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Business and Labor Committee  
February 13, 2017

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[LB261 LB515 LB518 LB639]

The Committee on Business and Labor met at 1:30 p.m. on Monday, February 13, 2017, in Room 2102 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB518, LB639, LB515, and LB261. Senators present: Joni Albrecht, Chairperson; Sue Crawford, Vice Chairperson; Ernie Chambers; Steve Halloran; Matt Hansen; Sara Howard; and John Lowe. Senators absent: None.

SENATOR ALBRECHT: Good afternoon and welcome to the Business and Labor Committee. My name is Senator Joni Albrecht. I'm the Chair of the committee. And I would like to introduce...have the senators introduce themselves, starting to my right. Senator Lowe.

SENATOR LOWE: My name is John Lowe. I represent District 37, which is south Buffalo County and from Kearney to the east.

SENATOR ALBRECHT: Thank you. Senator Hansen.

SENATOR HANSEN: Matt Hansen, representing District 26, northeast Lincoln.

SENATOR HALLORAN: Good afternoon. Steve Halloran, representing District 33, Adams County, southern and western Hall County.

SENATOR HOWARD: Senator Sara Howard. I represent District 9 in midtown Omaha.

SENATOR ALBRECHT: Thank you. Senator Crawford is in another meeting, so she won't be attending anytime soon I suppose. And then Senator Chambers will come and go as he sees fit. Okay. We have committee staff here with us. I have Meghan Chaffee, who's our committee counsel; and then I have Beverly Neel, who is the committee clerk; and Mandy Zirzerski (phonetically)...

MANDY MIZERSKI: Mizerski.

SENATOR ALBRECHT: ...Mizerski, sorry about that, is helping us out today. And then I have two pages behind me. We have Lee-Ann Sims, who's a sophomore at UNL studying political science and global studies; and Toni Caudillo is a sophomore at UNL studying elementary education. So some of the housekeeping ideas: Please turn off any cell phones. Senators, again note that the microphones are sensitive and they're able to pick up any side conversations and

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papers hitting it and everything else. Testifiers, should you have the appropriate number of copies in handouts with you and ready for distribution, the pages will take those from you. Please have ten copies ready. Each witness appearing before the committee must sign in using the yellow sheets right outside the door, and then sign in only if you're going to testify. Your form must be given to the page before you begin presenting your testimony. Each testifier will be allotted five minutes before the committee. We use a light system. The green, obviously, you can begin; yellow indicates you're nearing the end of your time; and the red indicates that your time is up. Please begin your testimony by stating your name. And there's Senator Chambers. Senator Chambers, you can introduce yourself. I'll stop and you can introduce yourself and let them know where you're from.

SENATOR CHAMBERS: Oh, this is an undertaker convention?

SENATOR ALBRECHT: Yes. (Laughter)

SENATOR CHAMBERS: I'm Ernie Chambers, 11th Legislative District.

SENATOR ALBRECHT: Thank you. Okay, so again please begin your testimony by stating your name clearly into the microphone and then spell your first and last name for accuracy for the record. Note that the committee members may need to leave in the middle of the hearing, as they might have bills to introduce in another committee. So don't be offended if the senators come and go. Today's agenda items, we'll be hearing them in these orders: LB518, LB639, LB515, and LB261. And again, we'll have the senator introduce their bill, followed by proponents, opponents, and those in neutral, and then the senator will have time to close. So the first item up on the agenda is LB518 with Senator Williams. [LB518]

SENATOR WILLIAMS: Thank you, Chairman Albrecht and members of the Business and Labor Commission (sic). I am Matt Williams, M-a-t-t W-i-l-l-i-a-m-s, and I'm here today to introduce LB518, the Rural Workforce Housing Investment Act. And I assure you that all of the people sitting behind me are not here to testify... [LB518]

SENATOR ALBRECHT: Thank you. [LB518]

SENATOR WILLIAMS: ...today, so. (Laughter) I didn't want Senator Chambers to have a chance to go home early. We oftentimes, in fact most of the time, sit here talking about tax reform, education funding, and other issues that are of extreme importance to our state. There are some other things that we can do, and I believe are our responsibility to do as legislators, to help grow our state, because growing our state is part of the responsibility and part of the dilemma we

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have with a state that only has 1.9 million people, and yet we provide all the services that we provide. LB518 is an attempt to do that. I believe it's the Legislature's responsibility to do two things in the area of economic development. The first one is to create the right environment so that we have a chance to grow, and the second one is to put tools in the toolbox of our communities and economic development organizations so that they can do the necessary things to help grow our state. For those of us that have been working in the area of economic development for a number of years, there's been significant changes that we have been faced with over the last five to ten years, and that's the lack of affordable workforce housing, in particular, workforce housing in rural areas. I've had more than one economic development person tell me don't tell me about recruiting new jobs; tell me about how we fill the existing jobs that are going unfilled because we don't have houses or rental units to put people in. LB518 takes this issue head-on. It creates the Rural Workforce Housing Investment Act and it does that without using any General Fund dollars, and I think that is significant. It uses...it creates this fund by using unallocated dollars that are currently in the Affordable Housing Trust Fund. And I'd like you to think about the Affordable Housing Trust Fund for a little bit because you may not know what that fund consists of, but every time we have a real estate transfer in our state, doc stamps are purchased and paid for. And on each transfer, for every \$1,000 of value, there's \$2.25 of doc stamps, and 95 cents of that goes into the Affordable Housing Trust Fund and it's used then for affordable housing. And it's been that way since back in the '90s when this was started and has worked extremely well. We're fortunate right now that we have this need and we have the ability to meet this need with dollars that are there, because over time there are now, what is told to me by the Department of Economic Development, in excess of \$10 million of unallocated funds in the Affordable Housing Trust Fund. By using these dollars we are not slowing down the ability of other entities that depend on the Affordable Housing Trust Fund to continue doing what they have been doing, and they've been doing good work. This is a just an accumulation that is there and gives us the opportunity to use these funds by transferring them into our Workforce Housing Fund. This would be administered, as you see by LB518, by the Department of Economic Development. They would write rules and procedures of how it would be used and they would be allowed under that to award grants to communities to use these funds. But there are strings attached, meaning the community or the nonprofit organization that would use these funds has to match them one to one with their own local input, thereby showing that there is not only a need in the community. There's a willingness to try to satisfy that need locally. So the situation will be that with a transfer, and I will be talking to you about a slight amendment that we will be bringing to the bill... [LB518]

SENATOR ALBRECHT: Okay. [LB518]

SENATOR WILLIAMS: ...that we will get to you shortly. LB518 actually has in it a \$12 million transfer, along with two \$1 million transfers in the next two years. That will be reduced to a \$10.3 (million) one-time transfer. That is the amount that has been given to us by the Department

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of Economic Development that they are very comfortable that those are unallocated dollars. And from my standpoint, I wanted to be sure that the Economic Development people were all on board with that. So here is how it works. If we pass LB518, this one-time transfer would go to the Department of Economic Development to handle as the Rural Workforce Housing Investment Fund. Communities can then make application for those grants and they will be awarded on a competitive basis, and the outline is in the bill of the things that the Department of Economic Development would look at to end up awarding those grants. And the first thing is they have to at least have the one-to-one match. If they are awarded that grant and they are unable or can't find the full use of those funds, all of those funds have to be returned and go straight back to the Affordable Housing Trust Fund, so we're not risking that a community squanders that money or doesn't get it used. It's got a two-year period of time, which is a relatively short period of time. What we have here is an opportunity to meet a need, which everyone that works in economic development in rural areas recognizes exists today. There are a number of people that are going to follow me and sit in this chair that will talk about the work that has gone on to get to where we are today. There's been a task force that's been working for over a year with nearly 20 members, many of them bankers but also economic development people, real estate people, and affordable housing input, that have all worked very hard to come up with this plan. It is not the silver bullet that will solve all of our problems, but it's certainly a step in the right direction and recognizes that work needs to be done in this area. I will be eager to hear your questions and comments and be willing to certainly address any questions that you have at this point. We do have experts from the banking industry, from the real estate industry, from affordable housing industries, and from communities that will follow me. And then I will certainly be here to close. So thank you, Chairman Albrecht. [LB518]

SENATOR ALBRECHT: Thank you, Senator Williams. Do we have any questions of Senator Williams? Senator Lowe. [LB518]

SENATOR LOWE: Thank you, Chairman. [LB518]

SENATOR ALBRECHT: Uh-huh. [LB518]

SENATOR LOWE: Thank you, Senator. Could this be used on single-family units as well as multiple units? [LB518]

SENATOR WILLIAMS: Yes, it can. It can be used for single family dwellings. It can also be used for rental units. And the other interesting thing that you will find in the act is it can be used for rehab facilities. You know, in many of our communities we have older homes that if they could be rehabbed they would make very suitable, affordable housing. [LB518]

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SENATOR LOWE: Okay. And it's okay to draw this money out of the Affordable Housing Transfer (sic--Trust) Fund? We've run into problems in agriculture with the potato farmers not wanting to use that money, so it's okay? Everybody is on board with withdrawing the money out? [LB518]

SENATOR WILLIAMS: Thank you, Senator Lowe. We're...I think we're all acquainted with that issue and attuned to that. Yes, we're assured by the Department of Economic Development that this would be a proper use of the funds. [LB518]

SENATOR ALBRECHT: Any other questions? Senator Halloran. [LB518]

SENATOR HALLORAN: Thank you, Senator. And, Senator, is there an interest rate? Says, "Interest earned by the department on grant funds shall be applied to the grant program." Is there an established interest rate or is that (inaudible)? [LB518]

SENATOR WILLIAMS: No, what...Senator Halloran, what that's taking into consideration is when the funds are placed with the community. [LB518]

SENATOR HALLORAN: Right. [LB518]

SENATOR WILLIAMS: They may be investing that fund for a while till it is used and they would be able to use that interest to help fund the project also. [LB518]

SENATOR HALLORAN: I see. Yeah. [LB518]

SENATOR ALBRECHT: Other questions? I just have one. What did the Affordable Housing Trust Fund, what type of projects did they have before something like this came out? What did they use the money for? [LB518]

SENATOR WILLIAMS: They've used the money to fund NIFA programs and other affordable-type housing programs that have been used. And I think some of the people behind me can answer that, Senator Albrecht, even... [LB518]

SENATOR ALBRECHT: Okay. [LB518]

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SENATOR WILLIAMS: ...more definitively. But I want to be certain that everybody understands that the funding for those projects that have been...have received benefit from this fund in the past will continue to have the same availability of those funds in the future. [LB518]

