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Business and Labor Committee
September 25, 2015

[LR222]

The Committee on Business and Labor met at 1:30 p.m. on Friday, September 25, 2015, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LR22. Senators present: Burke Harr, Chairperson; Dave Bloomfield, Vice Chairperson; Sue Crawford; Laura Ebke; and Jerry Johnson. Senators absent: Ernie Chambers and Sara Howard.

SENATOR HARR: Well, I think we are ready to begin. We have a great crowd which is very excited about. My name is Burke Harr and I am the Chair of Business and Labor Committee. To my far left, speaking is Jamison who is...Jamison Wyatt who is our former committee clerk, who is training our new committee clerk, we're very excited...day four of Lauren Williams. And to my right I have Meghan Chaffee who is legal counsel. And I will then start on my...as I always do on my right with Senator Bloomfield and let him...let the senators introduce themselves.

SENATOR BLOOMFIELD: Senator Dave Bloomfield, District 17, up in the northeast corner of the state. I happen to be Vice Chair of this committee.

SENATOR JOHNSON: Senator Jerry Johnson, District 23, Butler, Saunders, and Colfax Counties. [LR222]

SENATOR EBKE: And I am senator Laura Ebke, District 32, which is Jefferson, Saline, Thayer, and Fillmore Counties, and a little piece of Lancaster County.

SENATOR HARR: Senator Crawford is also with us, although she is in the hot seat, from Bellevue. Just a couple of policies, I would ask that you would please turn off your cellphones. If you are testifying and you have handouts or exhibits, I would ask that you have the proper amount, which is ten. If you do not, we have...welcome back...we have Stefani, over in the corner, who will make you copies. I should introduce Stefani also, earlier...she is our page from Kansas City...Missouri or Kansas? I can't remember.

STEFANI BRADLEY Missouri.

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SENATOR HARR: Missouri. When you testify, please remember to turn...fill out a green sheet with your name. Print it legibly. Each testifier will be allotted five minutes. We do use the light system in here, which it looks like we pretty much have all regulars, but for those who are not, it is five minutes. You speak for four with the green light. Yellow light comes on...when it's red, we would ask that you please wrap up your thought or that sentence, preferably, but thought if necessary. And then when you do testify, please state your name and spell your last name for the record. And with that, I believe we are ready to begin. Senator Crawford, thank you very much for coming today.

SENATOR CRAWFORD: Thank you and good morning, Chairman Harr and fellow members of the Business and Labor Committee. My name is Sue Crawford, S-u-e C-r-a-w-f-o-r-d, and I represent the 45th Legislative District of Bellevue, Offutt, and eastern Sarpy County. I am happy to be here today to discuss LR222, an interim study resolution examining family and medical leave. It has been 21 years since Congress passed the Family and Medical Leave Act providing unpaid leave for workers employed at least a year in companies with 50 or more employees. While this was a step in the right direction, now, over 20 years later, the United States remains one of only three countries in the world that does not provide a system of paid maternity leave. All other countries in the world provide a way for workers to afford to take time from work for the birth of a new baby. The absence of federal action on this important issue of paid family leave provides an opportunity for states to innovate and to establish paid family leave initiatives to create incentives for economic development. Three states have operating paid family leave programs now. Last session, representatives in at least 18 states introduced legislation on the issue, and according to our national contacts, legislation is planned for at least that many states this next year. One reason is for this state momentum has been increasing attention to the basic problem that current policies put too many workers in an untenable position: keep the jobs they need or care for the families they love. However, the momentum has also been strengthened by growing evidence that paid family leave is not only good for families, but that it also benefits businesses and strengthens critical early childhood care that is so important to learning. In California, a state with paid family leave, 87 percent of employers surveyed reported that the state paid family leave program did not increase their costs. In fact, 8 percent of businesses reported cost savings because employees were able to access paid family leave instead of employer provided benefits such as paid sick leave and vacation days. Studies of Connecticut's

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Temporary Disability Program, and California's Paid Family Leave Program bolster the business case for paid family leave, as researchers found it was often more expensive for employers to search for and train a new employee than it would be to temporarily assign those duties to existing employees. Work force shortages and a very low unemployment rate, like Nebraska currently have, make the cost of replacing workers even higher. This in turn makes paid family leave, which helps workers stay in their jobs, all the more valuable. Montana, a state with similar work force challenges, and a sparse population, is currently exploring paid family leave as a key work force strategy for their state. To get a sense of the potential impact of paid family leave on work force availability in Nebraska, we examined Quick Code data provided by the Department of Labor. Quick Codes are the reasons individuals give for leaving their job when they apply for unemployment benefits. Over 8,000 claims for people who left their job in 2014 cited medical reasons, while over 9,000 claims listed reasons related to caring for a family member. That number does not include 617 claims for people who reported leaving to devote time to childcare. Almost 200 additional claims came following a medical leave, which may have been because the leave that they had available was too short. In all, these claims add up to over 18,000 reasons for workers leaving the work force in just a single year, last...in 2014. Over the past five years, slightly over 20 percent of all Quick Codes fall into these categories. Now, not all of these cases would necessarily be ones that paid family leave could solve entirely, however, on the other hand, it's important to note that this only captures people who decide to apply for unemployment benefits when they leave their job to deal with these family situations. It does not count the likely larger number of people who leave their job to spend time caring for a family member who do not apply for unemployment benefits. A recent New York Times CBS poll that examined workforce participation more broadly found that family responsibilities kept more than half of nonworking Americans out of the work force. In addition to these positive business benefits, and few, if any, costs to employers in the long run, paid family leave programs have the potential to strengthen critical investment and early childhood education that has lifelong effects for learning and emotional health for our children. This investment allows a parent to spend the critical one-on-one time with their infant: one of the most important, and inexpensive investments in a child that we can possibly make. Once California's leave policy went into effect, the largest gains in workers taking leave to spend time with their infants were among mothers who had not attended college, were unmarried, and racial minorities. Once the bill took effect, these moms were able to spend four to seven weeks getting their kids off to a good start, compared to only

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squeezing in an average of one week of time with their new infant prior to paid family leave in that state. There is no private market paid family leave insurance that families can buy to prepare themselves for situations when they need family leave. Establishing a statewide paid family leave system does not replace or compete with a private market product. Instead, it fills a very serious gap. In fact, we talked with some insurance experts and providers and this is not something that they want to do either. It's not...it doesn't fit in insurance logic, and so it isn't something that we can provide in the private market in that way. Some Nebraskan new mothers use individual temporary disability insurance to provide assistance for up to six weeks of leave after a birth. However, these products do not cover adoptions or other family health issues such as...when the issue is someone else in your family, like an aging parent or a child who gets seriously ill or injured. In our Legislature, staff members are eligible for unpaid, FMLA leave, however, they must use accumulated vacation and sick leave to receive any sort of wage replacement during their absence. As many of you know, in recent years legislative staffers donated their time to at least two other staff members who ran out of their paid time off due to their own illnesses or the illnesses of their child. Some businesses, including some small businesses such as Clark Creative Group, offer paid family and medical leave benefits. Melanie Clark is here today to share some insights as an employer currently offering this type of coverage. For families whose babies are born too soon, many new moms and dads are faced with the heartbreaking, almost unthinkable choices: go back to work shortly after the birth and save the limited time off they have for when the baby or babies come home from the NICU, or spend those first days and weeks alongside their baby or babies in the NICU participating in their care. Paid family leave is not just an important benefit for new parents, however. Working Nebraskans with aging parents may need time off to help an aging parent or partner recently diagnosed with Alzheimer's or Parkinson's adjust to new routines or move into a new living situation. Today you will hear more from Mark Intermill with AARP who will share some information about adult caregivers as well as an adult caregiver who faced this reality. Moreover, parents of children of any age, and spouses of any age can find themselves in situations where a spouse or a child gets seriously injured or seriously ill. Without paid family leave, it can be impossible for a parent or spouse to be in the hospital with their loved one at this critical time. I've heard healthcare workers talk about how heartbreaking it is to have parents leave their children in the hospital to get to work when a serious illness strikes. States can invest in infrastructure to ensure workers can put families first without sacrificing their jobs. As I mentioned earlier, three states have made this important

