

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Business and Labor Committee  
April 07, 2010

---

[LB1020]

The Committee on Business and Labor met at 1:30 p.m. on Wednesday, April 7, 2010, in Room 2102 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on AM2462 to LB1020. Senators present: Steve Lathrop, Chairperson; Brenda Council, Vice Chairperson; Tom Carlson; Amanda McGill; Ken Schilz; Norman Wallman; and Tom White. Senators absent: None.

SENATOR LATHROP: You're at the Business and Labor hearing. The time is 1:10 and the date is April 7. And the purpose of today is to hear one amendment--that's AM2462. The notice suggested that it was going to be amended to LB622. It's not. It's going to be amended to LB1020 which is a...one of the shell bills that we had a hearing on earlier this year. That was done at the Speaker's request to make sure that we're doing this in a way that is procedurally correct. It looks like we have the usual folks here, so I'll dispense with introducing everyone, and we'll just go with the introduction of AM2462.

SENATOR COUNCIL: Just the same as AM2462?

MOLLY BURTON: Yes.

SENATOR LATHROP: Good afternoon, fellow members of the Business and Labor Committee. My name is Steve Lathrop, L-a-t-h-r-o-p. I'm the state senator from District 12 and here today to introduce AM2462 to LB1020. In a sense, this is new matter. LB1020 was our shell bill dealing with unemployment compensation, making it an appropriate vehicle for this amendment, and to...what I'd like to do with respect to my introduction is just to give you kind of an idea of what we've done to get to this place, and then those who will testify after me can talk about the particulars. Among the federal government's stimulus money that is available to states is money for unemployment compensation. It's approximately \$43 million. The concern expressed by the business community, the Governor, and I think members of this committee, up to this point in time, was that if we are to take this stimulus money for unemployment, it must be done in a way that is benefit-neutral, so that we do not take the money that has strings attached to it and then find our business community having an increase in the withholding rates because we have improved the benefits to a point where it becomes an expense. To that end, I have met with members of the business community and members of labor...folks from labor. And essentially, I've met with the AFL-CIO, Ken Mass was involved in these discussions as was Appleseed. I didn't want just the high earners involved from labor in the process, but those who speak for folks that punch the time clock and don't make high rates of pay. And I am pleased to tell you that the amendment that we have today represents an agreement among those groups including folks that you'll hear from the business community, the state chamber, the NFIB. We're also involved in the discussions, and we have come to an agreement and an approach that's in this amendment that will allow us to take the federal stimulus

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Business and Labor Committee  
April 07, 2010

---

dollars. Now, why is that important to the state of Nebraska? Our Unemployment Compensation Fund is a trust fund. It is...essentially runs itself because the withholding is set by a formula, and when we went into this recession, although Nebraska wasn't hit as bad as other states, when we went into this recession, we began to draw money or deplete our fund. As a consequence of the benefits that have been paid out and the fact that the fund was being reduced by the payment of those benefits to unemployed workers in the state, employers across the state, around the first of the year, received new unemployment withholding rates, and they were significant increases. And I think that is, in part, responsible for their renewed interest in coming to some kind of an approach that would allow us to take the stimulus money, put it into our trust, improve the financial condition of our trust, and have it be revenue-neutral. This will not...this amendment, once adopted, will not have or result in a withholding increase for business. In fact, we probably cut benefits a little bit more than we are improving benefits as a consequence of this amendment, so it is benefit-neutral. It will not have an increase in withholding rates, and we would expect, although we can't guarantee, we would expect that it will soften the blow for employers for adding \$43 million to our trust account. It should, we are hopeful, soften the blow for employers who would be looking at an increase in their withholding rates for the next year. So the particulars we'll have described by those who follow me. Essentially, in order to take the...in order to take the federal stimulus dollars, it was necessary that we provide increase in benefits. We've chosen different forms of those increases in benefits that include worker training which seem to be important to both the business community and to the labor or the working folks. And we have made cuts in other areas of benefits that will be described, hopefully, by the director of...or the Commissioner of Labor. And with that, I'll be happy to answer any questions. [LB1020]

SENATOR COUNCIL: Senator Lathrop, the ARRA funds could have been available to the state of Nebraska over a year ago, is that correct? [LB1020]