SENATOR ALBRECHT: And do you know how much money is in that fund? You reduced your amount from \$12 million to \$10.3 (million). Do you know how much is in the fund? [LB518]

SENATOR WILLIAMS: We are told right now there is \$10.3 (million) of unallocated funds. They have some additional amounts that are in there to fund projects that they have committed to and then, of course, there are additional funds coming into that Affordable Housing Trust Fund all the time because of the doc stamps. [LB518]

SENATOR ALBRECHT: Very good. Thank you. We can go ahead. And are you going to stick around then? [LB518]

SENATOR WILLIAMS: Yes, I will. [LB518]

SENATOR ALBRECHT: Thank you. We'll go ahead and start with the proponents. Okay. Go ahead and start, Mr. Baier. [LB518]

RICHARD BAIER: (Exhibit 1) Good afternoon, Chairman Albrecht, members of the committee. For the record, my name is Richard Baier, R-i-c-h-a-r-d, the last name is B-a-i-e-r. I appear before you today as a registered lobbyist with the Nebraska Bankers Association and, more importantly maybe, a rural housing advocate. In late 2015, our board of directors approved creation of the Next Generation Task Force to look at housing in our communities. This was really driven by the fact that many of our members were telling us that they were having difficulty hiring front-line bankers. And as part of that, much like you heard Senator Williams mention, was a lack of affordable workforce housing. We not only saw it in banks but we saw it in schools and in hospitals and in nursing homes, and many of the folks that our bankers consider their customers. So the task force evolved and, as Senator Williams referenced, we had 17 bankers and housing industry advocates spend the last year, plus, taking a look at the issues. And it is fair to say it is a challenge. It's a big issue that's out there. But I think our goal needs to be looking at what can we do to help spur housing supply for our young families and our millennials and folks that are looking to move back to our communities and take our available jobs. As we looked at our issues, we did find, generally speaking, most of the issues really fell with seven categories. That seems like an awful lot but this is a pretty complicated issue. The first one is really a lack of community engagement or community support and leadership in some of our communities. Number two is high lot cost and limited availability of lots to build upon. Three is higher construction cost in rural communities, which many folks find surprising. But

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when we go out west we find that square-footage prices are considerably higher than they in Lincoln and Omaha because of a volume discount that we can't find in our rural communities. Lack of contractors and subcontractors is always a challenge. More importantly, the limited risk appetite for spec development, and I use communities like Aurora. Historically, they had a lot of philanthropic leaders who put money into that. Many of that generation is beginning to pass away and we don't have new folks stepping in to sort of fill that void. And so in many ways that's created some of the challenges of the market. Six is a lack of down payment assistance for millennials, and we all see what they're struggling with, with student loan debt. And then finally the negative impact of federal regulation as our industry deals with it in trying to finance mortgages and financing products. It became clear during our process that we had to do some things to develop and maintain and construct new housing for today's workers. I've provided you with a handout. It's the color one that is broken down by county, and I'm just going to use Adams County, Hastings as an example. As you'll see, they were missing some data we compiled over the last few months. On 12/1/16 you will see that Hastings, Adams County had 501 active job openings with the Nebraska Department of Labor. Senator Halloran, that shouldn't be a surprise to you if you've been down and watched the help wanted signs in your community. But you'll also see during that same time frame, according to the Nebraska Realtors Association, we only had 30 houses total on the market in Adams County. Of those, five of those were between \$150,000 and \$275,000. So clearly, there is a disconnect on the demand and the supply side of this issue. LB518 as drafted, as Senator mentioned, proposes \$12 million in unallocated funds be used to create this new grant program. DED would use these grant funds to support local not-for-profits who are looking to do purchase and rental guarantees, loan participations, and other types of credit enhancements designed for workforce housing. To help a little bit in defining what that term "workforce housing," because it means a lot of different things when people say it, rather than looking at income we started to look at construction cost, recognizing that it's different from location to location. So it gets back to Senator Lowe's question about what does that look like. And it really is housing that's in that \$150,000 to \$275,000 to construct new. We're looking at rental housing that's between \$100,000 and \$200,000 per unit in terms of construction cost. Rehab is worth at least 50 percent, the total rehab value is at least 50 percent of the assessed value. And then finally some upper-story housing and what we see in places like Hastings and Norfolk and a variety of other things. We have a lot of second-story housing that goes on and it creates some real financing challenges because, one, there isn't a lot of them out there to compare to, but also they're difficult to place on the secondary market for financing. Senator Williams did a nice job of talking a little bit about the Affordable Housing Trust Fund. I had the pleasure, when I was head of Economic Development, to administer that program for about nine years, so they've done some really wonderful projects across the state in terms of new construction, senior housing, rental housing. And so hopefully this will be an additional tool our communities can use above and beyond some of the programs that we have now. I would note the fiscal note that was submitted on the bill shows right now an estimate that DED would be somewhere in that neighborhood of about \$3.6 million being spent in year one, \$5.6 million in

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year two, and then some additional costs for staffing at DED to help administer the program so we clearly understand that. I want to thank Senator Williams for his commitment to growing rural communities and, more importantly, for introducing this legislation. If enacted, obviously, this proposal would be advantageous to those communities that are looking to increase the supply of housing and ultimately lower the cost of construction in their respective regions. I would respectfully ask the committee to support LB518 and to move it to the full Legislature for consideration. And we worked closely with Senator Williams in the crafting of amendments that we've been talking with the affordable housing community about. [LB518]

SENATOR ALBRECHT: Very good. [LB518]

RICHARD BAIER: With that, I'd be happy to take any questions. [LB518]

SENATOR ALBRECHT: Thank you. Do we have any questions for Mr. Baier? Seeing none, I'll take the next proponent. Thank you. [LB518]

RICHARD BAIER: All right. Thank you. [LB518]

SENATOR ALBRECHT: Hi. [LB518]

MEL McNEA: Hi. I have some handouts here. I'll pass them along. [LB518]

SENATOR ALBRECHT: Okay. Did you fill out a sheet for...? Hold on one second till we just get a...okay. Go ahead, sir. [LB518]

MEL McNEA: (Exhibit 2) My name is Mel McNea, M-e-l M-c-N-e-a, and I'm here to speak on behalf of LB518. My address is 3402 West F Street, North Platte, Nebraska. [LB518]

SENATOR ALBRECHT: Great. Thanks. [LB518]

MEL McNEA: I'm coming today wearing two hats: one as president of the Chamber and Economic Development Committee of North Platte; the other is I'm chief executive officer for Great Plains Health. Great Plains Health is an independent hospital with a local governing board, and one of their imperative for this next three years is to provide quality access to care for patients and our community. One of the biggest barriers that we're witnessing for access to quality care is the ability for some fundamental needs for housing that support the health of individuals with those fundamentals that a house, a good home provides. My wife is a



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transitional care nurse. She travels in and out and treats patients in their homes. One of the things that she does, it's a new program, and one of the things she does is get in and evaluate reasons for people being readmitted to the hospital. A couple of the patients that we have encountered over this last six months or so are patients that have frequent readmissions due to lack of quality housing. Two examples: We had one patient, one lady that was living in a home through the month of November and December without any heat. When she entered that home, she was scared for her own well-being versus the well-being of the patients in that home. Another example is a young man that has visited our emergency room seven or eight times during a month. He is a diabetic. He lacks the fundamental things, such as refrigeration, so he wasn't able to store his diabetic medication. So from a safety perspective, Lincoln County ranks 78th out of the 93 counties in Nebraska. What we're seeing through our transitional care program is some basic needs for safety and good quality housing in North Platte. On the other hand, as an employer too, we have about 1,200 employees. We're the second largest employer in North Platte. We have done a lot of work with our employees as far as retention and recruitment. What we find is a lack of quality in the offerings that North Platte has to support the recruitment of good, professional individuals. We have individuals that graduate with RN, physical therapy, occupational therapy, and pretty much they can go anywhere or work anywhere. But because of the low quality of housing and the variety of housing, it's very difficult to recruit them. Once we recruit them, in your handout I've given a number of different examples, true examples of individuals that have actually left our community because they could not find the housing that they so desired. One example would be Paul, who is our director of engineering, excuse me, director of environmental services and the nutrition services; was unable to find a home and we actually had to put him up with our vice president of marketing for a period of time before he could find a home to live in. That's not an unusual story. That's a common story. And so through our open forums, the number top three issues that came forward from our 1,200 employees was adequate and affordable housing. The other thing I would like to let you know is we have 67 open positions at Great Plains Health right now. To provide good quality care, we need to fill those positions, and those are good-paying professional positions that are currently open. We hire over 30 agency staff for RNs that come in and service our community on a temporary basis. They live in motels. They have about a six-week stint in North Platte and then they leave. So anything they earn goes with them. This is an opportunity, if we can recruit individuals to our community, keep them living there, they can pay taxes and help provide and grow the community. So the shortage affects us as far as recruitment too. I'd also say that it also impacts our ability to expand some of our fundamental services, some of our cardiology programs. We just recruited our first nephrologist in the North Platte area. That individual will need that support of those well-qualified RNs in order to treat patients safely. So recruitment and retention of employees is extremely important to us and we really are in support of any venue that we can to help improve the amount of housing we have in North Platte. I want to thank you, Senator Albrecht. [LB518]

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SENATOR ALBRECHT: Very good. Thank you very much. [LB518]

MEL McNEA: Yeah. [LB518]

SENATOR ALBRECHT: Senator Chambers has a question for you. Do you mind taking a question? [LB518]

MEL McNEA: Sure. [LB518]

SENATOR ALBRECHT: Thank you. [LB518]

SENATOR CHAMBERS: If there is...and I was reading some of the general information, low unemployment rates, where are the workers supposed to come from if this housing is developed? From where will they be drawn? [LB518]

MEL McNEA: Uh-huh. We have a local community college right now and I guess I can use my daughter as an example. She's a native of western Nebraska. She's an RN, a baccalaureate RN. She got her training in Omaha. She'd like to live and work in North Platte, but because of housing she can live in Lincoln, she can live in Omaha and have a much better dwelling. And those are the types of individuals that will return to our region if we have the appropriate support systems for them and the appropriate housing. [LB518]

SENATOR CHAMBERS: Well, by her being your daughter, there's a family connection there already. [LB518]

MEL McNEA: Uh-huh. [LB518]

SENATOR CHAMBERS: I don't think the families currently there are going to be able to fill up all the jobs that might be available, so you're going to have to draw people from someplace else. I don't know how many people want to leave Omaha to even come out in that part of the country to live in any substantial numbers. So it seems to me that areas like western Nebraska, some rural areas in other parts of the country are going to need people who immigrate here. [LB518]

