Wayne.

WAYNE: Thank you. Thank you all.

HOWARD: This will close the hearing for LB917 and conclude our hearings for today. Happy weekend.