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investment. While the design of these programs vary, each of these state programs provides financial assistance for a worker who needs to take family or medical leave to care for themselves or a close family member through partial wage replacement. In each state with an active program, this assistance is financed by a modest employee contribution to a state-run insurance system. In New Jersey, for example, employees pay a maximum of 46 cents a week on the first \$30,300 of their earnings. The length of time an employee can remain on leave in that state, New Jersey, ranges between four to six weeks. A national researcher ran statistical models based on Nebraska demographic information and program parameters of leave up to 12 weeks for our workers own health or birth or adoption of a child, and 6 weeks to care for a family member with a serious health condition. Models were run assuming 100 percent wage replacement, as well as two-thirds average weekly earnings up to two-thirds of Nebraska's median wage. His research found this leave could be available to families at a modest cost of \$1.38 per week for two-thirds wage replacement or \$1.60 per week for 100 percent wage replacement, again, up to two-thirds of Nebraska's median wage. The most expensive option here still comes out to less than \$90 a year for the employee. This covers the ongoing cost of the program and benefits, not just the benefits. There is a one-time cost of setting up the program, but after that, the program pays for itself through the contributions. Families are the bedrock of our society. For too long we have ignored the fact that we need workers to be able to care for their families, not just for their own sake, but for the sake of all the rest of us. Appropriate time to care for infants, aging parents, and family members facing serious illness and injury benefits all of us through improvements in our work force, our educational system, our healthcare system, and the general health of our society. There is a reason that almost every country in the world invests in this infrastructure. Actually, there are many reasons that they do so. It is affordable and well worth the investment. I look forward to discussions of how we can move forward in making this investment in our Nebraska families. [LR222]

SENATOR HARR: Thank you, Senator Crawford. Any questions for Senator Crawford? Senator Bloomfield. [LR222]

SENATOR BLOOMFIELD: Thank you, Chairman. Senator Crawford, at the beginning of your testimony, you mentioned that 18 states had introduced plans. Do you have the numbers on how many of those actually passed? [LR222]

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SENATOR CRAWFORD: So right now, there are three states with operating systems. There's one state that passed a plan but it's not an operating system. So, that's how many there are now. [LR222]

SENATOR BLOOMFIELD: You said 17 of the...17 of the 18 then did not pass? [LR222]

SENATOR CRAWFORD: Did not pass it last year, right. [LR222]

SENATOR BLOOMFIELD: Okay, thank you. [LR222]

SENATOR HARR: I'll ask a couple questions then. You stated we were one of three countries that do not have paid family leave. Who are the other two, if you know? [LR222]

SENATOR CRAWFORD: So it's...I have it here. Papua New Guinea. [LR222]

SENATOR HARR: Yeah. [LR222]

SENATOR CRAWFORD And Suriname. [LR222]

SENATOR HARR: Okay. Because I get my news from this week with John Oliver and he only had Papua New Guinea. So I was intrigued. [LR222]

SENATOR CRAWFORD: Okay, so maybe Suriname has passed it since we have this information, that may be. [LR222]

SENATOR HARR: Yeah, okay. [LR222]

SENATOR CRAWFORD: We'll check that to see. (laugh) [LR222]

SENATOR HARR: And there's a whole bit on that, by the way, on Youtube. Can you define what is paid family leave? [LR222]

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SENATOR CRAWFORD: Sure, so paid family leave is partial or full wage replacement when someone needs to leave work to take care of themselves or a family member. And generally, the plan will establish how long that can be or whether it...what the caps are on wage replacement. So most states have some kind of cap on that. And two-thirds, around two-thirds of the median wage is a common cap for that. [LR222]

SENATOR HARR: Okay. And you stated that there...we could probably get away with this two-thirds for \$1.38 a week? I think was the term you gave...or the amount you gave? That's a state-run insurance policy, is that? [LR222]

SENATOR CRAWFORD: Correct. Correct. [LR222]

SENATOR HARR: Okay. [LR222]

SENATOR CRAWFORD: Correct. And that's, yes, that's state run, and that's everybody paying that \$1.38 a week for two-thirds wage replacement or \$1.60 a week for 100 wage replacement up to that two-thirds...the median. [LR222]

SENATOR HARR: Okay. And that's for...and it has some deadlines on there, I think you stated too. And I understand this isn't a bill, it's merely an interim hearing, but, you know, possibly this will lead to a bill introduction. Where do you see, or who do you see operating the state insurance company? [LR222]

SENATOR CRAWFORD: So one option would be that... [LR222]

SENATOR HARR: And don't say HHS. [LR222]

SENATOR CRAWFORD: Okay. (laugh) No, no. I would see it more likely to be in the Department of Labor. And it would...it could operate alongside of unemployment insurance because we already have that infrastructure that already knows who's in all the jobs and already has all the contact information and pulls the employer contribution for unemployment insurance.

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So it would be a...it'd be just...you could just add this into that infrastructure that already exists in the Department of Labor. [LR222]

SENATOR HARR: So would you see independent contractors as being part of this pool? [LR222]

SENATOR CRAWFORD: Independent contractors doing what? [LR222]

SENATOR HARR: Being a part of this paid family leave act? [LR222]

SENATOR CRAWFORD: I have not thought of that yet. So I haven't thought through that. We were thinking often it's for employers of certain sizes, right? [LR222]

SENATOR HARR: Okay. [LR222]

SENATOR CRAWFORD: And like how many employers do you have before you hit that coverage. And so self...I know, we have talked about the fact self-employed...so one strategy is that self-employed employees or contractors can opt into the system if they pay into the system. Or people who work at a company that has lower than the minimum number of employees would have the option of paying into the system...of being in the system if they...an opt-in system for people who aren't covered in the general plan. [LR222]

SENATOR HARR: Okay. [LR222]

SENATOR CRAWFORD: So that would be how we would think about how to address that question. [LR222]

SENATOR HARR: So what would be the number, right now, for required...so this would be employer or employee paid, the dollar...let's say the \$1.38? [LR222]

SENATOR CRAWFORD: This is an employee paid. [LR222]

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SENATOR HARR: Okay. So if it's employee paid, why would the number of employees in a company matter? [LR222]

SENATOR CRAWFORD: So, actually, that question comes to play because part of the system is collecting the money and getting the money back out to the employees when they need it, but another component of paid family leave is that employers must be willing to give employees that time off. So I think we'll have debates and discussions about whether that applies, like one line you could draw would be the people...all the employers who must follow minimum wage requirements. You know, that could be one set of parameters. Or we could talk about whether it's everybody, no matter how many you have. That's part of the discussion we can have about how we should structure the system in our state. [LR222]

SENATOR HARR: Okay, and what are you advocating for? [LR222]

SENATOR CRAWFORD: I believe this estimate is based on four as the minimum, but I will check that and give you the...make sure that's correct in closing. [LR222]

SENATOR HARR: Okay, so four employees or more? [LR222]

