

Transcript Prepared by Clerk of the Legislature Transcribers Office
Nebraska Retirement Systems Committee May 13, 2025

BALLARD: Good afternoon, and welcome to the Nebraska Retirement Systems Committee. My name is Beau Ballard, and I represent District 21 in northwest Lincoln, northern Lancaster County, and I serve as chair of this committee. We'll start off by having the members of the committee introduce themselves, starting with Senator Juarez.

JUAREZ: Hi, good afternoon. I am District 5, south Omaha.

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

CONRAD: Daniel Conrad, north Lincoln. Whoops, sorry.

TREVOR FITZGERALD: You're fine. Trevor Fitzgerald, committee legal counsel.

CLEMENTS: Rob Clements, District 2.

BALLARD: And also assisting our committee is Connie Thomps-- Connie Thomas. And our committee pages, we have one today: Sam Johnson is a political science major at the University of Nebraska. This afternoon, we'll be hearing two gubernatorial appointments, and we take in order as listed outside. On the table near the entrance, you will find green testifier sheets. If you're planning to testify today, please fill out and hand one-- and hand it to the page when you come up; this will help us keep an accurate record of the hearing. Please note that if you wish to have your position listed on the committee statement for a particular appointment, you must testify in that position during the, the appointments hearings. If you do not wish to testify but would like your record position on, on the appointment, please fill out the yellow sheet near the table. Also, I would note that a legislative policy that all letters for the record must be received via an online comment portal by committee by 10 a.m.-- or, 8 a.m. the day of the hearing. Any handouts submitted to the testifier will also be included as part of the record as exhibits. We'd ask if you have any handouts that you please bring 12 copies and give them to the page. If you need additional copies, the page can help you make more. Testimony for each bill will begin with the, with the introducer's opening statement. After the opening statement, we'll hear from supporters of the appointment, and then from opposition, followed by those speaking in a neutral capacity. The introducer-- will not be good to closing statements. We ask that you begin your, your testimony by giving your first and last name, and also spell it for the record. Because this committee meets over the noon hour and members have floor debate

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starting at 1 p.m., we'll be using the three-minute light system today. When you begin your testimony, the light will turn green, and yellow will mark your one-minute warning. And when the red light comes on, we'll ask you to wrap up your final thoughts. We remind everyone, including the senators, please turn off your cell phones and put them on vibrate. We'll begin our hearing today with our first appointment, Michael Donley. Welcome. Good afternoon.

MICHAEL DONLEY: Good afternoon. Good afternoon, Chairman Ballard, members of the Retirement Systems Committee. My name is Michael Donley, M-i-c-h-a-e-l D-o-n-l-e-y. I'm requesting your confirmation as a member of the Public Employees Retirement Board. I appreciate the opportunity to introduce myself to the committee and to describe my experience and interest as a potential member of the PERB, and I'd also like to thank Governor Pillen for appointing me to this position. I was raised out in Bassett, Nebraska, and now my wife and I have chosen to raise our children here in Lincoln. I'm a United States Air Force Desert Storm veteran. With regard to my academic qualifications, I hold a bachelor's degree from the University of Nebraska-Lincoln, Phi Beta Kappa, an MBA from the University of Oxford in the UK, and a Juris Doctorate from the Harvard Law School. I've taught law and professional ethics at the university level. I've published a bit, largely in the areas of rural capacity building and talent evaluation. Regarding my board service experience, I have served and chaired on a city zoning board; I've served on the board of directors for a county appraisal district; I have represented, as counsel, many boards, including a school board, university affiliate and foundation board, an FQHC health system board, including the finance and investment committee that advised on investments of that entity, and many, many university boards and committees. With regard to my experience in finance and investing, during my now 21-year legal career, I have represented clients involved in financial and investment litigation. I served as the Inspector General for the Texas Education Agency, where my office, among other things, investigated the mismanagement of public funds. I've spent more than 10 years advising state entities on matters of public law and policy, including a broad range of employment and HR issues. I currently serve as the general counsel for the Department of Administrative Services, where I participate in the state employees retirement system of the state of Nebraska. As we know, PERB is responsible for hiring the administrator-- hiring the director, administering the retirement system in deferred comp, hiring a lawyer, the auditor, and essentially adopting and implementing relevant policies and procedures for the agency. I believe I have the required executive, legal, financial, and board service experience to

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perform these responsibilities at a very high level. As is evident from my past and current professional experience, I find public service like the PERB very meaningful and fulfilling, and I'd appreciate your confirmation vote. Thank you for your time, and I'll take any questions you have.