MEL McNEA: Very... [LB518]

SENATOR CHAMBERS: And if they don't get them, they're not going to be...these little communities are going to die. One reason Nebraska can keep its representation in Congress is

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because of the swelling immigrant population. I use that term with Latinos. So I don't...I can't square what I'm being told here. No criticism of those who are talking about this bill. With the general negative attitude in Nebraska and on the part of the federal Representatives from Nebraska, the U.S. Senators and the member of the House, so how is somebody like me supposed to feel that this is going to make a difference when I see such a negative attitude, not on the part of everybody. Some communities are welcoming. [LB518]

MEL McNEA: Uh-huh. [LB518]

SENATOR CHAMBERS: But I look at the Governor's attitude, the Attorney General's attitude. They don't create a welcoming impression for the state. You aren't working on that at all, are you? [LB518]

MEL McNEA: We really are blessed and very fortunate. North Platte is a very welcoming community. I would say just off the top of my head, out of a medical staff of about 100, 30 of them come from foreign doctors. [LB518]

SENATOR CHAMBERS: I don't mean just North Platte. [LB518]

MEL McNEA: Uh-huh. [LB518]

SENATOR CHAMBERS: I'm talking about the rural. That why I say some of these little communities. [LB518]

MEL McNEA: Yeah. I think there is a real respect given those individuals with those skills and talents when they come to our rural communities because of the need. We have foreign RNs that work in our facility right now we've recruited from the Caribbean. We are recruiting from South Korea right now. [LB518]

SENATOR CHAMBERS: But you won't get enough of those. And really I'm not trying to be rude (inaudible)... [LB518]

MEL McNEA: No, I take... [LB518]

SENATOR CHAMBERS: ...not to keep you here too long. [LB518]

MEL McNEA: No. [LB518]

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SENATOR CHAMBERS: Ordinary people. [LB518]

MEL McNEA: Yeah. [LB518]

SENATOR CHAMBERS: Not highly trained, skilled professionals who are needed but just ordinary people who would want some place to live. [LB518]

MEL McNEA: Yeah. I think if they have good, quality housing, if they are treated respectfully in their community and they're valued, which in North Platte--I can only speak on behalf of North Platte--we make every effort to welcome them to our community. I think your concern is well founded, but I don't see that. I really see, just like I was an immigrant, my family was an immigrant at one time, I think it's a land of opportunity and we have a number of individuals in North Platte that we've recruited successfully from foreign countries that the best comment I always heard is... [LB518]

SENATOR CHAMBERS: Your people came from a white country. [LB518]

MEL McNEA: Well, they come from a number of different backgrounds. They're Muslim, they're Christian, a number of different...Hindu, a number of different religions, and very successfully created a great healthcare facility and support for our citizens of North Platte. [LB518]

SENATOR CHAMBERS: My last question. [LB518]

MEL McNEA: The only thing I'd like to add, Senator Chambers, is the comment I always get from our doctors when I interview them about what they like about North Platte and Nebraska in general is the respect that their patients show them. So I think that's really a positive thing that Nebraska can be very proud of is that people are really respectful of these healthcare professionals that are willing to upend their lives and make a big move and not know and take on some risk and make a living here. And they've been really good. [LB518]

SENATOR CHAMBERS: If I've got a serious ailment or broken bone or something, I'm going to be grateful for anybody who can minister to me. So I don't want to talk about these people up here, who are going to be in demand everywhere, but ordinary people. My last question: Is Senator Groene from North Platte? [LB518]

MEL McNEA: Senator Groene is from North Platte, sir. [LB518]

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SENATOR CHAMBERS: No further questions. (Laughter) [LB518]

SENATOR ALBRECHT: Any other questions? Thank you for coming and making the drive. [LB518]

MEL McNEA: Thank you. Thanks for the questions, sir. [LB518]

SENATOR ALBRECHT: Thanks. Any other proponents? [LB518]

JOHN MADSEN: Thank you. [LB518]

SENATOR ALBRECHT: Thank you. [LB518]

JOHN MADSEN: Good afternoon. My name is John W. Madsen, J-o-h-n W. M-a-d-s-e-n. I am a resident of Stuart, Nebraska,... [LB518]

SENATOR ALBRECHT: Stuart. [LB518]

JOHN MADSEN: ...town of 595 people in north-central Nebraska, between O'Neill and Ainsworth. I am vice president and sales manager for a 125-year-old company called William Krotter Company that has seven locations in north-central Nebraska, in the communities of Ainsworth, Bassett, Stuart, Atkinson, O'Neill, and Spencer, and one in Gregory, South Dakota. I've been in that position for 41 years. I have also been a member of the Tri-County Bank board of directors for approximately the last 25 years. Tri-County Bank is a community bank, family owned. They're a member of the NBA and also the NICB. And I've spoken with the leadership of both of those groups, NBA and NICB, and they both would like me to let the committee know that both of those organizations are in favor of LB518. For the last 35 years I've been working extensively as a volunteer with others on developing housing opportunities for people in rural Nebraska. We've used many of the funds and funding opportunities that have come about from the trust funds that we're talking about today. Most of the time those trust funds have been used for low- to moderate-income housing. And one of the reasons that we are having a crisis now in Nebraska with workforce housing is because there have been no initiatives or no capacity building for the higher priced homes, the higher priced homes that might be more amenable to some of those people that have a larger income and would like to come out into those areas or have a better job and are able to afford a little bit nicer home. Many of the times the trust fund dollars have been used for people with low to moderate income and each community has had the opportunity to participate in programs that would enhance their housing availability by working with DED or other groups to accomplish some of that, and we've done a lot of that out in our

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area. I had the opportunity to be the founding chairman of the Central Nebraska Economic Development District when it was formed, and one of the first things that we did was to have an arm for housing. We call that Central Nebraska Housing Developers. It's now been enhanced to Central Nebraska Housing and Economic Developers, and I'm now the chairman of that group too. So through this volunteer work, we've been able to accomplish a great deal of housing opportunities for people in the low- to moderate-income area. Due to my membership on the board of directors of the bank, when NBA started their task force over a year ago, they were looking for a representative and because of my experience they asked me to join that group. We've been struggling, trying to find a way that we can do the right thing to help solve the problem many of these communities are seeing where there's no place for the potential workers to reside. Many of the business places have had...they tell stories about how far they have to go to get workers to come in. They tell about the problems that they have not being able to fill the jobs. When we formed the Central Nebraska Housing and, now, Economic Development directors group, we're covering a 15-county area from Valentine to O'Neill, Broken Bow, St. Paul. Each one of those communities has different characteristics and different problems, but through the work that we've been doing on the low to moderate end, we've been able to allow those communities to know that we'll help them if they can identify what needs they have to try and solve the problems that are being presented by this housing shortage in Nebraska. A lot of it has to do with infrastructure, obviously. It was mentioned that there are problems getting the lot prices down low enough. But there are opportunities out there where many generous people are willing to lend a hand through community foundations or through donation if they're given a little bit of a hand up and a vision of how they can make a program work to provide an opportunity to have good, affordable, decent housing in that range from \$150,000 to \$275,000. We've built a few homes in our community, I think ten of them in the last few years, with our own money. One of the problems we've started to run into now is that the cost of construction is above the appraisal values and we're taking about a 15 to 20 percent hit on every one of those homes. We're willing to invest in that if we have the opportunity to have a few extra dollars to help that. Does anyone have any questions? I'm sorry, I went over my time. [LB518]

SENATOR ALBRECHT: No, you're fine. Thank you. Do we have any questions? Senator Chambers. [LB518]

SENATOR CHAMBERS: What city are you from did you say? [LB518]

JOHN MADSEN: I live in Stuart, Nebraska. [LB518]

SENATOR CHAMBERS: Okay. [LB518]

JOHN MADSEN: It's a town of 595 people in Holt County, Nebraska. [LB518]

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SENATOR CHAMBERS: And then there was another town nearby that you said you work with. [LB518]

JOHN MADSEN: We work with...I work with all of the communities from Valentine to O'Neill and then down through Burwell, Ord, Broken Bow, and over into St. Paul in this volunteer group that I'm working with, yes. [LB518]

SENATOR CHAMBERS: And you're a member of the NBA? [LB518]

JOHN MADSEN: My bank that I'm on the board of directors of is a member of the NBA and NICB, yes. It's a family-owned bank. [LB518]

SENATOR CHAMBERS: But you're not a member yourself. [LB518]

JOHN MADSEN: Personally, I'm not a member of the NBA. I'm the representative of that bank on the NBA task force. [LB518]

SENATOR CHAMBERS: I was just wondering what position you play because you're kind of short. (Laughter) [LB518]

JOHN MADSEN: I am a little short, but I used to have some hops when I was younger. [LB518]

SENATOR CHAMBERS: Very good. That's all that I had. Thank you. [LB518]

JOHN MADSEN: Thank you. [LB518]

SENATOR ALBRECHT: Any other questions? I have a quick question. [LB518]

JOHN MADSEN: Yes. [LB518]

SENATOR ALBRECHT: You were talking about you were building houses from \$200,000 to \$275,000 and losing money? [LB518]

JOHN MADSEN: From \$150,000 to \$275,000. That's the target range for this workforce housing. But there are opportunities I think for the \$150,000 to \$160,000 and below with low- to moderate-income programs that are currently being administered by DED and others. [LB518]

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SENATOR ALBRECHT: Uh-huh. [LB518]

JOHN MADSEN: We've done a lot of those in that 15-county area. [LB518]

SENATOR ALBRECHT: And you were talking about losing 15 to 25 percent because why? [LB518]

JOHN MADSEN: Here's what happens. We just...I just...I signed the papers on one last week. [LB518]

SENATOR ALBRECHT: Okay. [LB518]

JOHN MADSEN: A young fellow is our new music teacher in town, been renting an apartment and finally had a chance to build a spec house with help from DED and the cost of the house was \$162,000, firm contract. [LB518]

SENATOR ALBRECHT: Uh-huh. [LB518]

JOHN MADSEN: DED had a program that we had applied for through Central Nebraska Economic Development District that allowed us to build a home and sell the house for the cost...for the value of the appraised value. [LB518]

SENATOR ALBRECHT: Uh-huh. Uh-huh. [LB518]

JOHN MADSEN: The appraised value on the house is \$145,000. Our local village spent \$220,000 investing in infrastructure to develop a seven-acre site into five building sites. [LB518]

SENATOR ALBRECHT: Uh-huh. [LB518]