SENATOR CRAWFORD: Right. [LR222]

SENATOR HARR: You would...the employee would be required to pay in the \$1.38? [LR222]

SENATOR CRAWFORD: Right. And if they're self-employed... [LR222]

SENATOR HARR: And the employer would be required to give them that time off, then? [LR222]

SENATOR CRAWFORD: Right. And if they're self-employed, they would have...an independent contractor would have the option of opting in or buying in to it. [LR222]

SENATOR HARR: Okay. [LR222]

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SENATOR CRAWFORD: So it is true that since it's a state pool, it is true that as you move from job to job you don't lose that investment. You're in that program. [LR222]

SENATOR HARR: Okay. Well, I'm sure there are many more questions. I'm very excited... [LR222]

SENATOR CRAWFORD: Sure. And I'm happy to answer other questions right at...yeah, at the closing. [LR222]

SENATOR HARR: Okay. Thank you. Senator Bloomfield. [LR222]

SENATOR BLOOMFIELD: Thank you, again. Another question came to mind through that question. What about part-time people? [LR222]

SENATOR CRAWFORD: That's a good question. Let me check and see if they're included in this calculation or not and get back to you on that on closing. [LR222]

SENATOR BLOOMFIELD: Well, that's part of the idea of this thing, is to flesh some of these things out. [LR222]

SENATOR CRAWFORD: Right, right, right, right. No, no, and that's the important part of interim is thinking through all these questions, so I appreciate you raising that. [LR222]

SENATOR BLOOMFIELD: Yeah. And I would also want you to look at some agriculture issues. [LR222]

SENATOR CRAWFORD: Okay. All right. [LR222]

SENATOR BLOOMFIELD: And I'll talk to you about it here. So that...thank you. [LR222]

SENATOR CRAWFORD: Good question. Right. Absolutely. Thank you. I appreciate you raising those. [LR222]

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SENATOR HARR: So, I think that would probably fall under (inaudible)...your independent contractor wouldn't they? [LR222]

SENATOR BLOOMFIELD: Could be, I don't know. [LR222]

SENATOR HARR: Yeah. [LR222]

SENATOR CRAWFORD: They're considered self-employed. [LR222]

SENATOR JOHNSON: A big farm might be different. A huge...mega...(laugh) [LR222]

SENATOR HARR: Yeah. [LR222]

SENATOR CRAWFORD: Right. No, those are very good questions for us to make sure we're thinking about as we move forward. Thank you for raising it. [LR222]

SENATOR HARR: Any other questions for Senator Crawford? I assume you're going to stick around for close? [LR222]

SENATOR CRAWFORD Absolutely. [LR222]

SENATOR HARR: Great, thank you. Anyone else here to testify on behalf of resolution number...what's that? [LR222]

_____: 222. [LR222]

SENATOR HARR: LR222, thank you. Glad that's on here, yeah. [LR222]

JULIET SUMMERS: (Exhibits 1 and 2) Good morning, Mr. Chairman, members of the committee. Thank you for hearing our testimony today. My name is Juliet Summers, J-u-l-i-e-t S-u-m-m-e-r-s, I am here on behalf of Voices for Children in Nebraska to give some further information about the importance of paid family medical leave. So thank you, Senator Harr and

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members of the committee, and thanks as well to Senator Crawford for her interest in this issue of paid family and medical leave. Nebraska is a state where family and children are an integral part of our values, but these values are not always reflected in our laws. Statistics show us that the nature of family composition and earnings has changed significantly over the past decades in Nebraska and nationwide. Previously, the majority of children were taken care of in the home by one parent, usually the mother, while the other parent worked. Due to economic and social changes, this situation is now statistically uncommon, with an increased number of children living in either dual-earner or single-parent households. In fact, the majority, or about three-quarters of all children in Nebraska have all available parents in the work force. These changes have increased the need for resources that ensure that workers can successfully meet the needs of both their jobs and their families, and our policies have not kept pace with this social change. Ensuring access to paid family and medical leave would ensure that workers can put family first during times of significant need. And attached to my testimony today is an issue brief that Aubrey Mancuso in my office authored. She is actually on maternity leave right now, as we speak. [LR222]

SENATOR HARR: Paid? [LR222]

JULIET SUMMERS: (Laugh) It is paid, the first six weeks at Voices for Children. And so the issue brief details the impact of paid family and medical leave and earned sick days as well, for both workers and businesses. And I will highlight some portions of this today. The Family and Medical Leave Act of 1993 was an important step in ensuring job protection for some workers who take time off to take care for a family member, but it does not cover all workers or ensure financial protection for workers who need family leave. Currently, only 60 percent of all workers in the U.S., and less than 1 in 5 new mothers are covered by leave under the FMLA, and only 12 percent of employees nationwide have access to paid family leave. This is the difference between job security and financial security in these moments of significant need. Access to paid family leave is also currently disproportionately skewed toward higher wage workers. Only 5 percent of workers in the bottom 25 percent of wage earners have access to paid family leave, compared to 22 percent of workers in the top earning category. And in fact, during some focus groups that we conducted with women with lower incomes in 2014, several referenced being forced to quit jobs and rely on public assistance programs due to the lack of paid maternity leave available through

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their employer. Surveys have found that about 1 in every 10 workers who took unpaid family leave after the birth of a child used some form of public assistance during their leave. Both men and women who took paid leave, versus no leave at all, were significantly less likely to receive public assistance within the year after the birth. Paid leave also contributes to a much lower likelihood of having to increase the amount of public assistance received after the birth of a child. Of particular concern to Voices for Children, is the time that new parents need to care for a child after birth, foster, or adoption. New parents need time to bond with their child and to adjust to the associated life changes that come with a new child, free from financial stress. When parents aren't able to take the time they need with a new child during this critical developmental time, both parents and children can be negatively impacted. Research has found that mothers with at least eight weeks of paid leave are less likely to experience post-partum depression, and to be in better overall health than women with less than eight weeks leave. In addition, the WHO recommends exclusive breastfeeding for the first six months of a baby's life, due to the positive health impacts of breastfeeding on children. Ensuring paid leave helps more mothers to have the capacity to breastfeed. Fathers are also more likely to be involved in raising a new child, even after returning to work, if they are able to take paid time off when a child is born or adopted. There are also several benefits to businesses providing paid family and medical leave to their workers. In a state like Nebraska, with low unemployment, where employers continually speak to the need for more qualified workers, guaranteeing workplace flexibility can help expand the pool of available talent. Offering a statewide paid family and medical leave program can level the playing field for businesses of all sizes. Small businesses, which may not be able to afford to offer their employees paid leave, get the opportunity and benefits of offering a paid leave program. Large businesses who supply paid leave benefits already may experience cost savings by taking advantage of a statewide program. With enhanced job retention, businesses can save money and benefit from being able to keep knowledgeable employees on staff with valuable and relevant work experience. Employers in states where statewide programs have already been put in place have reported a positive or minimal impact on their business. We hope that this committee will look favorably on a statewide plan as an opportunity to ensure that all workers are able to put family first in times of significant need. And thank you for your time today.