SENATOR LATHROP: I think that's true. [LB1020]

SENATOR COUNCIL: And in the initial response to the availability, the state of Nebraska said, no, we don't want it because it could result in an increase over the long term... [LB1020]

SENATOR LATHROP: That's true. [LB1020]

SENATOR COUNCIL: ...and I guess my question is, why wasn't the analysis that's apparently been done in support of this amendment done at that point in time which it appears could have saved employers an increase in withholding at the beginning of this calendar year? [LB1020]

SENATOR LATHROP: I suspect that even if we were to put the \$43 million in there at

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Business and Labor Committee  
April 07, 2010

---

the beginning of this year and Commissioner Lang will be able to answer this, I suspect. But it's working through formulas, but I don't know that it would have avoided the increase in withholding. It might have lessened the increase, so we would have experienced a smaller increase, and that's what we're hoping for in 2011 by moving this amendment in the bill and accepting the monies. And the timing of it, Senator Council, I think people had a renewed interest in the subject matter after the withholding increases came out this year. There was a little more motivation perhaps to see if there wasn't a way to make this work, and we've sat down, had a lot of cooperation from Commissioner Lang, the business community and labor to make this happen. [LB1020]

SENATOR COUNCIL: Because that's the reason I asked the question, I discovered shortly after the session ended last year that Nebraska was one of several states that had over \$40 million laying on the table with regard to unemployment. And just questioned (inaudible) in inquiry as to why. And the response that I received was that there was a concern that it would affect the withholding (inaudible)... [LB1020]

SENATOR LATHROP: That's exactly right. That's a concern. Certainly the Governor expressed that concern. The business community expressed that concern, and I think members of this committee expressed that concern which is, if you make our benefits more generous, and you take \$43 million, eventually, those more generous benefits cost most than \$43,000. And I think the estimate was about five years out, you're going to have to have a withholding increase on employers in the state because we will have spent the \$43 million on the more generous benefits. And by coming to the agreement that you'll see in this amendment, we've done it in a way that's benefit-neutral and allowed us to accept the stimulus dollars. [LB1020]

SENATOR COUNCIL: Okay. So the expectation is five years out, there won't be any increase? [LB1020]

SENATOR LATHROP: That's exactly right because we are cutting benefits on one side and increasing benefits and those cuts in the increases are nearly the same. The cuts were actually a little bit more so, at least theoretically, it would result in some marginal cut in withholding rates. [LB1020]

SENATOR COUNCIL: And my final question is, are those cuts in benefits consistent with the objective of the ARRA funds with regard to providing those dollars for unemployment? Because my understanding is (inaudible)... [LB1020]

SENATOR LATHROP: Well, I think I can tell you that we have done it in a way that is...satisfies the requirements or the strings that come with those funds. If you're asking me about the spirit of those funds or the spirit with which they were offered to states, that's a different matter. I don't know the answer to that one. [LB1020]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Business and Labor Committee  
April 07, 2010

---

SENATOR COUNCIL: Okay. Thank you. Senator Carlson, you had a question?  
[LB1020]

SENATOR CARLSON: Yes, thank you, Senator Council. And Senator Lathrop, you used the term, soften the blow, and I'm kind of following up on what Senator Council has asked, so I think I know the answer but to clarify it. The increase in withholding that came into being in 2010 won't go away as a result of this, but...and it won't decrease as a result of this. It just, hopefully, won't increase in years ahead, and you said there may be a possibility that it could even go down. But it's not going to result in an immediate cutback of those withholdings. [LB1020]

SENATOR LATHROP: It will not in the year 2010... [LB1020]

SENATOR CARLSON: Okay. [LB1020]

SENATOR LATHROP: ...and, yeah, it won't in the year 2010. [LB1020]

SENATOR CARLSON: Okay. Thank you. [LB1020]

SENATOR COUNCIL: Any other questions of Senator Lathrop? If not, I'll call on proponents and return the chairmanship to Senator Lathrop. [LB1020]