JOHN MADSEN: We sold one of those five...we sold each of those five building sites for \$6,000 apiece, so we took...our municipality took a \$190,000 loss on this seven-acre site. [LB518]

SENATOR ALBRECHT: Okay. [LB518]

JOHN MADSEN: We're willing to do that to encourage this type of work and this type of housing in our community. Not every community is in a position to be able to do that. [LB518]



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SENATOR ALBRECHT: Uh-huh. [LB518]

JOHN MADSEN: Due to the fact that we've been working on this for 30-some years, we've been able to do that. Having this money available, other communities and us, should we choose, will give us the opportunity to make what fits in our community work well. [LB518]

SENATOR ALBRECHT: Well, I appreciate your time. I'm a neighbor to you. I'm in northeast Nebraska and the... [LB518]

JOHN MADSEN: Yes. [LB518]

SENATOR ALBRECHT: ...whole time that I was out talking to folks, that's one of our biggest problems, too. So I appreciate it. [LB518]

JOHN MADSEN: I'm going to Verdigre in a couple weeks and talk to them about what we've been doing. They'd like to have a jump start on some housing there. And we're trying to share our ideas with others and we've been doing that for a long time, trying to solve the problem locally. This bill would give all those communities a little bit of a boost and a little capacity building so that they can move forward. [LB518]

SENATOR ALBRECHT: That's great. Thank you for your time. Senator Chambers. [LB518]

SENATOR CHAMBERS: Our Chairperson opened the door for me to ask a couple questions. [LB518]

JOHN MADSEN: All right. That's great. [LB518]

SENATOR CHAMBERS: This is for a community the size that you come from, these would be considered expensive homes. Are they considered expensive? [LB518]

JOHN MADSEN: Not so much. Our...if you looked on the...whatever sites there are out there to look at home values in the state of Nebraska, you'd see that in our community, due to the fact that we've done a good job of maintaining quality homes through rehabilitation and construction and nuisance abatement in our neighborhoods, we've been able to keep the value of our homes. Our real estate has been very high for a small rural community in Nebraska. I think that...I don't know the exact numbers but I think you'd find that we were pretty high up as far as home value was concerned. And a great demand because the neighborhoods are clean and safe and because

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we've done a good job of, when we worked on a home, we've tried to make it a home for the next generation or two. We've had no band-aid projects where we just go in and put some money into a home for new windows or a new furnace or just insulation or maybe just roofing. We try to look at the whole structure and take it so that it's good for the next generation or two to maintain that housing stock. Not everybody has done that but those communities that have done that have been successful in keeping their values higher. [LB518]

SENATOR CHAMBERS: Okay. Well, since this is called workforce, the reason I had an initial positive reaction, I thought they meant ordinary working people. But those houses you're talking about are not for ordinary working people. Did you say you have a plentiful stock of moderate- and low-income housing? [LB518]

JOHN MADSEN: No, we do not. The point is, is that we've been working with low- to moderate-income families only in the past because that's the only place that there was ever any assistance available. This is an opportunity for us to do housing for people that do not qualify due to a lower income. [LB518]

SENATOR CHAMBERS: Well, is there adequate low- to moderate-income housing in your community? [LB518]

JOHN MADSEN: It's full and we're continuing to make more. [LB518]

SENATOR CHAMBERS: Listening to you, I don't even see where "workforce" should be a part of what you're talking about. But then I have a different concept of what that means. [LB518]

JOHN MADSEN: The reason that they brought me in to talk about this is because there are areas like Columbus that has a large manufacturing plant of, let's throw Cargill out and some other names like that, that have a need for workers to work there in administrative positions, at higher levels of income due to the fact that it's more technical as far as their expertise is concerned, and they're not able to qualify, because of their income, for any of the programs that are presently present in the state of Nebraska. It's difficult for the communities that are in that position to just let private enterprise solve the problem. That's what we've created in Nebraska over the last 35 or 40 years is that private enterprise will take care of our workforce housing shortage. There's money out there. These people are getting paid good money so they'll find somebody to build a house for them and they'll sell the house. It's not happening. The shortage is real. And having an opportunity to give communities the chance to make what works best for them, provide that housing for those people that they're missing out on to do those jobs will be a great enhancement for the state of Nebraska. [LB518]

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SENATOR CHAMBERS: I will listen some more, but thanks a lot. I don't have any more questions. [LB518]

SENATOR ALBRECHT: Thank you for your testimony. [LB518]

JOHN MADSEN: Sure. [LB518]

SENATOR ALBRECHT: Do we have any other proponents wishing to speak? [LB518]

CHRISTY ABRAHAM: Good afternoon, Senator Albrecht and members of the Business and Labor Committee. My name is Christy Abraham. Christy is C-h-r-i-s-t-y, Abraham, A-b-r-a-h-a-m, and I'm here representing the League of Nebraska Municipalities. And I just want to say at the onset that the lack of affordable housing for many communities in Nebraska is a large issue. I sometimes joke that I've only been with the League for three months and I can tell you that this is probably the number one thing that I hear is communities call us concerned about the lack of affordable housing in their communities. It really is a critical issue for many communities, particularly small communities in rural areas. So we were very happy to see Senator Williams address this issue and we initially had some reservations about this bill because cities also greatly benefit from the Affordable Housing Trust Fund money and we didn't want to see that fund jeopardized in any way. So we're very grateful to hear that Senator Williams has proposed an amendment that's only going to take \$10.3 million out of the Affordable Housing Trust Fund, which I understand is a number that that fund can take that loss. And I just want to add, Senator Albrecht, I did speak to the excellent Fiscal Office and they indicated that currently the Affordable Housing Trust Fund has \$22.6 million as of the end of January, if that's helpful. I'm assuming that a lot of those funds are dedicated already and that the \$10.3 (million) is what's uncommitted. But I'm happy to answer any questions you might have. [LB518]

SENATOR ALBRECHT: Thank you. Do we have any questions of Ms. Abraham? Okay. [LB518]

CHRISTY ABRAHAM: Thank you. [LB518]

SENATOR ALBRECHT: Thank you very much. The next proponent. [LB518]

KENT THOMPSON: Senator Albrecht, my name is Kent Thompson, K-e-n-t T-h-o-m-p-s-o-n, and I'm here representing the Nebraska Realtors Association. This housing shortage issue that we're talking about here this afternoon is our number one priority. And we absolutely commend Senator Williams for the tremendous work that he's done. And we have participated as an

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organization with trying to come to some sort of solution to meet this need. The chronic shortage is something that I've heard about as I've gone through the state multiple times. As the immediate past-president of the Nebraska Realtors Association, it is, by and far, the largest issue that we hear from all of our realtors outstate. The quality housing issue is a huge issue for all the communities out there. And when I talk about quality housing, I'm talking about something that has decent roofs and decent insulation, a decent standard of living that a lot of us in this room probably enjoy but a lot of folks don't out in the rural community. Companies are looking at our communities and they're not finding housing that's adequate for them and their managers are not going to stay in those communities when they bring them into those communities and it is a serious problem. And if they're looking to expand, they're also looking at the housing issues. This bill allows us the ability to access the funds that are necessary to bring better quality housing, whether it's rehabilitating or putting in new housing, so that we can keep those workforces in those communities and continue to draw more people to Nebraska, to those communities. I want to point to a recent survey done in October of 2016. As a lot of you may know, western Nebraska is hitting some very difficult times currently with commodity prices, railroad issues, things of that nature. But this survey, which is a very compelling survey, looked at the counties of Scotts Bluff, Morrill, and Kimball, and they looked specifically at the housing shortage. So, given the economic...current economic situation out there, they are showing that they are 551 homes short by 2020. So to build that number of homes in that area doesn't seem like a lot to us from Lincoln or Omaha, but that is a major housing stock increase so that is...leads you to say, well, what's causing this issue? And what we're hearing are multiple issues, from being too small, needing major repairs. They can only afford \$600 a month for housing. They're looking at primarily houses in the neighborhood of \$50,000 to \$120,000. Again, we think that this fund will help us buy down so that we can get to those types of houses. And of course, the other issue that you've heard a lot about I'm sure is just quality senior housing for folks moving into town or looking to downsize their house in those communities. One of the things we know as realtors is that when we sell a new house, even a brand new house, that the multiplying effect is quite stunning and that people will spend roughly about \$40,000 in the next 18 months just upgrading the new house to personalize it themselves. That multiplying effect in those communities is huge for every one of those communities. So as a realtor, we very strongly back this bill. We think it has the flexibility to meet the different communities' needs across the state of Nebraska. And again, this is a bill we look forward to seeing in the greater Nebraska area. So that's all my testimony. Any questions, I'd be happy to entertain them. [LB518]

SENATOR ALBRECHT: Great. Thank you. Do we have any questions? Senator Chambers. [LB518]

SENATOR CHAMBERS: You represent what organization? [LB518]

KENT THOMPSON: Nebraska Realtors Association. [LB518]

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SENATOR CHAMBERS: So that would include realtors from all over the state. [LB518]

KENT THOMPSON: Yes, sir. [LB518]

SENATOR CHAMBERS: They have a policy...they don't believe in protecting LGBTQ people from housing discrimination, do they? And they would probably oppose legislation like that? [LB518]

KENT THOMPSON: No, actually if you look at state law, first of all, it would be illegal for us to do that. But secondly, if you look at our code, we actually do open housing to all people. [LB518]

SENATOR CHAMBERS: I had an amendment that I attached to a bill that was brought by the realtors and they were very unhappy. But I'm glad to see that they have made a change of the kind that you mention. So when legislation like that comes before us will somebody from the Realtors Association support it? [LB518]

KENT THOMPSON: You know, to speak specifically to that type of legislation, I don't know what it looks like today, but I don't why we wouldn't (inaudible). [LB518]

SENATOR CHAMBERS: Did you say you can't discriminate against somebody on the basis of their sexual orientation? If housing is available to white people, it should be available to black people, Latinos, Native Americans, Pacific Rim, Asians, everybody. People are people. If they can pay the cost of the house, they should get it. [LB518]

KENT THOMPSON: (Inaudible). [LB518]

SENATOR CHAMBERS: But I know some neighborhoods in Omaha where they don't want people who are not of European descent. You're probably not aware of that and that shocks you. [LB518]

KENT THOMPSON: You know, it's...racism is a horrible thing... [LB518]

SENATOR CHAMBERS: Uh-huh. [LB518]

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KENT THOMPSON: ...and that's just what it is. And, yeah, it's not polite or convenient to talk about, but it's also not the way that we're going to grow as a society together either. So we need to figure out how to do this. [LB518]