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SENATOR HARR: Excellent. Thank you, Ms. Summers. Any questions? See none. Thank you for your time and coming to testify. [LR222]

JULIET SUMMERS: Thank you. [LR222]

MICHELLE ZYCH: (Exhibit 3) Hi, good morning. My name is Michelle Zych, M-i-c-h-e-l-l-e Z-y-c-h, and I'm the executive director of the Women's Fund of Omaha. We're an organization dedicated to improving the lives of women and girls in the Omaha community. To do this, we identify critical issues through research, fund innovative solutions through grants, and influence dynamic change through advocacy, to ensure that every woman and girl has the opportunity and ability to reach her full potential. In order to achieve this, women and their families need economic security and the ability to better manage the dual demands of work and family. They also need access to financial literacy, employment training, and leadership development. The Women's Fund has invested more than \$700,000 into such programs over the last 25 years, and we believe that a combination of public and private investments will be required to build economic security for women and their families. We also believe that access to paid family and medical leave is one way that women can build and maintain their economic security. Having the ability to address a serious health condition, including pregnancy, care for a family member with a serious health condition, and/or care for a newborn, newly adopted child, or newly placed foster child while continuing to earn a portion of their pay, is critical for women's ability to provide for their families. Not having access to paid family and medical leave impacts women in particular, especially in Nebraska. While women make up 47 percent of the labor force, they still only make 78 cents to each \$1 that a man makes. For mothers, the pay gap can be even more substantial. Research shows that women experience a 7 percent decrease in pay for each child they have. Much of this "motherhood penalty" is a direct consequence of the wages women lose during unpaid leave, and the time they lose towards scheduled earnings increases. Having access to paid leave changes this. Paid family leave increases wages for women with children. New mothers who have access to paid leave are more likely to return to the same employer within 9 to 12 months and 97.6 percent of those who return to the same employer do so at their previous pay level or higher. In fact, women who take paid leaves of 30 or more days are 54 percent more likely to report wage increases in the year following the child's birth. Our research at the Women's Fund supports the need for this kind of flexibility, and accelerated on-ramps to help

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women reactivate, who temporarily opt-out to care for family. These avenues for advancement, along with paid and family medical leave are best practices for improving the representation of women in leadership. Moreover, women who go back to employment after paid leave are more likely to stay employed years later, benefiting both their careers and business productivity. Finally, paid leave benefits, benefits families from all socioeconomic statuses. Research shows that when paid leave is not available to parents, some may rely on public assistance to supplement the incomes they lost while not at work. However, women who return to work after a paid leave have a 39 percent lower likelihood of receiving public assistance, and a 40 percent lower likelihood of food stamp receipt after returning to work. We believe that paid family and medical leave is a policy solution that will help provide long-term economic stability for women and their families. Thank you for your time. I would be happy to answer any questions. [LR222]

SENATOR HARR: Thank you, Ms. Zych. Any questions? Senator Johnson. [LR222]

SENATOR JOHNSON: Thank you, Mr. Chairman. Thank you for coming in. Are you familiar with the state plan that Senator Crawford... [LR222]

MICHELLE ZYCH: I'm not familiar with the specifics, no. [LR222]

SENATOR JOHNSON: Okay, I'll defer then on a couple of my questions. [LR222]

MICHELLE ZYCH: Okay. [LR222]

SENATOR JOHNSON: Thank you. [LR222]

SENATOR HARR: Any others? Just a comment, you'll be happy to know that female state senators make the same measly amount (laughter) as male senators, so. [LR222]

MICHELLE ZYCH: Ah, well, progress. It's progress. Thank you. [LR222]

SENATOR HARR: There you go. We at least have that right. Any other proponents of LR222? [LR222]

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MELANIE CLARK: (Exhibit 4) Hello. My name is Melanie Clark, that's M-e-l-a-n-i-e C-l-a-r-k, and I own a marketing firm in Omaha called Clark Creative Group with my husband Fred. We have been in business for 23 years and currently have 16 employees. Of those 16 employees, 7 have been with us more than 10 years, and 1 for 21 years, and 3 for more than 15. I attribute much of low employee turnover to our liberal family leave policies. I also attribute our success in business in part to these policies as they have resulted in a happy, productive, and extremely loyal team. Although less than 5 percent of businesses our size nationwide do so, we offer 7 weeks of paid maternity leave and an ease back in schedule for new mothers, which really puts them at about 9 weeks paid. We also offer new fathers one week of paid paternity leave. Since implementing this policy 15 years ago, every new parent on our staff has returned to work after the birth of a child and stayed with us. In addition, we offer paid family and medical leave for other situations, for example: about 10 years ago, one of our employees developed a serious health issue that required her to be hospitalized and receive in-home therapeutic care for about 2 months. We continued to pay her full salary and she eventually returned to work healthy, and she's the one who's been with us for 21 years. Another employee developed a serious case of West Nile last year and had to miss several weeks of work, followed by a temporarily modified work schedule to get it under control. We continued to pay her full salary throughout her ordeal. Both of our employees are still with us today, and are extremely grateful for the support that we gave them. We also have a very liberal sick day policy that can be used for sick children or aging parents, and we offer a lot of flexibility in work schedules. Three mothers have flexible schedules with us, and one of our dads recently decided to work 6:30 a.m. to 3:30 p.m. to pick up his kindergartener after school. I am told that in our industry we have a reputation as a great place to work. Conversely, we have reaped the rewards by retaining key employees who help our company to make a strong profit year after year, for 23 years. And I really think it's because of the way that we treat them and give them a lot of the family and medical leave benefits. Thank you. [LR222]

SENATOR HARR: Thank you, Ms. Clark. Senator Bloomfield. [LR222]

SENATOR BLOOMFIELD: Thank you, Mr. Chairman. Ms. Clark, yours is a totally voluntary setup? [LR222]

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MELANIE CLARK: Yep. Completely, yeah. [LR222]

SENATOR BLOOMFIELD: Do you see any reason that that won't work if it's a big benefit to the employer? Should he not then be volunteering, rather than to have the state create this whole new monstrosity? That would appear to me would be a monstrosity of an additional \$150 to \$200 a year tax per couple. [LR222]

MELANIE CLARK: Well, that would be great, but it doesn't seem like very many are stepping up. We're definitely in the minority. And we just do it because...well, we started out doing it just because we felt it was the right thing to do, but we've found that it is very beneficial to our company as well. [LR222]

SENATOR BLOOMFIELD: It would just seem to me that if it is beneficial to the employer, that the employer would want to do it, rather than the state forcing it on them. And that's something I hope we will look at as the study goes forward. But I want to congratulate you for having that policy. [LR222]

MELANIE CLARK: Thank you. [LR222]

SENATOR BLOOMFIELD: But what would happen with your policy if the state in fact enforced a policy that did somewhat the same thing? Are you going to lose the dedication of those employees that you're giving that extra benefit to, at this point? [LR222]

MELANIE CLARK: I don't think so. I wouldn't worry about that, certainly. I'd rather see everyone have the benefit, you know. [LR222]

SENATOR BLOOMFIELD: Even with the increase...and at this point, I'm going to call it a tax, because it's going to be something we're going to take out of everybody's paycheck. [LR222]

MELANIE CLARK: Right. [LR222]

SENATOR BLOOMFIELD: Thank you. [LR222]

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SENATOR HARR: Any other questions? I have a couple of questions for you. [LR222]

MELANIE CLARK: Okay. [LR222]

SENATOR HARR: First of all, thanks for coming down. [LR222]

MELANIE CLARK: Sure. [LR222]

SENATOR HARR: How many employees do you have? [LR222]

MELANIE CLARK: Sixteen. [LR222]

SENATOR HARR: Sixteen. And when you started this policy 15 years ago, how many employees did you have? [LR222]

MELANIE CLARK: We had probably ten. [LR222]

SENATOR HARR: Ten. Okay. And how difficult is it to cover for those workers when they're...or how do you handle that? [LR222]