BALLARD: Thank you so much for being here. Are there any questions? Senator Conrad.

CONRAD: Thank you, Mr. Donley, both for your military service and for your longstanding commitment to public service. No doubt an impressive resume, and really appreciate the varied perspectives that you bring to your role in state government, and perhaps to this position if nominated. Can you talk a little bit more about what your goals would be, if this nomination is successful in serving as a member of this board?

MICHAEL DONLEY: So-- thank you, Senator. Appreciate the question. My essential goals would be to bring that state retirement system employee perspective to the board. I've talked briefly with the management of the board currently, and, and read the, the report. And I do think that their goals, as far as their task list and action plan, are reasonable things to get done, and I'm happy to help guide in that way. Obviously, this is an entity that needs a director, permanent director, and soon, so we'll help get that started. But essentially, be a good steward of, of the state's time and resources.

CONRAD: OK. Do you have any specific policy changes that you'd like to implement as-- on-- as a, as a board member? Or is it just kind of stay the course in navigating the, the sound approach that we-- non-political approach that we've taken to managing our retirement system?

MICHAEL DONLEY: Yes, ma'am. No, no political agenda whatsoever; no changes to any particular policy or procedure. I did read them, but--

CONRAD: Sure. No, right. Yes.

MICHAEL DONLEY: --I was, like, yeah, yeah, they're, they're, they're pretty good already.

CONRAD: Right.

MICHAEL DONLEY: And I do appreciate that it's a non-partisan, do-the-best-thing-for-the-public entity.

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CONRAD: Yes. And then, just the last question I have is--

MICHAEL DONLEY: Sure.

CONRAD: --would you plan to continue your existing role with DAS while in service on the board?

MICHAEL DONLEY: Yes.

CONRAD: OK. If a conflict were to arise about those two roles, how would you identify and resolve that?

MICHAEL DONLEY: Sure. So, I have had the opportunity to be on many public boards in the past and while serving in other public positions, so this is not something I'm unfamiliar with. And generally, what I do when I'm wearing my board hat, I will take the information and, you know, make the analysis with a fiduciary responsibility to the entity that I'm acting for. If there is an un-mitigatable conflict, then we'd have to figure out a way to get me either away from DAS in the situation. Say DAS was at loggerheads with NPERS for some reason, then we would have to figure out a way. We'd go to the AG's office, we'd figure out a way to, to get whoever needed the legal advice the, the non-conflicted legal advice, if necessary. I don't think that's going to happen, but--

CONRAD: I don't either, but--

MICHAEL DONLEY: --that's what would happen. Yes, ma'am.

CONRAD: Yes. It's good to know. And your experience with ethics and legal ethics will probably come in handy if those issues do arise. Thank you.

MICHAEL DONLEY: Yes, ma'am.

CONRAD: Appreciate your time. Thank you, Chair.

BALLARD: Thank you, Senator Conrad. Senator Hardin?

HARDIN: You have a background in talent evaluation.

MICHAEL DONLEY: Yes, sir.

HARDIN: If there were hypothetically an organization that was looking for someone at the top of that organization, what you-- what might you look for in that person?

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MICHAEL DONLEY: Thank you for the question. Very good question. Talent evaluation, I could teach a whole seminar on this, so I'll try to keep it to a minute or so. What you do is you, you, you take a look at your available pool, and you try to identify what, what experiences you need in the new hire, and what capacities you need. And then you try to rate those people in that pool based on those variables. And so, you will-- I mean, pretty much every executive hire I've ever done, there's a handful, two, three people that float to the top in those ways; they have the right talent, they have the right experience.

HARDIN: Is it checks on the boxes, or is there some gut in it?