SENATOR CHAMBERS: I was...excuse me. I was concerned about what was happening in Fremont, as an example. See, I do have a vote here. I don't have a vote or any influence out there. But I look at these different groups and I don't see...maybe I see somebody who would be something other than of European derivation, but when I see this many white men coming to support something then I'm skeptical. I have to be honest with you. There's something in it for them and it's not altruism. So I'm going to listen because I told Senator Williams I would. But as I mentioned to the other gentleman, I had a different idea in my mind of what the term "workforce" applied to. I thought it was ordinary people. But my concept of these things differ. That will give notice to others who come here what I'm interested in hearing, and they don't have to modify it for me and they can't because they were sent here to say something and they'll say what they were sent here to say. But the fact that I'm not asking a lot of questions doesn't mean that I'm swallowing, hook, line, and sinker, everything that I hear. [LB518]

KENT THOMPSON: Thank you. Can I respond to that? [LB518]

SENATOR CHAMBERS: Sure. [LB518]

KENT THOMPSON: Thank you, Senator. One of the things that's really very unnerving to me and the reason that I think this is a great address to your question is the idea that some Latinos who will travel an hour and a half in one direction and back to their house, so to go to work and then back, because they can't afford the housing in the community. And so they are spending precious dollars commuting back and forth, four or five to a car. And we're hearing about this a lot. If we had adequate housing, not shacks but adequate housing in those communities, we could meet their needs. They could have more take-home money to bring back. We need an opportunity to provide that housing. [LB518]

SENATOR CHAMBERS: And what, in general, might the price range be for the housing for these working and commuting people? [LB518]

KENT THOMPSON: I think that the beauty of this bill is that it gives the flexibility and the input for the neighbors, those people in the community, to meet the needs of those folks coming to the community and using their drugstores and their grocery stores and keeping those alive and vital. So I think that there's some flexibility that the community has to have some buy-in so that those folks that we're talking about here have the ability to participate in that community.

[LB518]

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SENATOR CHAMBERS: Is there any contemplation of a certain percentage of the housing that has to be available for the working kind of people you and I are talking about now? [LB518]

KENT THOMPSON: You know, the housing...I think that to restrict it would place a burden in a bureaucratic sense that would then lessen the dollars that would be available for the public as a whole. So not to be able to come to a specific answer... [LB518]

SENATOR CHAMBERS: I see what you're saying. [LB518]

KENT THOMPSON: ...to you. [LB518]

SENATOR CHAMBERS: What I'm saying, there's no guarantee that the way the bill is structured, the way these various communities are going to build the housing, that the people that I'd be interested in would necessarily have any housing within their range. That's not assured in this legislation the way it's written, is it, because it would be too burdensome? [LB518]

KENT THOMPSON: Well, I don't know that it's written out either. You know, you have to attract folks that are willing to come to your community and work. A lot of those are legal immigrants. [LB518]

SENATOR CHAMBERS: But here's what I'm getting at. You describe a category of workers who commute long distances and they're not going to buying a \$100,000 house in your community or any other community. So housing within the range of these people who commute these great distances now, if they were to come live in the community where they're working, there may not be any affordable housing again in that community on the amount of income that they're deriving. [LB518]

KENT THOMPSON: It, again, comes back to what the community feels like they need to meet for those needs and if they... [LB518]

SENATOR CHAMBERS: That's what I'm worried about. [LB518]

KENT THOMPSON: ...and so this is not just for private housing. Right? This is for affordable housing. [LB518]

SENATOR CHAMBERS: That's why I'm going to wait and hear others who come. When I see somebody dressed like you, I was going to ask you, are you from Saks in New York who came

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out here just to kind of slum a little bit so that this isn't particularly fly-over territory? Sometimes you drop in and get a cup of coffee and look the territory over, get on the airplane and fly back where you came from. [LB518]

KENT THOMPSON: This is too much fun. So being an NYU graduate, I will tell you that I dressed out of respect for you. [LB518]

SENATOR CHAMBERS: I mean this man is (inaudible). (Laughter) Thank you, my friend. That's all that I had. [LB518]

SENATOR ALBRECHT: Thank you very much. No other questions? Next proponent. Hi. [LB518]

CLIFFORD MESNER: Senator Albrecht, members of the committee, my name is Cliff Mesner, C-l-i-f-f M-e-s-n-e-r. I, along with my wife, am one of the owners of Mesner Development Company. We got involved in doing workforce housing over 20 years ago when I was doing the...I was the economic development director for the city of Central City. And we received a memo from DED that our largest employer said it wanted to expand into Central City but was unable to do that because there wasn't any housing for their workers. The group asked me to do some housing. We did some housing and have been doing it ever since. Most of our work has been done with low-income housing tax credit projects across Nebraska and Kansas, but we have done some workforce housing as well and market rate housing. We've done community development block grant housing in Central City. We've done new neighborhood initiative housing in Sidney and in Ord. We've done market rate housing in Gothenburg and Grand Island and subdivision development there. And most recently, we're doing quite a little housing in Schuyler with the NIFA Workforce Housing Program. A couple points I want to make, the first one is that we're different than the other people that have been here in that we are the people that go in, sign the promissory note at the bank and put everything we have at risk to build housing in these communities. So we're kind of putting it all on the line each and every time that we go there. I think I would like to skip from some of my prepared comments and address some of the issues that Senator Chambers has raised, if I may. Schuyler is a really interesting community right now. It is a multinational community and it has flipped to be a multinational community over the last decade or so. When we got to working in Schuyler one of the things that moved us the most was talking to the school superintendent who was describing to us a situation that many of his students had and he said, I literally have students who go home and they have a set of parents that are living in the master...sleeping in the master bedroom. And when that work's eight-hour cycle is over, they get up and go to work, and another set of parents go in and share that room. And when that eight-hour cycle is over, they go out, and a third set of parents will go in and sleep in that same bedroom. And he said, I have kids who literally don't have a time when



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there isn't a set of parents sleeping in the master bedroom running through those shifts. If somebody gets sick, they have to get up and leave anyway because they're hot bunking. There's no extra space for anybody. Most of these people are working at jobs that each one of those sets of parents is beyond the income limits for our low-income projects that we have that we're building across the state. So we cannot provide for them with any of the things that we have with our existing programs. They can't go into a low-income housing tax credit project. They can't buy a CROWN home. Most of them don't even qualify for the 120 percent under the Affordable Housing Trust Fund Program. So...but the problem is that there are other barriers to household ownership and one of those barriers right now is that there's just no one out there taking the risk to build those homes. There are not homes for them to move into. Schuyler has done a lot. When we started working on it, Cargill had 100 job openings the first day I was there. When we started asking for help from the community, I said one of the things that would really help is if we had a rental program and employers would guarantee the rents, and it took us 30 seconds to have employers in the room guarantee the rents. Cargill said immediately, we'll do four of them. The school said, we'll do four of them. And we had...we have communities that are stepping up. But the thing I like about this legislation is it's attempting to create a fund, create an opportunity for people that are in that gap, that they're beyond the 60 percent of very median income that we have with our Affordable Housing Tax Credit Program, but they can't go out and buy a house for a variety of barriers. This is bringing a pool of money that hopefully can fill in for that group of people. That's why I support this legislation. [LB518]

SENATOR ALBRECHT: Thank you. Senator Chambers. [LB518]

SENATOR CHAMBERS: You just demonstrated that a good diversity does not just refer to race, ethnicity, or national origin but a collection of differing interests even trying to address a difficulty facing a community. You're telling me, if I understand you correctly, that the way this program will be structured and this fund will be made available, the work you've been doing whereas you say you put yourself at risk for would be benefited under this program and it would help you continue doing what you're doing, and maybe even expand it. [LB518]

CLIFFORD MESNER: Correct. [LB518]

SENATOR CHAMBERS: Now I'm going to tell you this. You lifted your end of the log, but there has to be some more lifting. But at least I feel better now seeing the kind of program that you're talking about actually being done. So that's all that I have. [LB518]

SENATOR ALBRECHT: Any other questions? Senator Halloran. [LB518]

SENATOR HALLORAN: Just another comment. You're a sharp dresser too. (Laughter) [LB518]

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SENATOR ALBRECHT: Now hold on. Those are such nice compliments (inaudible). I have a question. Since you are the...an investor type, when I look at this bill and I read through it, I would like for you to help me understand in Central City, that's where you've...do you have like a housing development and do you sell lots and then you build the houses? Or do you only build on demand? [LB518]

CLIFFORD MESNER: We don't do really very much work in Central City. [LB518]

SENATOR ALBRECHT: Okay. [LB518]

CLIFFORD MESNER: Right now, for example, we have projects under construction in McCook, Holdrege, and Hastings... [LB518]

SENATOR ALBRECHT: Okay. [LB518]

CLIFFORD MESNER: ...that are low-income housing tax credit projects. In Schuyler, we have low-income housing tax credit projects, a NIFA Workforce Housing Program, and then two market-rate units that we've made the people in Schuyler invest in to build. [LB518]

SENATOR ALBRECHT: Okay, so that's what I'd like to understand with this bill. So you can do individual homes, correct? You can do...take an apartment building and refurbish it if you like. But does this all start with the city or the businesses coming to the city and saying, I need more housing? How would the people apply for this? I mean is it through...and I might be asking the wrong person but I'm starting with you because you seem to have several projects going. So would...you say you talk to the schools, you talk to the businesses, you talk with, you know, the folks that would like to buy a home, or have you fix something up? So you would actually get ahold of somebody at the state level or does...I mean I guess I'd like to know more. Maybe I'll save this for Senator Williams at the end, but. [LB518]

CLIFFORD MESNER: I think the way the program is designed, Department of Economic Development is supposed to come up with the criteria to assign that out based on the needs. [LB518]

SENATOR ALBRECHT: Economic Development. [LB518]

CLIFFORD MESNER: And I will tell you the needs are very, very different between Gothenburg and Schuyler. [LB518]

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SENATOR ALBRECHT: Right. [LB518]

CLIFFORD MESNER: And there in Schuyler, for example, there's really a need for transitional housing. There's really a need for people who want to come in and have an apartment building to live in while they put their money together in order to make a down payment on a house. [LB518]

SENATOR ALBRECHT: Uh-huh. [LB518]

CLIFFORD MESNER: Those needs are not that stark in some of the other communities that have testified here. So you need a program that has the flexibility to provide for the community that's coming in front of you and it may be different. The rental housing is particularly important because when you're trying to hit affordable rental housing, somebody has to make a long-term commitment to hold that. And it's difficult for someone like us to want to go and invest in an apartment building that may take 20 years to pay off in North Platte or in Schuyler because I'm getting too old. [LB518]