RON SEDLACEK: Chairman Lathrop and members of the Business and Labor Committee, for the record, my name is Ron Sedlacek. I'm here today as a representative of the Nebraska Chamber of Commerce and Industry, testifying on their behalf. We've been part of the process that Senator Lathrop...Chairman Lathrop has described, and we are supportive of the results of that process. I would like to just mention a couple of items. We looked at this from the very beginning and we assembled as a state chamber to see what could...what options there were and what the effect of accepting these funds would be. And the difficulty in arriving to the stage where we are today was trying to find out how to make this long term, so that there would not be additional tax burdens for a short-term gain of \$43 million. We knew that if nothing was done, there would be tax increases on all employers, and that's what happened. We also know that next year the \$10 cap that has been imposed upon the maximum benefits...our benefit maximum is based on 50 percent of the state average weekly wage, but there has been, for a number of years, a \$10 cap. That will soon no longer be effective, and that in itself is going to represent a significant jump in maximum benefit because of that delay, and it's going to also have pressure on the trust fund, there's no question about it. And so this is timely in that regard because we believe that it will reduce the effect of that. This legislation has benefit enhancements in regard to part-time as well as job training, and it has what I would call qualification restrictions...more than benefit restrictions because dealing with lengthening the period to what is really more the norm across the nation for separation from work because of

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Business and Labor Committee  
April 07, 2010

---

misconduct or because of voluntarily leaving for the job. Our base period adjustment hasn't been done in years, and that's overdue. So these, in a sense, are more, what I would call bringing Nebraska more into line with other states in that regard, in regard to the qualification. With that, I don't want to be repetitive, and I know that there are others that want to speak, and you have a session to...to attend here, so if there are any questions, I'd be happy to answer them. [LB1020]

SENATOR LATHROP: I may just ask you a few leading questions, just to kind of establish a record for what we did to get to where we're at today. You were party to the discussions that we had? [LB1020]

RON SEDLACEK: Yes, I was. [LB1020]

SENATOR LATHROP: And they included not only...you're here for the state chamber, right? [LB1020]

RON SEDLACEK: Um-hum, yes. [LB1020]

SENATOR LATHROP: And I see Mr. Hallstrom is here, and...as is Mr. Mass and somebody from Appleseed...Kate is here from Appleseed. [LB1020]

RON SEDLACEK: And Dacia Kruse from the Omaha chamber. [LB1020]

SENATOR LATHROP: And Dacia Kruse was here from the Omaha chamber. Those were the folks that were involved or the entities that were involved in this discussion. [LB1020]

RON SEDLACEK: That's correct. [LB1020]

SENATOR LATHROP: And essentially what we did in those discussions, would you agree, is that the commissioner came to us with what it would cost to take different options from...or that are essentially strings attached to the money? [LB1020]

RON SEDLACEK: As was described in those meetings, there's "controls" one way or the other that need...that can be used for adjustments to arrive at a...what would be a benefit-neutral...or I should say a revenue-neutral "solution." [LB1020]

SENATOR LATHROP: And essentially, how that proceeded was that the folks that represented the business interests and the folks that represented the labor interests agreed on what benefits to take from the package of benefits we had to improve in order to accept the stimulus dollars. [LB1020]

RON SEDLACEK: That's correct. That's how I perceived it. Yes, Senator. [LB1020]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Business and Labor Committee  
April 07, 2010

---

SENATOR LATHROP: Right. And then we had to look at where would we change the qualifications or make adjustments that would offset the increase in benefits. [LB1020]

RON SEDLACEK: That's correct. [LB1020]

SENATOR LATHROP: And as a consequence, it was roughly \$15 million in additional benefits and \$15 million in cuts or shoring up of benefits, so that it became revenue-neutral. [LB1020]

RON SEDLACEK: About 15, yeah, not 50. [LB1020]

SENATOR LATHROP: Did I...pardon me? [LB1020]

RON SEDLACEK: You said 50? [LB1020]

SENATOR LATHROP: No, I said 1-5. [LB1020]

RON SEDLACEK: Oh, 1-5. Okay, yes, that's correct, um-hum. [LB1020]

SENATOR LATHROP: Fifteen million approximately. [LB1020]

RON SEDLACEK: That's right. [LB1020]

SENATOR LATHROP: Okay. I think that's all I have unless there are other questions. I don't see any. [LB1020]

RON SEDLACEK: Thank you very much. [LB1020]