MICHAEL DONLEY: There's, there's, there's a significant amount of art to it, I think. I know people like to, you know, put a lot of weight on particular, you know, degrees and that sort of thing. Where, in this situation, we'd be hiring for a director of a very unique organization, and there just aren't a lot of humans around that have been the actual director of a board like this. So, you would probably be, in this situation, looking for analogous talent; you know, executive talent, understanding of finance, understanding of how to be a leader of an organization, those sorts of things.

HARDIN: When did you serve in the Texas education halls?

MICHAEL DONLEY: I was the IG for TEA in '06-'08 under Rick Perry.

HARDIN: Very good. I had some interface a little bit after that with the Texas education world, so that's why I was curious.

MICHAEL DONLEY: Oh, is that right? It's an interesting, unique system.

HARDIN: And their retirement world.

MICHAEL DONLEY: Oh, I bet.

HARDIN: So, thank you.

BALLARD: Thank you, Senator Hardin. Any additional questions?

JUAREZ: I have a quick one, please.

BALLARD: Senator Juarez.

JUAREZ: So, I'm-- I saw here where you talked-- discussed building capacity in rural schools and hiring in rural districts. Just give

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me-- what do you think is a primary factor to be successful for our rural schools?

MICHAEL DONLEY: For rural schools, specifically?

JUAREZ: Yeah.

MICHAEL DONLEY: Yeah, I'll, I'll, I'll hum you a few bars, but that's another one that could be a full seminar. Hiring in rural districts is really hard because the most talented people want to be involved in bigger systems; they want more compensation, that sort of thing. So, in that particular article that I wrote with some co-authors, we focused in on finding really talented people that maybe didn't have tons of career equity already built up, so you could kind of find rising stars. You always, in that situation, when you're hiring, you know you're going to have a little bit of hair on the candidates. There's not going to be the perfect candidate walk in the door, so you, you, you try to find somebody who's going to flourish in that environment.

JUAREZ: OK, thank you.

MICHAEL DONLEY: Yes, ma'am.

BALLARD: Thank you, Senator Juarez. Any additional final questions? Seeing none. Thank you so much for your testimony.

MICHAEL DONLEY: Excellent. Appreciate your time.

BALLARD: I appreciate it. Anyone in support of this nomination? Seeing none. Anyone in opposition to this nomination? Anyone in the neutral capacity? Seeing none. That'll close our nomination on Michael Donley, and we will switch over to Brent Larson. Good afternoon.

BRENT LARSON: Good afternoon. My name is Brent Larson, B-r-e-n-t L-a-r-s-o-n. I live at 4402 Hickory Street, Omaha, Nebraska, 68105; Legislative District number 9, represented by John Cavanaugh. I'd like to thank, thank the committee for the chance to share a little bit about myself. I've spent my life in education. I'm a proud graduate of the University of Nebraska at Kearney, where I completed my bachelor's degree in secondary math education. I'm a graduate of the University of Nebraska at Omaha, where I completed graduate programs in secondary education as well as mathematics for secondary teachers. I also earned a Robert Noyce Master Teaching Fellowship which allowed me to enroll and study at the University of Nebraska at Lincoln. For my entire working career, I have had the privilege of teaching at Omaha Central

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High School. This year marks my 26th year as an Eagle. Over the years, I have taught students in every class ranging from pre-algebra to differential equations, and I've been in-- very active in the CHS community. For 23 of those 26 years, I have been a coach in the athletic department; currently, I coach in all three seasons. For the past 12 years, I've served as the mathematics department chair, having both administrative and classroom teacher duties. Outside of Central, I have taught evening and summer courses at the Universities of Nebraska at Lincoln and Omaha. As I progress through the years, I have always been aware of what I was contributing to my school pension plan. Within the last few years, my attention to those details has gained more focus as I try to picture what my life would look like once I am eligible to receive those pension benefits. Now, I have the opportunity to be a part of the process with the Nebraska Employees Retirement System. As a department chair at Central, I get to-- I get to play a key role in hiring new teachers to our building. At that time, I can speak to the culture of the building, the supports that are in place, and the opportunities they have to look forward to in the district over the years. New teachers need to know how they are going to be taken care of and supported when they're in the classroom, but they also need to be know that they will be taken care of if they're going to make it a career-- make a career with us. Having the opportunity to serve on the Nebraska Retirement Board as the Omaha schools member gives me the chance to work with the other board members to ensure that the program stays strong and is there not only for our teachers, but the state and county employees, officers, and judges who have career-- who have spent their careers serving their communities. As a learner, I look forward to the opportunities to learn about the Nebraska Retirement System, to work with the board and stakeholders who will rely on the retirement system. Thank you for your time. I am honored by the appointment, and I would be glad to answer any questions by the committee may have.