SENATOR ALBRECHT: Well, and I notice like in Wayne, they were talking more about once the children finish college and they want to come back home, they want to work in the same town that they grew up in, there aren't enough newer homes, if you will. But there again, I have Dakota City, you know, where...South Sioux City, I should say, that has, you know, the Tyson plant and 48 percent of the homes up there are all rental. So, I mean, there's a strong need and will be a stronger need once we start having more of the people that want to go into the pork plant that they have in Sioux City. They want to kind of congregate in that area too. So I just am trying to understand how individuals or the cities or who exactly applies for the monies to whom to help me understand a little bit more. But that's probably not just for you to answer. So thank you for your time. Any other proponents wishing...oh, sorry, have another question. [LB518]

SENATOR CRAWFORD: Thank you, Senator Albrecht. [LB518]

SENATOR ALBRECHT: Okay, Senator Crawford. [LB518]

SENATOR CRAWFORD: So I just wanted, since this is something you could see benefiting and you will be able to use it in Schuyler, just a sense of what the program would look like from your perspective, whether you would most likely see it as guaranteeing a loan or a subsidy to reduce your up-front investment? Or what would you see, and I know it's designed to be flexible so I'm just talking about in your specific situation for the population and the conditions that you see there, the way that you would see it as being helpful. [LB518]

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CLIFFORD MESNER: What I would like to see it used for in Schuyler, for example, is transitional housing for those people who come to the community and aren't able to buy a house because they don't have the down payment, they haven't been at their job long enough, they can't go get a loan. They need a place to stay where they can live while they're doing that. And one of the things that we're trying to do in Schuyler, for example, is create an escrow for a renter's escrow so that when you rent, a certain amount of your money is put aside every month, and when you leave in three years that's your escrow payment that you can take with you as your down payment on your house. The workforce housing that we're doing in Schuyler doesn't fill that transitional housing need and that takes a long-term commitment from somebody. And if you had a fund like this that would leverage investors to do that so the city could put some money in or investors could put some money in and you could get some help here, people would be attracted to that I think. That's how I would like to use it in Schuyler. You might have a whole different need in another community, but that's the thing that I think is missing in Schuyler right now in the programs that and we're doing there. [LB518]

SENATOR ALBRECHT: Senator Halloran. [LB518]

SENATOR HALLORAN: Thank you, Senator Albrecht. This would vary from community to community, but what's your feeling on the willingness to fund the other half of the matching funds typically? [LB518]

CLIFFORD MESNER: We had some concern about that but, frankly, the good communities will come up and find a way to do it. And in some regards it helps because what you don't want to have happen here is you don't want to have money go off and sit in nonprofits' hands and not be used. It needs to be put to work. Otherwise, you need to leave it with the low- to moderate-income housing programs that it's with right now. [LB518]

SENATOR ALBRECHT: Uh-huh. [LB518]

CLIFFORD MESNER: So it's going to over it. It needs to be put to work. The communities that have employers that are really working at it, you find a way to come up with the money. And so I think that makes some sense, but we spend a lot of time questioning that ourselves, trying to decide if that was the right approach. But at least it shows a commitment on the community part to get there (inaudible). [LB518]

SENATOR HALLORAN: Some skin in the game. [LB518]

CLIFFORD MESNER: Some skin in the game. [LB518]

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SENATOR ALBRECHT: Very good. Any other questions? Thank you for coming. Can I have the next testifier or proponent. [LB518]

JOHN MADSEN: Ow! [LB518]

JOE KOHOUT: Sorry, I stepped on your foot. Chairman Albrecht, members of the Business and Labor Committee, my name is Joe Kohout, K-o-h-o-u-t, appearing today as lobbyist for and on behalf of the Nebraska Regional Officials Council, which is a coalition of the development districts from across the state of Nebraska. I appear in support of LB518. The discussion that happened and I think, to Senator Halloran's...to answer your question, one of the parts that they talked about was exactly the question raised and that is, what are we going to do? And I think that's part, frankly, that kind of they were looking at and saying, boy, that's something that we're going to have to come up with and that's something that we're going to have to achieve. But that, it wasn't a concern. It was just something that, to some extent, they viewed it as a positive in the bill, so. And the collaborative effect of this, I think, when we're working with local communities around the state to develop community plans and to do economic development, this remains a high priority for them. So with that, I will try to answer any questions. I apologize none of the directors were able to make it in today but I will try to answer any questions or take them back if necessary. [LB518]

SENATOR ALBRECHT: Great. Do we have some questions? Senator Chambers. [LB518]

SENATOR CHAMBERS: I know this man (laughter) and he's a good man. [LB518]

JOE KOHOUT: (Laugh) [LB518]

SENATOR ALBRECHT: Great. [LB518]

JOE KOHOUT: Thank you, Senator Chambers. [LB518]

SENATOR ALBRECHT: He's a good one, huh? That's what I've heard. [LB518]

JOE KOHOUT: Thank you. [LB518]

SENATOR ALBRECHT: Thank you. I don't think we have any other questions. Another proponent. [LB518]

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DAVE RIPPE: (Exhibits 3 and 4) Senator Albrecht, members of the Business and Labor Committee, my name is Dave Rippe, D-a-v-e R-i-p-p-e. I'm the executive director of the Hastings Economic Development Corporation and I'm also appearing today on behalf of the Nebraska Economic Developers Association. I've also submitted testimony on behalf of the Nebraska State Chamber of Commerce. In my capacity as a member of the Nebraska Economic Developers Association, I would like to state the association's support of LB518. Comments that follow are mine in representation of the Hastings Economic Development Corporation. Like Mr. Mesner, who we very much appreciate his investment in our community, bringing housing products to market, I'd like to go a little off script as well. The shortage of housing in rural Nebraska is a critical problem for us in trying to grow our state, in trying to grow our communities. The end result of that problem is it impacts our state government, our local governments, and our political subdivisions, too, when it comes to tax receipts. I looked at a couple of projects that we've undertaken in our community, specific to Hastings. An initiative of our community over the last decade has been the redevelopment of our downtown and the development of downtown housing. One of those reasons, it's in our best interest to heal up the heart of our community, but it's also given us an opportunity to participate from the public sector in the housing arena through tax increment financing, community development block grant through the Nebraska Department of Economic Development, and other public tools. These tools help us to buy down the cost of projects and ultimately help us to buy down rents to meet the ability of our residents to pay those rents. This last year we put together a small group that an apartment...four apartments in an upper-level floor of a building in Hastings and used a number of local funds in order to help us achieve that project. In our apartments right now live a young couple, Bethany and Kevin. Kevin is a barber and Bethany is a school teacher. Maggie is a not-for-profit employee. Aaron is a project manager for a construction company. And Jenny is an entry-level speech therapist locally. All these individuals I would anticipate, according to their rental applications to our small group, that has really no experience being renters, but make between probably \$15 to \$23 an hour and so very much what we would consider workforce in our community. Ultimately, I'd like to see these folks own homes in our community. There's an altruistic side, obviously, to what we do in the community development side as well. Without public assistance, local public assistance, tax increment financing, we couldn't do that. And what we see in Hastings is a series of one-off projects. Investors like our little group do a project because it's good for the community, but we're not making market returns. We're lucky to be able to pay the bank on our project. And so layering in state funds, I hope, would help us to keep the rents on projects affordable for our workforce where our availability is locally--Hastings isn't a high-wage community--and will help to see more projects come to fruition. Our lack of housing is impacting our ability to recruit workforce to our community. Seven thousand people commute into the city of Hastings every day for work. If you go from our employers or any of our manufacturing plants, we're a very heavy manufacturing community when compared to the state. About 18 percent of our private employment is manufacturing. I think the state averages probably about 10 percent. About 50 percent of each of our plants' folks commute in and the

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number one reason they cite is a lack of available, affordable, and desirable housing in our community. If we were to see this program come to fruition, as Senator Crawford asked, how might we specifically use it in Hastings? For owner-occupied downtown housing, which is a goal of ours, financing is very difficult. We have a lack of comparable sales in our community, which impacts appraisals. Our desire would be to create a loan fund that would help young couples, young professionals or individuals, to secure residential mortgages for downtown housing. My wife and I built. We remodeled a building downtown and built our home down there. And I would say candidly we were fairly arrogant about our ability to go in and get a loan, and we quickly learned the difficulties that many people face in that these, without comparable sales, it's not a project that banks are overly interested in. You're lucky to get a project where you can put 20 percent down. When your appraisal doesn't come through at the right price, you'll be putting more down. And instead of a 15- to 30-year mortgage note, you can have a 5-year commercial note. And so those are issues that we face across demographics, across age and income demographics in our community that restrict the development of downtown housing. So if this program were to go into place, what we'd like to do is most likely create a loan fund that would help us bring more of these products to market. I'm happy to answer any questions but I certainly appreciate your consideration of this bill. [LB518]

SENATOR ALBRECHT: Thank you. Senator Chambers. [LB518]

SENATOR CHAMBERS: You answered some of my questions. Thank you. [LB518]

SENATOR ALBRECHT: Very good. Any other questions of the committee? Seeing none, thank you for coming. [LB518]

DAVE RIPPE: Thank you. [LB518]

SENATOR ALBRECHT: Do we have any other proponents wishing to speak? Hi. [LB518]

SARA TICHOTA: (Exhibit 5) Hello, ladies and gentlemen. My name is Sara Tichota, S-a-r-a T-i-c-h-o-t-a, and I live here in Lincoln and I am the executive director of the Nebraska Housing Developers Association. Many of the individuals you see in here today are actually our members, as well as development districts, nonprofit organizations, and for-profit developers are members of our organization. And our organization believes that the Nebraska Affordable Housing Trust Fund allows for development of workforce housing. However, as a whole, we do realize that we recognize that there is a...that to meet the broader workforce housing needs of both urban and rural Nebraska there would need to be some changes into the way that the Department of Economic Development implements the Nebraska Affordable Housing Trust Fund. We as a whole appreciate the flexibility of LB518. Therefore, in lieu of the changes to the Affordable