MELANIE CLARK: We cover with other...the other employees cover each other. And it's amazing. They just...they just do it willingly. I mean, they know that we're all in it together, and that someone else will cover for them. And everybody just...no complaints, they really just cover for each other. [LR222]

SENATOR HARR: Okay. [LR222]

MELANIE CLARK: It's amazing. [LR222]

SENATOR HARR: Okay. And did you give 100 percent paid leave or two-thirds? [LR222]

MELANIE CLARK: 100 percent. [LR222]

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SENATOR HARR: Okay. Excellent. Thank you...yes, Senator Johnson. [LR222]

SENATOR JOHNSON: Yeah. It did create a question. Do you have an idea of what your benefit costs are per employee, or percentage? Because it would appear that, I mean...I'm assuming most of your skills are in labor and other...because you're a service type... [LR222]

MELANIE CLARK: Right. Yes. Salaries... [LR222]

SENATOR JOHNSON: So how much of your payroll is tied up in benefit costs? [LR222]

MELANIE CLARK: I don't really have that figure, and it does vary year to year. It seems like we always have a pregnancy lately, probably the last five or six years, so there's definitely a cost to that. And it's a challenge during the time, for sure. And it does add to the cost of the year, but like I said, in the end, I feel like it definitely outweighs the challenge because they stay. [LR222]

SENATOR JOHNSON: So basically, what you're saying...you're not...it hasn't been effect...an effect on your bottom line. [LR222]

MELANIE CLARK: It hasn't, no. No. I haven't ever had to do a cost analysis, because it's never been...it's never caused us to lose money. We've still been profitable...very profitable. So I haven't felt the need to even look at it that closely. [LR222]

SENATOR JOHNSON: Okay. Thank you. [LR222]

SENATOR HARR: Thank you, Ms. Clark. Appreciate your time. [LR222]

MELANIE CLARK: Thank you so much. [LR222]

SENATOR HARR: We are taking testimony on proponents. LR222. [LR222]

MARK INTERMILL: Good morning, Senator Harr and members of the Business and Labor Committee. My name is Mark Intermill, I-n-t-e-r-m-i-l-l, and I'm here today representing AARP.

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Making a relishfully(sic) rare appearance before the Business and Labor Committee. Usually, you don't have too many things to get us too riled up over at AARP. But this is one that, as I see it, this LR222 stands at the intersection of labor policy and long-term care policy. [LR222]

SENATOR HARR: Are you here on the "fertile octogenarian"? Or no? [LR222]

MARK INTERMILL: I'm feeling like it today. [LR222]

SENATOR HARR: Okay. [LR222]

MARK INTERMILL: But...(laugh) we do...are interested in the issue of paid family medical leave or assistance to caregivers. I've included just a couple of pieces of information that we want to just bring to you. At AARP we do surveys of our members on a fairly regular basis to try to get a sense of what their opinions are on issues that might be coming before the Legislature. And the first page that I've...of the handout is a summary of a 2011 survey that we did. And this was with our AARP members in Nebraska. The first question, A1, found that about 20 percent of them are caregivers, about 1 in 5 Nebraskans, and this is coming up time and again in surveys that about 20 percent of Nebraskans are engaged in providing care for somebody over the age of 18 who has a disability of some sort. You can see in A2 who those parent...who those individuals were. About two-thirds of them, of those who responded to the question, are caring for a family member. In...the length of time that they've been providing care ranges...typically it's in the one-year to five-year range. So this is an ongoing process for most of our other responses to the survey. And it can be anywhere from less than 5 hours a week to, in some cases, more than 40 hours. In 2013 we did some surveying on some specific policy issues. Again, we asked...and this is a survey of adults in Nebraska, going beyond just the AARP membership. A slightly more...quite a few more people indicated that they were a caregiver: 17 percent were currently caregivers and another 27 percent had been in the past. We asked whether they had...of those who indicated that they were working, did they have paid sick leave? And, as Senator Crawford indicated, that the fallback, if you don't have paid family medical leave, often is sick leave. But what we found was that 43 percent of the respondents who were working said that they didn't have sick leave, so that wasn't a fallback for that segment. We also asked about paid vacation leave, and one-third, slightly less, but one-third of working respondents didn't have paid vacation

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leave either. We asked them if they'd had to take a week off from work for medical reasons or to take care of a family member, and you can see that 9 percent did have to take time off from work in order to provide care for a family member. And we also ask them, how strongly do you support establishing a program that provides temporary paid caregiver leave, that works similar to unemployment insurance. We tried to be as specific as possible and found that 63 percent indicated support for that type of a program, 33 percent strongly support, 30 percent somewhat support. The segment of the work force that's engaged in caregiving is also likely to grow, and I want to...the paragraph...this page that has the projected state populations by age category. You can see that we're currently at about 13 workers for every person who's over the age of 80. That's going to drop to 7 by the year 2050...gradually go down. So more workers are going to be engaged in some sort of caregiving, so this is going to become a bigger issue for the nation. I've got a profile of caregivers from a national survey that provides you some information about who those individuals are, who they're caring for, what sort of things they're engaged in. And finally, I think the issue, as it relates to the state of Nebraska...Nebraska's interest in this issue is that caregivers are part of our long-term care policy, which over the last 25 years, the impetus of that policy has been to reduce Medicaid expenditures. And the last page provides you with a summary of what that has looked like over the past...since 1988. We have reduced significantly Medicaid spending. The growth has curbed, largely due to providing more in-home services that are provided by family caregivers. So I think there's an interest in the state of pursuing something, to make sure that we're able to support caregivers. Thank you. [LR222]

SENATOR HARR: Thank you, Mr. Intermill. Any questions? I guess my question is: you see this for...well...how long...what I don't see in your stats is how long does the caregiver provide that care for the elderly person? Is it for 12 weeks or is it for 8 years, or 2 years, 3 years? Do you know the time period? [LR222]

MARK INTERMILL: Variable. Extremely variable, depending on the situation. Their...the group of caregivers that this bill would...or this issue would address are those who are in the work force. We have spouse caregivers who may be also retired who may be providing care for years. There is a stat in here about the tenure of caregiver caregiving, I think on the first page, that breaks it down into segments of...I think it...up to more than five years. So that's...that would be what we would have, it is A3 on the first page. [LR222]

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SENATOR HARR: Yep, A3. Okay. [LR222]

MARK INTERMILL: So a lot of variability, though. [LR222]

SENATOR HARR: Okay, thank you. Any other questions? See none. Thank you very much for coming down today. [LR222]

MARK INTERMILL: Thank you. [LR222]

SENATOR HARR: Anyone else testifying in favor of LR222? Hello. Welcome. [LR222]

CARY MOHIUDDIN: (Exhibit 6) Good morning. Good morning members of the Business and Labor Committee. My name is Cary Mohiuddin, C-a-r-y M-o-h-i-u-d-d-i-n. I apologize, I'm a little nervous. I'm speaking about something very personal that is currently happening in my life. I come to you today to share my story of how unexpected life challenges can happen to anyone. My family's nightmare has been going on for almost four years now. I come to you today as someone who is incredibly fortunate to have an employer that has continuously worked with me to come up with creative solutions in order to keep my salary coming and the insurance benefits intact. They allowed me the time I need to be present for my husband's ongoing healthcare needs. My husband and I had been married almost two years and our son was three months old, I'd just gotten off of maternity leave, which was paid, and I'd used all of my vacation and personal leave to stretch out my time at home with my son as far as I could. I am fortunate to have an employer that provides six weeks of paid time off for maternity leave. My husband and I were both gainfully employed with good careers. We were both presumably healthy. On Saturday, January 28 of 2012, we moved into our new home. We were excited to be starting the next chapter of our lives together and our future looked bright. That evening, my husband went to bed with a slight fever and a sore throat. His fever continued into Sunday. By Sunday evening, he was in the emergency room and proceeded to go into DIC septic shock. Blood was coming from his eyes, and from his ears, and from his nose. His heart rate plummeted, his breathing was labored. All of this stemmed from a strep throat, he had sepsis. He spent the next 2 months in 4 different hospitals and due to kidney failure, he needed 24-7 dialysis. He was on life support with a ventilator on multiple occasions and received over 100 hyperbaric oxygen treatments. We