BALLARD: Thank you, Mr. Larson. Are there any questions?

CONRAD: I just have one.

BALLARD: Senator Conrad.

CONRAD: Thank you so much, Chair. Thank you, Mr. Larson. Thank you for your commitment to public service, and no doubt a lot of busy days; coaching, teaching, commitment to family, community, and now picking up perhaps more roles. Just a similar question as we had for the last nominee: do you have any specific agenda that you're trying to bring to board service, or specific goals that you'd like to implement, or--

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just trying to get a, a sense about what's motivating your interest to join up.

BRENT LARSON: There's no agenda that I have, no. The interest that I have is being a-- someone who is part of that system, and--

CONRAD: Yes.

BRENT LARSON: --who teaches with the people in that system. I'm very interested in making sure that this system is healthy and is there for our teachers and the others-- all the others that, that rely-- will rely on this after spending their careers in their-- in, in those jobs that they're doing.

CONRAD: Yes, very good. Thank you so much. Thank you, Chair.

BALLARD: Any additional questions?

JUAREZ: I just have a comment, please.

BALLARD: Yes, Senator Juarez.

JUAREZ: Thank you, Chair. I just wanted you to know that I was in the Cinco de Mayo parade, parade this past weekend, and I had the pleasure of carrying my banner with Central students--

BRENT LARSON: Excellent.

JUAREZ: --of the Latino group.

CONRAD: Aw, that's nice.

JUAREZ: And I just wanted to share that with you.

BRENT LARSON: Well, it's a very, very proud and very well-supported group. Thank you for-- thank you.

JUAREZ: Thank you.

BALLARD: Thank you, Senator Juarez. Senator, Senator Clements.

CLEMENTS: Thank you, Mr. Larson, for being here. I have a question about-- are you a member of the OPS retirement system?

BRENT LARSON: Yes. The, the OSERS system? Yes.

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CLEMENTS: Yeah, the OSHERS-- OSERS system. And are you concerned about the funding level that it has?

BRENT LARSON: I think all the OPS teachers are, are aware of what had happened, and it-- we're looking forward to making sure that, that it's-- it moves in the right direction and stays moving in that right direction.

CLEMENTS: I was hoping that you-- that would be something you would focus on, making sure that it improved its performance.

BRENT LARSON: Well, as I've been-- as I've been talking with, with others about, about this position, there are certainly, certainly people that want to, to know that they're going to be OK. So, yes, that's, that's a, that's a prime focus, is making sure that our OPS teachers are going to be OK.

CLEMENTS: Thank you.

BALLARD: Thank you, Senator Clements. Senator Hardin?

HARDIN: Have any ideas on how to improve that situation?

BRENT LARSON: I'm looking forward to working with the board. Right now, off the top of my head, no, I do not have any ideas. But I look forward to working with the board on looking at how do we keep that healthy and moving in the right direction.

HARDIN: OK. Thank you.

BALLARD: Thank you, Senator Hardin. Any final questions? Seeing none. Thank you so much for being here, and your willingness to serve. Appreciate it. Anyone in support of this nomination, appointment? Anyone in opposition? Anyone in the neutral capacity? Seeing none. That will close our-- ope, the letters. We did have two-- we did have two letters in a neutral capacity for Senator-- or, for, for Brent Larson. That will close our hearing and our hearings for the day. Thank you so much.

CONRAD: Do you want to kick them out?

BALLARD: All right. We're going to go into a quick exec session.