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Housing Trust Fund, we believe that LB518 can address the housing needs of a workforce sector that is currently underserved in Nebraska. Although we're disappointed that the Housing Trust Fund dollars are again being looked at to put towards a new...to fund a new program, we do support the intent of LB518. And our organization just has a couple of quick recommendations and things that we'd like everyone to keep in mind. We support LB518 with the following changes. It was already mentioned that originally it was \$12 million, one \$12 million and then \$1 million and \$1 million, and I believe that was, as was mentioned, that was lowered to \$10.3 million. We would ask that...reduce the transfer of funds to a one-time amount not to exceed the excess in the fund. And again, as someone mentioned earlier, we understand it looks like a large balance there, but there are a lot of contracts that are committed. We just don't want to see the programs and the contracts that are committed be in jeopardy. And we really don't want that amount to go below, again, to put those in jeopardy because then that could really limit the department's ability to administer the Nebraska Affordable Housing Trust Fund. Additional amounts withdrawn would reduce funding for housing programs that serve a large portion of our workforce, specifically those between 60 percent and 120 percent of area median income. And I provide an example: 60 percent of area median income, which is one of the levels that is served by the Nebraska Affordable Housing Trust Fund, would be \$37,980 for a family of four in Dakota County; could go up to 120 (percent) which is \$74,160. So we really don't want to see those funds cut for that group of Nebraskans. Another concern that our organization has is that we want to make sure that there's adequate Department of Economic Development staffing to administer the current programs, as well as any new programs introduced. At current staffing levels, Department of Economic Development housing team is already overburdened. The additional administrative responsibilities created by this program in creating the rules and regs of the new program can be a concern. In addition, they have a new program called the National Housing Trust Fund which serves extremely low-income individuals, which they will have to administer soon also. I did note that the fiscal note does indicate the need for additional staffing, but again we just...we would like to really reiterate the importance of adding housing staff to effectively and efficiently manage this program. Thank you for your time. [LB518]

SENATOR ALBRECHT: Very good. Thank you. Any questions? Senator Chambers. [LB518]

SENATOR CHAMBERS: Do you have any attorneys who work with you, with your organization? [LB518]

SARA TICHOTA: We have attorneys that are members, that their organizations are members. But, no, not on a daily basis (inaudible). [LB518]

SENATOR CHAMBERS: Could they help draft amendments of the kind that you're talking about? [LB518]



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SARA TICHOTA: I'm sure we can, yes. [LB518]

SENATOR CHAMBERS: Then share them with me. [LB518]

SARA TICHOTA: Okay. [LB518]

SENATOR CHAMBERS: Because I have the concern that you did, but I am so skeptical about programs that are going to withdraw from an operation that doesn't have enough money anyway that I wanted to wait and see if those who are already trying to do something in this area had concerns too. So then I'm not always the one saying the wet blanket. But if I have to be, I will be. [LB518]

SARA TICHOTA: Well, again, we do overall as a group really support this and the flexibility it allows. It's kind of a holistic approach to housing. It gives you a broader...a broader approach instead of...we talked about it earlier, that you have...we talked about low-income individuals and, you know, what you think of as the workforce housing. But if don't have some of those middle and higher income people in some of the smaller communities and housing for them, the worry is that those shops will go away. So I mean we really do look at it holistically and ultimately support this bill. [LB518]

SENATOR CHAMBERS: That's why I think people with your group could fashion amendments dealing with the subjects that you brought up. I don't know if they'll be adopted but they're at least discussion points so that we don't drain too much away from a program that really doesn't have that much. It sounds like a lot of money but it's not really a lot of money that's there. That's all that I have. Thank you. [LB518]

SARA TICHOTA: Thank you. Thank you. [LB518]

SENATOR ALBRECHT: Any other questions? Thank you. [LB518]

SARA TICHOTA: Thank you very much. [LB518]

SENATOR ALBRECHT: Any other proponents wishing to speak to LB518? Any other proponents? Seeing none, do we have any opponents wishing to speak? Hi there. [LB518]

THOMAS JUDDS: Hi. Good afternoon. Thank you for having me. I'm a little nervous... [LB518]

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SENATOR ALBRECHT: Oh, don't be. [LB518]

THOMAS JUDDS: ...as I generally don't do this. My name is Thomas Judds, T-h-o-m-a-s, last name J-u-d-d-s, and I've been in the affordable housing profession for about 18 years and I have testified at committees regarding the trust funds, specifically the site and industrial building. At that time, I was working for a syndication firm with the low-income housing Tax Credit Program. And today I do work for the Lincoln Housing Authority but, on your...on this behalf today I'm representing myself as a citizen. So a number of the folks that have testified in favor of the bill I don't disagree a lot with what they're saying. I understand that because I traveled the state. I guess the fundamental issue that I have, and I can sleep well tonight saying this here and that's why I'm here, is that the trust funds were set up to specifically serve the low- to moderate-income families of Nebraska. And when I think about that, the tax credit program was talked about and that would serve 60 percent or less area median income. The trust funds were at 80 percent area median income and then that was increased to 120 percent for owner-occupied or residential housing. So there is some flexibility there. Having served at the Lincoln Housing Authority and the planning and development community, there's about 4,000 people on that wait list for rental assistance in Lincoln alone and that number was staggering. Because when I first heard that I thought they said 400 and they said, no, we're talking 4,000 people. So although there's a huge demand for housing and the terminology is "workforce housing," it's relevant to what you consider workforce housing and it differs by community. Some of the issues I have would be the trust funds have income restrictions. From my understanding, it appears that those would be void if this transfer was made. And so I have an issue with that. Second of all, I would suggest possibly increasing or adding asset restrictions or limitations. So from my calculations, and I didn't want to share those because I'm not sure how...I feel fairly confident but when I look at a \$275,000 house being built, and I do not disagree with the fact that costs per foot is greater in rural markets as opposed to urban because of the numbers, but when I look at \$275,000 house and I start looking at a 30-year mortgage at maybe 4.25 percent and a 28 percent debt coverage, what kind of income would support that? And based on my numbers, it's around \$88,000 for a family. So I guess bottom line is for me that, although may be defined as affordable, in my book I have a little harder time thinking that that's the indirect subsidy we would want to provide through these trust fund dollars that were really intended for lower to moderate incomes. And with that, I'll be happy to answer any questions. I just thank you for the opportunity. [LB518]

SENATOR ALBRECHT: I appreciate (inaudible). [LB518]

THOMAS JUDDS: And all respect to everybody's who's testified because some of them I have worked with and have friends and it's hard to get up here because I kind of feel like a lone wolf. But that's in my heart and I told my family I'll be able to sleep tonight, so. [LB518]

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SENATOR ALBRECHT: Uh-huh. Well, thank you for coming. [LB518]

THOMAS JUDDS: Thank you. [LB518]

SENATOR CHAMBERS: Anytime somebody draws a comparison to one of our four-footed wild, I say, friends, that person is never alone as long as I'm in the room. What I would like you to do, my office number is Room 1302. When you come in the east door, you come first hallway that goes across, take a right. The first door you come to is mine. I would really like to talk to you some more about it, so someday when you have time then stop in. [LB518]

THOMAS JUDDS: I would be welcome to do that. [LB518]

SENATOR CHAMBERS: And bring your figures and whatever other information you have that would help me. [LB518]

THOMAS JUDDS: Okay. Thank you. [LB518]

SENATOR ALBRECHT: Do we have any other questions? You know, one thing I will say, this bill is for rural areas under 100,000 people, correct? So have most of the dollars within, would you say, this trust fund maybe have been spent more in the larger communities, the more populated ones? [LB518]

THOMAS JUDDS: I think that's controlled by DED and the Congressional districts... [LB518]

SENATOR ALBRECHT: Uh-huh. [LB518]

THOMAS JUDDS: ...so that they're evenly disbursed. [LB518]

SENATOR ALBRECHT: Okay. [LB518]

THOMAS JUDDS: I don't see that in the language on this bill. No? [LB518]

SENATOR ALBRECHT: No, it's not. [LB518]

THOMAS JUDDS: Okay. [LB518]

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SENATOR ALBRECHT: Okay. Thank you for coming. [LB518]

THOMAS JUDDS: You're welcome. Thank you all. [LB518]

SENATOR ALBRECHT: You did very well. [LB518]

THOMAS JUDDS: Thanks. [LB518]

SENATOR ALBRECHT: (Exhibits 6-12) Do we have any other opponents that would like to speak to this bill? Any other opponents? Seeing none, anyone in a neutral capacity? No one in a neutral capacity. Well, let me read into the record some of the letters that I received and then we'll have Senator Williams come up and close. Okay. Under proponents we have a Farrah Rosentreader, a self letter from her as a proponent; a John Spatz, executive director of Nebraska Association; another proponent, K.C. Belitz, president of Columbus Area Chamber of Commerce. Then in the neutral capacity on LB518 we have no one in the opposing, so in the neutral capacity I have a Tim Kenny, executive director of Nebraska Investment Finance Authority; another neutral is Johnathan Hladik, policy director for Center for Rural Affairs; another neutral is Chris Lamberty, assistant director for the Lincoln Housing Authority; and a Rick Ruzicka, executive director of Hall County, Hastings and Ansley Housing Authorities; and Courtney Dentlinger, director of Department of Economic Development for the state of Nebraska is also in the neutral capacity. And, Senator Williams, you're here to close. Thank you. [LB518]

SENATOR WILLIAMS: (Exhibit 12) Yes. And thank you all for your patience this afternoon in listening to this testimony. I think you can gain some appreciation that this is a topic of deep interest and my intent is to lift the other end of the log at this point, and I'm doing it wearing my banker's suit, Senator Chambers. I'm sorry about that. One of the letters that you had that I would like to start with and highlight because I think it emphasizes what we are really talking about when we get into the discussion of workforce housing is the letter that is in front of you dated today from Courtney Dentlinger, the director of the Department of Economic Development. And in her second paragraph she says, "The lack of workforce housing, defined as housing affordable to workers earning average wages, is a critical economic development issue in rural areas of our state. A lack of workforce housing impedes the ability of employers to attract talent to the state to fill thousands of open positions. In turn, employers are unable to fill necessary jobs. This negatively impacts local economies, and companies' expansion decisions. LB518 would provide a source of funds to address the workforce housing shortage." One of the situations that I was faced with a little over a year ago in our community, we had two brand new teachers be hired at the Gothenburg school system, very excited, both just current, recent graduates from the University of Nebraska and had their first teaching jobs, both the husband and wife, in