SENATOR LATHROP: Thanks, Ron, and thanks for your help too. [LB1020]

ROBERT J. HALLSTROM: Chairman Lathrop, members of the committee, my name is Robert J. Hallstrom, H-a-l-l-s-t-r-o-m. I appear before you today as a registered lobbyist for the National Federation of Independent Business in support of AM2462 to LB1020. As Senator Lathrop has suggested, NFIB, along with other representatives of the business community, organized labor, and other interested parties, have taken part in a series of meetings designed to determine if we could find a way to access the federal stimulus funds under the American Recovery and Reinvestment Act, approximately \$43.6 million that could be available to the state of Nebraska. Senator Mello and Senator Lathrop were principally involved in those meetings along with their staff. The Department of Labor, over the course of time, had provided us with a series of information and cost figures as to the various menu of options that the federal stimulus funds...the strings that come attached to those. We reviewed the cost figures for the

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Business and Labor Committee  
April 07, 2010

---

various options, came to the job training and the part-time along with the alternative base wage changes that are required to access those funds. Our members had told us clearly from the beginning that the short-term gain of accessing those funds could not be accompanied with the long-term pain of the permanent tax increase for the business community and employers. I think if you do the math, if the Department of Labor's figures are correct, \$14.9 million without accompanying cost offsets on the other side would eat up that \$43.6 million in about three years. The estimates were probably three to five years, so we went about trying to find ways to offset those costs to be able to access the federal stimulus funds, and we believe that AM2462 accomplishes that objective. As Senator Lathrop pointed out, there's about \$15 million, give or take, on each side now that should make the package revenue-neutral. And with those amendments adopted to LB1020, we would stand in support of what the committee and the Legislature would have under consideration. I would note, we've also dealt with Mr. Doug Holmes of UWC Strategies who's kind of a national expert on these issues that had given us some advice and counsel on things to be aware of with regard to the menu of options in arriving at the three components of the package that we've agreed upon here. I think it's important to note for the record that from our meetings with the Department of Labor that the commissioner has made it clear that because of the way the tax rates are computed, simply having \$43 million, while it will clearly stabilize the UI trust fund, does not necessarily correspond to an automatic tax decrease, but it should soften the blow over time and assist by having that extra money in there and, most importantly to us, done in a revenue-neutral capacity. Be happy to answer any questions. [LB1020]

SENATOR LATHROP: Are there any questions for Mr. Hallstrom? I see none. Bob, I want to thank you, too, for your involvement and your willingness to sit down and work with us on this issue. [LB1020]

ROBERT J. HALLSTROM: Thank you. [LB1020]

KEN MASS: Senator Lathrop and members of the committee, my name is Ken Mass representing the AFL-CIO and here today in support of the amendment to the bill, LB1020 or LB1010 or whatever it is, something close to that anyway. (Laugh) Anyway,... [LB1020]

SENATOR LATHROP: LB1020. [LB1020]

KEN MASS: Anyway, (laughter)...anyway, here to support and thanking Senator Lathrop and all his staff for your efforts of bringing the entities to the table at the time. It's not perfect. It's not perfect by any means, but it's workable, and you're talking about \$46 million and the opportunity to get it. You got money going for training, and that's important in today. The retraining is...the money there is available for opportunity for people to get some training to get back on, get off on it. So, keeping it short and sweet, I

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Business and Labor Committee  
April 07, 2010

---

told Senator...excuse me, I told Ron I'd testify for the chamber and Labor, but he wouldn't let me do that so (laughter)... [LB1020]

SENATOR LATHROP: (Laugh) I don't understand why, Ken (Laughter)... [LB1020]

KEN MASS: And he beat me up here so, anyway. (Laughter) [LB1020]

SENATOR LATHROP: Yeah, and did he offer to testify for labor as well? He's nodding his head, yes. (Laughter) [LB1020]

KEN MASS: He did, he did. He did, he did, and that didn't go off either. [LB1020]

SENATOR LATHROP: All right. [LB1020]

KEN MASS: But anyway, I think the deal has been done and would appreciate your support for it, and we'll go from there so. [LB1020]