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then had daily in-home nursing visits. My husband, now an amputee on his hands and both of his feet, needed daily wound care. He was unable to work and took short-term medical disability. His company provided him with six weeks of unpaid FMLA. During this time, I was the primary caregiver for both my infant son and my recovering husband. I was charged with the task of managing the nurse visits, and making sure he was receiving the proper treatment. It was critical that I was 100 percent available to be there for my husband's healthcare needs. He had coded four different times while in the hospitals and I was his only advocate. He could not speak on his own behalf. Since the first day this nightmare began, he has had over 30 surgeries and this is my life now, today. This kind of scenario happens to families every day, everywhere. I am not unique. But because of the support and flexibility that my employer provided, we have kept afloat. But what about those families who are not as fortunate as my husband and I? This thought crosses my mind every day, many times a day. If not for the great fortune of an employer who supported me through this, who worked with me on coming up with creative solutions so that I could keep my job and keep my paycheck coming and also be available for the healthcare of my husband, our story would look very different. Thank you to the support of my employer and our families, we are not homeless, but not a day goes by that I do not wonder: what would someone else in my position do? If it hadn't been for the huge support I received, we would no doubt be homeless and jobless. I realize I am one of the lucky ones. My situation is unique in that I still have my job and was so fortunate to have received a paycheck throughout. Many thousands of families are not so fortunate, and I'm sure you know the number one cause of bankruptcies in this country are the result of medical bills. Members of the committee, I encourage you to remember my story, and the stories of so many others who perhaps weren't as fortunate as we have been, as you consider paid family leave legislation, next session. [LR222]

SENATOR HARR: Good. Thank you very much. Any questions? I guess my question is: who is your employer that was so generous? [LR222]

CARY MOHIUDDIN: I work for an organization called Collective for Youth, and we help to manage and oversee 29 after-school programs within Omaha Public Schools. [LR222]

SENATOR HARR: Oh. They should be commended. My other question is...so, you know, we talk about...there has to be some limit on how long that leave can be. Would you advocate for...I

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think Senator Crawford advocated for your situation would be 12 weeks. Would you advocate for 12 weeks, or...would it be by hours or weeks? By that, I mean...so that you only had to take 10 hours off a week over 120-week period as opposed to full time or whatever the math is...I'm not a math guy. But would you advocate for the time off be by the hour or by the day? [LR222]

CARY MOHIUDDIN: By the day. [LR222]

SENATOR HARR: By the day? Okay. All right. [LR222]

CARY MOHIUDDIN: In my case, that is what worked for us. [LR222]

SENATOR HARR: Thank you very much. Are there any other questions? Seeing none, thank you very much. [LR222]

CARY MODIUDDIN: Thank you. [LR222]

SENATOR HARR: (Exhibit 7) Any other proponents on LR222? Seeing none, we will take those in the who...negative. Should have introduced the legislation. (laughter) Any of those in a neutral capacity? All right. I have a letter, I do. I have a letter here from...nope...I'll find it in my mess. It is from the Holland's (sic) Children's...what is it? Holland's (sic) Children's Movement. Everyone received them, and it was signed by Sarah Ann Kotchian, and we'll make that part of the record. Senator Crawford, if you would like, the chair is yours. [LR222]

SENATOR CRAWFORD: Absolutely. Thank you so much, and thank you for the great questions. And thank you to everyone who's come to testify today. I'll focus in my closing on responding to those questions and adding more information about those. So first, let me say for the record, that the cost estimates that I gave were based on a model assuming that it applies to employers who have four or more employees and a structure that is the same as the federal FMLA requirements. So in terms of the length of time and those kind of elements. So...and in answer to your question about the structure, right now in the interim we are looking at different structural ideas and really gathering information about what that structure should look like. So one argument is that you structure it as similar to the federal FMLA policy as possible so it

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creates the least amount of new work for HR departments, because they already have to follow those rules for the federal law, they just have no way of offering any paid benefit to take that leave. But they have to allow that leave, so their HR departments already know those rules and would already have infrastructure in place to follow those rules. So that's one...I think that's probably where I would start, but I'd be open to considering if we need to move away from that kind of model. Except I would say that for a state policy, I would advocate that it doesn't...that the line that brings people in is not 50 employers but instead that we would have a lower one, like 4. Again, and we could talk about what that looks like in the ag situation and we can talk about what that looks like for independent contractors. So also...it was an interesting question that was raised about part-time work, and the estimates here do not include that. And so asking...I'll have to look and see if there are any provisions in other states or examples of how people have handled part-time work to see what that looks like. Now it is the case that, we have seen in models that one of the conditions is that you must be employed somewhere for two of the last four quarters. So that still allows the situation that you might move to a new job and something hits your family unexpectedly, and so you're not leaving a worker in an unfortunate situation. You know, if their child was in a motorcycle accident and it just happened to be the week after they changed employers. Right, if they'd been paying into the system they'd still be okay. But, you're also not creating incentive for someone to just go get a job so they can take some paid leave. (laugh) You have to be employed and a regular history of being employed to benefit from the paid leave. So the other question that came up was about say, adult caregivers, and some of these situations that might be long-term situations. So what the federal FMLA policy already allows is what's called intermittent care. So some people, instead of a single period of 12 weeks all in a row, they might need to work with their...they can work with their employer where, maybe when someone is going to chemotherapy or something, it's one day a week for a period, and that one day a week adds up to the equivalent of 6 weeks or 12 weeks. And I think that's an important flexibility that I would like to see our model have. So that helps to address those situations, perhaps, like someone...when they first are diagnosed, you might need some pretty intense time at the beginning and then after that it will help to have one day a week for a while until you figure out the systems and get things rolling. But it is...it definitely will have a limit, and so it...there are so many families that will be helped by that intense initial help or by being able to set up something for a little while on this intermittent care. But eventually, I mean, if it's something that that can't handle, we'll have to make other adjustments.