SENATOR LATHROP: Ken, I appreciate your interest in the subject matter, and the work that you put in coming to this agreement. Are there any questions for Ken Mass? I see none. Thanks, Ken. [LB1020]

KEN MASS: Thank you. [LB1020]

JENNIFER CARTER: (Exhibit 1) Good afternoon, I'm Jennifer Carter. I'm the director of public policy and healthcare access at Nebraska Appleseed, and we are also here in support of AM2462. And we also want to thank Senator Lathrop for his leadership on this issue. It's something we've been really interested in since the Recovery Act was passed, and we appreciate his help in convening all those stakeholders. For our part, I'll just tell you briefly one thing that we think is most important is one of the modernization changes that's made is moving to what they call an Alternative Base Period, so currently, you don't actually...this is something I didn't know about unemployment insurance, but you have to actually make enough money to get unemployment insurance, and so right now they don't look at the last quarter of somebody's earnings, the most recent quarter. And so, for low-wage workers, that can be a big issue in missing the threshold, so you may have actually, in reality, made enough money, but you're not going to get the benefits because we don't look at that last quarter. The Alternative Base Period would allow the state to now look at that last quarter and so we're hopeful that that will make some new workers, lowest wage workers, newly eligible, and we think that's a really key piece. And we are also comfortable with the offsets that we had to find in order to do the modernization and are also supportive of the training and part-time work that's allowed under this. You know, as Senator Lathrop said, we represent the lowest wage workers, and so one of the changes we had to make was to the earnings requirement, and that threshold that you have to pass. At this



Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Business and Labor Committee  
April 07, 2010

---

time, you know, we're comfortable with that because we think it's so important to get that money into the trust fund and to make these improvements should we come out of this recovery as strong as we've been in the past and have a trust fund that's one of the highest solvencies in the country, we would love the opportunity to revisit the earnings requirement just for our lowest wage workers, but at this time we'd encourage you to pass the amendment out of committee. Thank you. And I'm happy to take any questions. [LB1020]

SENATOR LATHROP: Very good. And I think I called you Kate, and I apologize for that. [LB1020]

JENNIFER CARTER: Oh, that's all right (laugh). That's okay. [LB1020]

SENATOR LATHROP: I'm sorry. Are there any questions? Senator Carlson. [LB1020]

SENATOR CARLSON: Thank you, Senator Lathrop. In looking at the last quarter, is that then a permanent change or a temporary change? [LB1020]

JENNIFER CARTER: My reading of the amendment is that actually the first thing they'll do is look at someone's earnings without the last quarter, but should they not meet the threshold then they'll look at the last quarter. [LB1020]

SENATOR CARLSON: But if they do meet the threshold, then they won't look at the last quarter. [LB1020]

JENNIFER CARTER: Correct. Then they've already made more than they needed to, so they don't have to look at the last quarter. [LB1020]

SENATOR CARLSON: Okay. Thank you. [LB1020]

JENNIFER CARTER: You're welcome. [LB1020]

SENATOR LATHROP: I see no other questions. I want to express my appreciation for your involvement too. [LB1020]

JENNIFER CARTER: Oh, sure. [LB1020]

SENATOR LATHROP: It was important to us that we had an agreement that didn't just take care of high income earners, but that we also were sensitive to the folks that you so ably represent so thanks for your involvement. [LB1020]

JENNIFER CARTER: Thank you. Well, we greatly appreciate it too. And I forgot to mention, we have a brief summary in case that's helpful for everyone on our stuff so

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Business and Labor Committee  
April 07, 2010

---

okay, thanks. [LB1020]

SENATOR LATHROP: I suspect it will be. Thanks. [LB1020]

DACIA KRUSE: I think most of what needs to be said has been said, so I'll be very brief. My name is Dacia Kruse, D-a-c-i-a K-r-u-s-e. I'm testifying in support of AM2462 to LB1020. We, too, were part of the discussions to determine if there was a revenue-neutral solution to accepting the federal stimulus dollars. We are supportive of the outcome and believe that AM2462 will help address some of the concerns that we heard from our members in December and January after unemployment notices were sent out, and we encourage you to send this amendment to the full Legislature for debate. And I would be happy to answer any questions. [LB1020]

SENATOR LATHROP: Very good. Any questions for Dacia Kruse? Dacia, I left you out of the list of people that were involved in this,... [LB1020]

DACIA KRUSE: That's okay (laugh). [LB1020]

SENATOR LATHROP: ...and you were very much involved in it. We appreciate it. You were also pushing it as well, so I appreciate your involvement and your interest in the subject. [LB1020]

DACIA KRUSE: Thank you. [LB1020]

SENATOR LATHROP: Okay. Thank you. Any other proponents? Anyone here in opposition? Anyone here in a neutral capacity? And this is a little unusual, but I'm going to put us in recess for a few minutes while we see if we can find the commissioner who I expected here today. So maybe we'll make a couple of phone calls and see if she intended to appear. [LB1020]

RECESS

SENATOR LATHROP: Okay. All right. The time is now approximately 1:43. We have tried to contact or track down Commissioner Lang who I understood was going to be here today as I expected John Albin, counsel for Department of Labor to be here as well. Our efforts to find them have been to no avail. I think we're told that Commissioner Lang is now at a different meeting, so it was my expectation that we would have Commissioner Lang confirm a few things, and I'm just going to do that from here. It would have been my preference that the commissioner would be here to confirm this, but, of course, we have folks that were involved in these discussions. So during the course of the negotiations that took place to bring about AM2462, as I've indicated, and as the witnesses have indicated, we had members from the business community as well as folks from...representing labor. We were dependent upon the Department of Labor to

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Business and Labor Committee  
April 07, 2010

---

provide us with information and run cost models. All of the assumptions that both sides are making with respect to the cost of these benefits, both the ones that we are improving and the ones that we are cutting or changing the qualifications for, were provided to us by Commissioner Lang; models and numbers provided by the Department of Labor. Those, in the end, showed in our discussions and in our own negotiations that we actually are cutting benefits by a little bit more than we are spending by taking this money, so that we have every expectation, however theoretical it might be that we are actually taking the stimulus dollars and having more than an offsetting effect with the changes, so that we are effectively reducing benefits on the net. It's not a lot, but it's actually a decrease in benefits on net. So all of those numbers were provided by Commissioner Lang. I expected her today to testify that...to the process, to the models that they ran, and how we arrived at these numbers, but be assured as the business and labor folks were, that these numbers were run on models based on Nebraska numbers, that they reflect the best estimate for what the consequences will be for accepting the money for the additional benefits that we'll have to provide and for the changes to our benefits that will be the offset to make this at least revenue-neutral, if not perhaps...or benefit-neutral...if not perhaps a bit of a net decrease in benefits. Senator White. [LB1020]

SENATOR WHITE: Just so we're clear. Benefits meaning what the individual gets or the cost to the cost of providing the insurance? [LB1020]

SENATOR LATHROP: It is the qualifications, so what...what we did, Tom, or Senator White, is that we...and I appreciate you had a doctor's appointment, so you were running a little bit late. But we...what we...in our negotiations, we essentially looked at the options for taking the stimulus dollars because we had to improve our benefits and what that would cost. Labor and the business community agreed on what changes we'd make, and the cost was about \$15 million to take that...to make those changes. To offset that so that it was revenue-neutral to the fund, we had to find or make changes in qualifications. For example, changes in the penalty for misconduct. Instead of 12 weeks, it went to 13...something...things like that, so that we had offsetting. And the offset was actually greater than the increase in benefits. [LB1020]

SENATOR WHITE: And these were agreed by both business and labor. [LB1020]

SENATOR LATHROP: Precisely, and those who have testified... [LB1020]

SENATOR WHITE: And, as a result, we could have provided a lot more benefits for people who are unemployed and facing financial hardship with no greater cost to the state net. [LB1020]

SENATOR LATHROP: We will...that's exactly right. We will, as a result of this, provide what will...we're kind of switching the benefits around a little bit, but we're going to

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Business and Labor Committee  
April 07, 2010

---

provide for job training which was important to you, and, in fact, a bill that you had before Business and Labor, I think two years ago, Senator White, on job training. But the net effect is that it's revenue-neutral, and it will permit us to take \$43.6 million and put it into the trust fund and thereby soften any increases that business would be looking at in 2011. So I'm disappointed that Senator...or Commissioner Lang is not here, and I'm not sure exactly why that is. Senator Council. [LB1020]