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But I think we'll be able to help so many families just with that limited piece, that they'll be able to get back to work and get back to their schedules, that the few cases where that may not be sufficient, no...or unfortunate cases where those families will have to figure out a change in their work force. But by having that...the 6 weeks or 12 weeks, and having that in place with some partial wage replacement, it allows so many of those families to get back to work. And I want to reinforce one point that you heard, and that is that we have a fairly high percentage of our population that has no paid sick leave. So this policy coming in also helps with that situation, where someone has no days of paid sick leave to take care of themselves or their family. So finally, I want to come back to Senator Bloomfield's good question about: why wouldn't the private market do this, if it's so good for employers. It's a very good question. So that's a very good question. What we have seen is...there have been these studies talking about the benefits to the work force for many years. I...it's still the case, though, that only 12 percent of workers nationwide had this. So for whatever reasons, it is not something that employers widespread are picking up to do, despite some pretty strong evidence that it would be beneficial. Now it is also the case, though...and I think you asked a good question about whether the employers who do it would lose anything if everyone is in the system. And actually, what they found in California was even though the state was requiring it and structuring it, it still...the employees still had a greater loyalty to their employer, because they were able to leave and come back. So that...since loyalty to the employer and the willingness to come back and work there, and stay there, was still present in a state...even when there was a state structure underneath that. Now the other thing that can happen, is this is just partial wage replacement up to two-thirds of the median salary. So another way that employer could be...distinguish themselves if they want to in this way, is to provide, you know, full wage replacement. Right, so there's still room for an employer to be more generous if they choose to be so privately, just sets that floor, to make sure that it's possible for a family to leave. And again, that's partial wage replacements, though, its...the family's still going to be making a financial sacrifice to take this time, but to make it, hopefully, more possible for a family to do so without public benefits or bankruptcy to do so. So let me check, I think that...so that I think answers many of the questions that were raised and responded to. Again, since this is interim, happy to take feedback or talk to you after...you know, in one on one about ideas on how to structure it...what you'd like to see in the structure moving into next session. Thank you. [LR222]

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SENATOR HARR: Great. Any questions? Senator Bloomfield. [LR222]

SENATOR BLOOMFIELD: Thank you, Senator Harr. Senator Crawford, there's a couple more questions came to my mind, now. [LR222]

SENATOR CRAWFORD: Sure, yeah. Absolutely. [LR222]

SENATOR BLOOMFIELD: Who's going to write the check to the employee? Will that check come from the employer and then be reimbursed by the state, since the state is actually collecting these funds? Or does the employee make application to the state saying that I am off due to illness, please start sending me my money? [LR222]

SENATOR CRAWFORD: Right. So I would anticipate a system mirroring unemployment benefits, so the state...the check would...or the... [LR222]

SENATOR BLOOMFIELD: Benefit. [LR222]

SENATOR CRAWFORD: Benefit would come from the state. And the state...so the employer, in this case, gets a great deal, because the state is dealing with the...collecting the money and getting the check out. [LR222]

SENATOR BLOOMFIELD: Have you looked at all to see how many more employees the state would need to hire to operate this? And if not, would you please? [LR222]

SENATOR CRAWFORD: Right. So absolutely. So the estimates...the cost estimates in...that were calculated for us were building in the fact that we do have to pay for the Department of Labor to implement this. Right, so that cost of...I don't remember how many employees specifically, but the cost, the \$1.38, \$1.60, that was including paying for the people that would be needed at the Department of Labor to make this happen. [LR222]

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SENATOR BLOOMFIELD: What about the Department of Revenue? Or don't you see anything going through them at all? Because I would think this has got to be handled as a tax, I don't know how else you could handle it. [LR222]

SENATOR CRAWFORD: Well, you're handling it in the same way you're handling unemployment insurance, which the Department of Labor does. So I can check that... [LR222]

SENATOR BLOOMFIELD: It's up to like the base of the...yeah. [LR222]

SENATOR CRAWFORD: But I think it would be a Department of Labor function, both to collect the money and to get the money out. And so it would only be change...you know, adding... [LR222]

SENATOR BLOOMFIELD: But the Department of Labor is collecting it from the business? [LR222]

SENATOR CRAWFORD: Correct. [LR222]

SENATOR BLOOMFIELD: Where you're going to be collecting it from virtually everybody that works in the state. And I would also have a question...is where...when we cross the state line...we have a Nebraskan working in say, Iowa, or an Iowan working in Nebraska, how is that going to be affected? Those are just more things I'd ask you to look at as we go ahead. [LR222]

SENATOR CRAWFORD: Okay, absolutely, absolutely. Right, good questions, thank you. [LR222]

SENATOR HARR: Senator Johnson. [LR222]

SENATOR JOHNSON: Thank you. Again, this is a hearing...so it's not...when we say everybody, every employee working for a company then participates? [LR222]

SENATOR CRAWFORD: Correct. [LR222]

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SENATOR JOHNSON: Okay. [LR222]

SENATOR CRAWFORD: And then again, part of it you can structure whether it's part-time or just full-time or whether there's a number of employees...right... [LR222]

SENATOR JOHNSON: Yeah, no. That's...we'll assume it's...well, let's assume it's the full-time because that's probably the scenario right now. So for the employee, it's not...it's mandatory. Okay. [LR222]

SENATOR CRAWFORD: These estimates are, yes. [LR222]

SENATOR JOHNSON: Okay. Is there any compensation...or any difference for single employees? Because we've sure talked about being a parent. [LR222]

SENATOR CRAWFORD: Correct. I would say no, and part of the reason for that is that it's not just for having children. [LR222]

SENATOR JOHNSON: Right. [LR222]

SENATOR CRAWFORD: So the paid family leave also includes your own...if you get sick yourself or have a serious car accident yourself. So even if you're single, that can happen. Or if you're single, you may have a parent who needs care. So no matter whether you're single or married, young or old, all workers have...are likely to have situations, you know, that...where they might need this kind of benefit. I mean the number of people taking it is not that large, but the...all workers have a probability of being in that situation where they themselves have a serious illness or accident, or someone in their family does, even if they're not married themselves. [LR222]

SENATOR JOHNSON: Okay, just curious. There was a discussion about a business that decides to go into the program so it would not be mandatory for every business. [LR222]

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SENATOR CRAWFORD: So that would be if you put that line, so you...like if you put the line at you must...those employers who have four or more employees. So the ones under that would be the ones that would not necessarily be mandated if that's how we decide to structure it. [LR222]

SENATOR JOHNSON: But it would be a mandate to all business then but...with a certain amount of employees to be in the program. [LR222]

SENATOR CRAWFORD: Correct. Right. [LR222]

SENATOR JOHNSON: Okay. That answers part of the question because I wondered if you came...well, let's say you were in a business that only had four employees, so they were not in the plan, and you took a job, so now it's mandatory and you had a claim right away. Is this like insurance you've only paid in a week, but it still covers? [LR222]

SENATOR CRAWFORD: Right. [LR222]

SENATOR JOHNSON: Is there no waiting period then? [LR222]

SENATOR CRAWFORD: Sure. So in the models that we have seen, since again it's a statewide program, if you have been employed two of the last four quarters, so that is your buy-in, that you've been employed for two of the last four quarters... [LR222]

SENATOR JOHNSON: Even in a non participating business. [LR222]

SENATOR CRAWFORD: That's a good question. I'll have to check to see how that's handled. Right. That's a good question. [LR222]

SENATOR JOHNSON: Just curious. I mean, not that it's good or bad, just so that it's...looked at. [LR222]

SENATOR CRAWFORD: Right. So you have more protections... [LR222]

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SENATOR JOHNSON: If they were... [LR222]

SENATOR CRAWFORD: I'll check...I mean, we will have to answer that question as we design it. [LR222]

SENATOR JOHNSON: Yeah. I think that covered most of mine. Thank you. [LR222]

SENATOR CRAWFORD: Excellent, thank you. [LR222]

SENATOR HARR: Senator Bloomfield. [LR222]

SENATOR BLOOMFIELD: Another question came to mind out of that line of questioning. Is there a set amount going to be charged to each individual? Is it going to be based on the amount they earned, a \$20 an hour individual going to pay in the same amount as a \$10 an hour individual? [LR222]