SENATOR COUNCIL: Is it possible to get a matrix on this? Because every time the statement is made that benefits are reduced, you know, that's what's going to be published. And residents in my district are not going to understand how the state gets \$43 million, and they get less unemployment benefits. So we need to lay out clearly what additional benefits that people are receiving as a result of accepting the \$43 million. Because the expectation of the public is that the \$43 million would not...at a minimum not affect their benefits and should have resulted in an increase in the benefits to the extent that a lengthening of the period of eligibility or whatever. But we need to be able to explain to our constituents, particularly the constituents from my district who have the highest unemployment rate in the state who have an expectation that ARRA was going to provide some relief to them. We need to...I need to have a better explanation than it's revenue-neutral. [LB1020]

SENATOR LATHROP: And I have that, and I can give you...we do have a sheet, Senator Council, that reflects the...the changes that are being made. [LB1020]

SENATOR COUNCIL: Is this...(inaudible) this one. [LB1020]

SENATOR WHITE: Senator Lathrop, could we make that public, the sheet to the...? [LB1020]

SENATOR LATHROP: Absolutely. [LB1020]

SENATOR WHITE: Good. Then what I understand is being said is we are going to, if somebody misbehaves and loses their job, they won't be as eligible for benefits, but people who have lost their job through no fault of their own are going to be able to get a lot more help for a longer period of time including job retraining potential. [LB1020]

SENATOR LATHROP: For people that are let go, that will be true. [LB1020]

SENATOR WHITE: So people who lost their job through no fault of their own... [LB1020]

SENATOR LATHROP: Misconduct and voluntary quit...and quit to take a different job that doesn't pan out are three categories where we made up about 11, 12, 13 million. [LB1020]

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Business and Labor Committee  
April 07, 2010

---

SENATOR WHITE: Well, see, and that's something that Senator Council's district abuts mine, and we also have very high unemployment, and my constituents will understand that if somebody voluntarily left their job or if they got fired for misbehavior, that they don't get...they get less benefits. I think everybody can accept that. But the trade-off is the people who lost their jobs and there are many of them through no fault of their own, are going to have a better shot at being retrained and have more insurance to help and get them through this tough period of time. [LB1020]

SENATOR LATHROP: That's right. And the other piece of it is, is that the business community, the expectation is is that their increases won't be as great, and they won't lay people off because they're getting whacked for increase in the withholding rate during a recession which is the countercyclical nature of unemployment. [LB1020]

SENATOR WHITE: So business wins as well. [LB1020]

SENATOR LATHROP: Exactly. [LB1020]

SENATOR WHITE: Excellent. Did the administration say why they're not here or what objections, if any, they have to this bill? [LB1020]

SENATOR LATHROP: No. We've gotten no commitment...I've had no conversation with the Governor's Office relative to whether or not they intend to support or not this measure. [LB1020]

SENATOR CARLSON: Clarify for my benefit or for somebody else as well, what does "quit to take" mean? [LB1020]

SENATOR COUNCIL: It means to take another job. [LB1020]

SENATOR LATHROP: It's quit to take another job, and, as I understand, Senator Carlson, it's kind of a narrow category, but it's people that quit to take a job, and the job doesn't pan out. So they find themselves trying to leave to take a job that's a better job, and they get there, and the job ends for some reason. [LB1020]

SENATOR CARLSON: Well, I think it is important to...it helps me understand, too, that when you...you put misconduct, voluntary quit, and then quit to take...when you add that up, that's the amount right there so. [LB1020]

SENATOR LATHROP: It's the greatest share of it. [LB1020]

SENATOR CARLSON: Sure. [LB1020]

SENATOR LATHROP: (Exhibit 2) Which is how we've offset the additional benefits that

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Business and Labor Committee  
April 07, 2010

---

are paid out which amount to about \$15 million. Okay? If there are no other questions, then I think we'll...oh, we have a letter from Senator Mello that will be made part of the record, too. It's dated April 6, 2010, which is in support. And with that, that will close our hearing, and we will...I'll entertain a motion to go into Exec Session. Okay, thank you.  
[LB1020]