SENATOR CRAWFORD: Right, and that's one of the choices we'll need to make in designing the bill. So you could have it at a flat set amount, and that's what this estimate is based on, or you could have some kind of a progressive system. Quite often, and I'm...the systems are set up so that it's a set amount up to a certain amount of the person's wage, but you can design it to be more progressive in terms of what you pay, by having people who have lower wages pay less. You could also think about that when you're designing the benefits people get back. You know, you can decide to try to provide a little more of the benefit back to someone who is a lower wage worker. So those will all be parts that we'll have to decide what that will look like. [LR222]

SENATOR BLOOMFIELD: Okay, thank you. [LR222]

SENATOR HARR: All right, I have a couple of questions. First of all, why limit it to 4 or more? I guess my...why not go with the 50 or more like FMLA if you're talking about making simplicity for HR? [LR222]

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SENATOR CRAWFORD: That just leaves out an awful lot of workers. I mean, that's...so that would be my argument, is it leaves out too many workers. [LR222]

SENATOR HARR: Okay. Obviously this wouldn't apply to federal employees. [LR222]

SENATOR CRAWFORD: That's a good question. [LR222]

SENATOR HARR: What's that...is that...well, I'm asking you. [LR222]

SENATOR CRAWFORD: Yeah, yeah. I would guess...my guess is no, but I'll check that. [LR222]

SENATOR HARR: That it would or would not apply to federal employees? [LR222]

SENATOR CRAWFORD: I don't know, I'll check. Good question. [LR222]

SENATOR HARR: And then the other question I have is, is there a lifetime max or is there a...you know, the old example I give is the Irish twins, two people born within one year. [LR222]

SENATOR CRAWFORD: Right. [LR222]

SENATOR HARR: Would a woman be able to...is there a limit on that, or the male for that matter. Is there a limit on that or you know, God forbid the situation Mrs. Mohiuddin had, where you just used your maternity leave, FMLA, and now all of a sudden you have something horrific happen to a family member. [LR222]

SENATOR CRAWFORD: Right. [LR222]

SENATOR HARR: How do we...how do we set limits on how often an employee can receive these funds, or do we? [LR222]

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SENATOR CRAWFORD: Right. I think that's also a good question. And again, since this is interim we're...this is great, because we're gathering these ideas of what we need to think about as we're crafting the bill. And that personal story is a very important one of recognizing that might happen in a family. You might have a child and then have someone have an illness. So that's something we'll have to figure out how we want to handle that. If you want...yeah, so I don't have a set answer today, but it's a very good question for us to address as we craft the bill and decide what to do with the bill. [LR222]

SENATOR HARR: Excellent. Senator Bloomfield. [LR222]

SENATOR BLOOMFIELD: Seeing as how the state is collecting these funds, what happens when the fund gets drawn down, or if the fund gets drawn down more than the state has collected? Are we then going to the general taxpayer to cover that? [LR222]

SENATOR CRAWFORD: Well, what's...although the unemployment insurance and paid family leave are very similar in many ways, and you know, we make sure that we are taking care of making sure we have enough money to pay unemployment insurance, the nice thing about paid family leave is that it is easier to predict to make sure we are collecting enough money. Because unlike unemployment insurance which is cyclical, paid family leave...people having babies, and getting ill and injured is much more steady, right? And so we just have to make sure we are collecting the right amount of money, and that's easier to predict and make sure we're taking care of that ahead of time. [LR222]

SENATOR BLOOMFIELD: How would you adjust though? Is that going to take an act of the Legislature? Is that something the bureaucrats can do within themselves that say we're not... \$1.50 isn't cutting it, we need to go to \$1.75 we're taking out of everybody's check every week? How is that handled? [LR222]

SENATOR CRAWFORD: I will look to see how states handle that ability or window of adjustment to see what that looks like. Yeah, that's a good point. [LR222]

SENATOR BLOOMFIELD: Okay, thank you. [LR222]

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SENATOR HARR: What would you recommend, Senator? [LR222]

SENATOR BLOOMFIELD: I'd recommend not doing it. (laughter) [LR222]

SENATOR CRAWFORD: Right. [LR222]

SENATOR HARR: Well, but if you did do it, how would you recommend it? What would you reg...the rules and regs, or through statute? [LR222]

SENATOR BLOOMFIELD: I would think probably rules and regs, because you put it in statute... [LR222]

SENATOR CRAWFORD: Yeah, it's too hard to...right. [LR222]

SENATOR BLOOMFIELD: It's dog-gone near impossible to change when the need...no, I think it's something we need to look at awful careful before we do anything with it. [LR222]

SENATOR CRAWFORD: So if it's in rules and regs you still have transparency, you know, and you...and comment period and things. [LR222]

SENATOR BLOOMFIELD: Yeah, statute is pretty solid. [LR222]

SENATOR CRAWFORD: So you still have an open process when it moves. But it would be easier to move it then, if it were statute. [LR222]

SENATOR BLOOMFIELD: I just don't want to see another... [LR222]

SENATOR HARR: Yeah. [LR222]

SENATOR BLOOMFIELD: With...no matter what we call it, it's a tax on people. No matter how we dress it up, it appears to be a tax at this point. [LR222]

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SENATOR HARR: If it were a privately run insurance would you call it a tax still? [LR222]

SENATOR BLOOMFIELD: No, because then the private company can go broke and it goes away. But we don't have that luxury within the state. We're going to raise taxes on people. [LR222]

SENATOR HARR: Senator Johnson. [LR222]

SENATOR JOHNSON: If there's a...thank you. Is that...this again...this thought, a business that wants to make that a benefit, instead of a burden to the employee, would that be allowable that they would submit a form? Is it...because, employee payroll system you've got that record and it's \$1.38 or whatever it ends up being. But if a company wanted to look at it as a benefit, would there be that opportunity? [LR222]

SENATOR CRAWFORD: So what I imagine is companies that want to distinguish themselves with family leave benefits would instead likely provide more wage replacement. Because the state program will be a level... [LR222]

SENATOR JOHNSON: Has to be funded by the employee. [LR222]

SENATOR CRAWFORD: Right, yeah, and that is by the employee. So they would provide additions to that, or they could increase the employee's salary by that amount, but the mechanism would be that it would come out of the employee's paycheck. [LR222]

SENATOR HARR: So...(inaudible) okay, Senator. [LR222]

SENATOR BLOOMFIELD: Thank you again. Have you given any thought at all to possibly making...instead of coming out of the employee's check, maybe we could give the employer a tax incentive to do something like this and let the employer control it. Have you looked at that at all, or...? [LR222]

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SENATOR CRAWFORD: Right. So we have looked at that option and thought about that. The main challenge with that option is that it's much more expensive on the small scale of having a few initial people who start it to get the tax incentive than it is to get everybody in the system. That's one of the big challenges. And so the amount of tax revenue that you would...so you have a lot of people who don't get the benefit, and so we have people on public assistance, and people who are not being taken care of. That's one side of it, because you're not covering everyone. And then the other side is the people you are covering, it's much more expensive to cover them in a more patchwork system. [LR222]

SENATOR BLOOMFIELD: Okay. And a little more on the ag thing that you said you would look into. Farmers don't receive a paycheck every week or every month. How are we...are you going to force them to mail a check in? [LR222]

SENATOR CRAWFORD: Right, right. And that's a good question because it would be...how does that...yeah, right. Whether it be quarterly or something like that. I'll have to look into what that looks like to the Department of Labor. [LR222]

SENATOR HARR: All right. Seeing no others, thank you. That closes the hearing on... [LR222]

SENATOR CRAWFORD: Excellent questions. Great, thank you. I appreciate continue the discussion. [LR222]

SENATOR HARR: Thank you...LR222. Thank you. [LR222]