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Gothenburg in a Class C-I school in a great community. They found a little rental spot to live in for the first couple of months that they were there and then they came into the bank to get preapproved to buy a house--brand new teachers, teacher salaries, two of them, and found out very quickly that because they could not receive any of the funds through the low- to moderate-income program, they could not qualify to buy a home. They had no down payment and with their school debt that they had accumulated, they were in a spot where they couldn't buy a home. It was one of the saddest experiences that I had seen, these two young people that had their college degrees and had this great job. Those are the kind of situations we're talking about. We're talking about the teacher that's making \$35,000 a year, the co-op employee that's making \$35,000, or the nurse or CNA that's in that same kind of range, that don't qualify for the low- to moderate-income assistance programs but do need workforce housing. If I've learned anything in my years of working in economic development, if we are going to continue attracting people to our communities, whether they have roots there to start with or whether it's new, you've got to meet certain levels of expectation. The first one is in educational opportunities. You will not move to a community that you don't think your kids are going to have the educational opportunities that you want your children to have growing up. Second one is medical facilities. You're not going to put your family into a community that you don't feel the basic needs for medical facilities and doctors and those kind of things are going to be met. And the third one is housing. You want to have adequate housing and availability of housing or you're again not going to locate in that community. And as Director Dentlinger said, there are thousands of jobs in our state that right now we can't fill because we have not met that current need. LB518 hits this head-on. And as I said in my opening, I believe this is the responsibility of the Legislature to create the environment and give communities the tools. You've also heard some discussion this afternoon about flexibility. You heard from Cliff Mesner that the needs in Schuyler or the needs in Lexington, Nebraska, are different than the needs 25 miles away in Gothenburg, Nebraska, from Lexington to Gothenburg. We have different kinds of needs and LB518 gives us the flexibility to meet those needs. I think there were some questions asked in particular by Senator Albrecht about the process and the procedure. I draw your attention to page 4, line 23 of LB518 in where the money that would be awarded in the form of a grant for a community goes to a nonprofit development corporation that is supervised and has to have certain levels of expertise. In our community, for instance, that would most likely be Dawson Area Development. It is an existing development...nonprofit development corporation that is sitting there ready to do things. And I would envision, if we pass LB518, that Dawson Area Development would apply for a grant and I'm going to guess it would be in the range of \$250,000 to \$500,000. I can also assure you that within a very short period of time local businesses would buy into this effort and raise that one-to-one match. Those organizations: Baldwin Filters, Frito-Lay, Monsanto, the Gothenburg Hospital, the Gothenburg school would all participate in helping fund that. And as you heard, one of the things that we would most likely choose to use it would be some down payment assistance for these young professionals that do have those jobs and have not saved that money and have that level of school debt that they can't qualify. We would also potentially use it

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for the purchase of lots that are available in town that then we would donate those lots into the process to make the thing work better for the developer so that we could build that house for the price tag that these people can afford. Also, the area of rehab, we have a number of houses in most of our rural communities that with sufficient rehab could also provide that kind of housing. There's a need. I believe it's this Legislature's responsibility to step up and meet that need. As you have seen from the fiscal note and the discussion, there is no General Fund impact. Yes, there's a fiscal note but that is not General Funds that is being used for that. Also, the neutral testimony and the opposition testimony focuses on the continued need to build low- to moderate-income facilities in our state, and this bill takes into consideration that the only funds from the Affordable Housing Trust Fund that would be used are those that have been unallocated and will not take money away from those funds that are currently doing those activities, whether it's here in Lincoln or whether it's in Omaha or in the rural areas of the state. We will be bringing the amendment that restricts the dollar amount to the one-time \$10.3 million, which we have been assured is the unallocated portion. I think this is the thing to do, it's the right thing to do, and I would encourage you to move forward with this. And with that, I would answer any further questions if you have them. [LB518]

SENATOR ALBRECHT: Thank you. Do we have any questions for Senator Williams? Senator Lowe. [LB518]

SENATOR LOWE: I've been up here on my phone. I wasn't checking my e-mails or sending anybody texts, but I thought I'd go to [Realtor.com](http://Realtor.com) and check to see what my hometown of Kearney had for something in the \$150,000 to \$200,000 range. The range was \$120,000 to \$180,000 and there are seven listings and three of those are lots. And in one of those houses that were...only four houses that were left, in Lincoln would probably bring somewhere \$60,000. So this would hit right into that low-income housing. So I think it's a good idea for outside Nebraska. [LB518]

SENATOR ALBRECHT: Other questions? Senator Crawford. [LB518]

SENATOR CRAWFORD: Thank you, Senator Albrecht. And thank you, Senator Williams. I just wondered if you would comment on one of the questions that was raised in one of the letters that was given to us in neutral capacity. It raised the question about the definition of rural communities of 100,000 versus the more common definition in USDA that notes of 50,000. And I wondered if you had any comment on that concern or question. [LB518]

SENATOR WILLIAMS: It's the definition is counties in LB518, not cities. [LB518]

SENATOR CRAWFORD: Okay. [LB518]

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SENATOR WILLIAMS: It's in counties with less than 100,000... [LB518]

SENATOR CRAWFORD: Counties, okay. [LB518]

SENATOR WILLIAMS: ...population in the counties. [LB518]

SENATOR CRAWFORD: Okay. Thank you. [LB518]

SENATOR ALBRECHT: Okay. Senator Chambers, thank you. [LB518]

SENATOR CHAMBERS: Senator Williams, you know how I eavesdrop, no, but he told you what he was looking at over the phone. I heard somebody on it say this is Scarface. (Laughter) I'm just kidding. [LB518]

SENATOR ALBRECHT: You guys. Any other questions? I just...just again help me clarify, when you go to that page 4 and line 28, the: Grant maximums shall not exceed two and one-half million dollars to any one nonprofit development organization over a two-year period, with no more than five million dollars cumulative for any single grantee through the fiscal year of 2019 and '20. So I guess my concern is that just certain pockets are going to be ready to go and grab this money and then it's gone. I'd like to see it spread out. [LB518]

SENATOR WILLIAMS: I think you will see in the amendment that we bring... [LB518]

SENATOR ALBRECHT: Okay. [LB518]

SENATOR WILLIAMS: ...that that will be... [LB518]

SENATOR ALBRECHT: Thank you. [LB518]

SENATOR WILLIAMS: ...lowered and I think the number will be \$1 million total for any one. [LB518]

SENATOR ALBRECHT: Okay. That makes me feel better because I don't want to see... [LB518]

SENATOR WILLIAMS: I had the same concern about that, that there are areas that we don't...the idea and through the Department of Economic Development is to give many

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communities an opportunity. Now even if that were in there, which it will not be, the grants gets awarded not on a first come, first served basis by the Department of Economic Development. They can set the criteria and limit the amount. So their goal is like yours, Senator Albrecht, to see that this is spread around the rural areas of Nebraska. [LB518]

SENATOR ALBRECHT: Thank you. Senator Chambers, yes. [LB518]

SENATOR CHAMBERS: Because I'm not asking Senator Williams a lot of questions, I want this on the record. Senator Williams, we will have plenty of opportunities to talk to each other about issues I might find with the bill and work some of these things out, correct? [LB518]

SENATOR WILLIAMS: Absolutely. [LB518]

SENATOR CHAMBERS: Thank you. [LB518]

SENATOR ALBRECHT: Great. Any other questions? Thank you very much for being here. Thank you all. Does anybody need a break? Are we good to go on to the next? Okay, the next item up, we have LB639. Senator Bostelman, would you come up and address us with that. Yes, go right ahead. [LB518]

SENATOR BOSTELMAN: Good afternoon, Chairwoman Albrecht and the Business and Labor Committee members. My name is Bruce Bostelman, that's B-r-u-c-e B-o-s-t-e-l-m-a-n. I represent the 23rd District and have introduced LB639. LB639 amends Section 48-225 of the Revised Statutes, Cumulative Supplement 2016, and Section 48-226, Reissue Revised Statutes of Nebraska, in the following ways. First, the bill defines the term "service member" under these statutes as a person who serves on active duty in the armed forces of the United States except for training. Two, this bill adds language to include the spouse of a service member as a preference eligible individual for purposes of seeking employment in the state of Nebraska within 180 days of the service member's discharge or separation from service. And three, finally, the bill specifies that for anyone who qualifies as a preference eligible individual, that preference includes initial employment or return to employment with the state of Nebraska or its governmental subdivisions if termination was for other than disciplinary reasons. Veterans are currently considered preference eligible for seeking employment with the state of Nebraska or its governmental subdivisions for Section 48-225 and 48-226. This bill simply specifies that such a preference includes initial employment or return to employment with the state or its governmental subdivisions. Specifically, this bill adds the "return to employment" language. Our veterans provide a great service to the state and this country, and this bill seeks to make certain that veterans and those considered preference eligible can retain that preference for return to employment with the state or its governmental subdivisions and not lose that preference simply



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because they have previously used such a preference for employment purposes. This bill includes stipulating language that assures that the preference is not unduly awarded. LB639 requires that in order for a service member or their spouse to be preference eligible for a return to employment with the state or its governmental subdivisions, the termination of the previous employment by that service member or spouse in the state was for other than disciplinary reasons. There are roughly 143,000 veterans in Nebraska alone that this bill can affect when they are discharged from service or become preference eligible as defined in the statute and more across the United States if they are seeking employment in Nebraska. There are approximately 567 active duty servicemen and women who voluntarily sent their discharge papers from active duty service notice in Nebraska. This bill also helps add additional support for the family of veterans as spouses of service members who would be considered preference eligible under LB639 for a period of 180 days following the discharge or separation of service of their service member spouse. This bill aims to make sure Nebraska continues to grow and be a veteran and military friendly state. And I ask for your support of this bill and its advancement to General File. I would entertain any questions at this time. [LB639]

SENATOR ALBRECHT: Thank you, Senator Bostelman. Do we have any questions of the committee? Senator Crawford. [LB639]

SENATOR CRAWFORD: Thank you, Senator Albrecht. And thank you, Senator Bostelman. I just want to make sure I'm clear about what we're trying to do for the spouses. We...the spouses of a veteran would already be covered so we are now adding the spouse of a service member in this bill. And then there's language that it's limited to within 180 days of the service member's discharge or separation. So I'm trying to get if your intent is really to make sure that it's a spouse of a service member and they're covered until they become recognized as spouse of a veteran or if there's something else behind that provision about the 180 days. So two things: One, is it your intent to say this preference covers a spouse of a service member who's currently serving? And the second question is, what is the purpose of the 180 days component of the language? [LB639]

SENATOR BOSTELMAN: The language I believe is after their separation, the service member's separation, the 180 days. And the 180 days is typically if a person is going to move from a community or move into a community, typically that six-month period, that 180 days, is the time you'll see a family move and it gives that spouse that opportunity when they move into the area or move within the state. That's that normal time frame that you usually see families move. So that 180 days covers that portion of time. [LB639]

SENATOR CRAWFORD: And just, I guess, as I'm reading this bill, not your bill but the part around it, it is indicating the spouse of a veteran who has disability and so perhaps this is

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covering a broader...it's covering a broader group of spouses but spouses immediately after that discharge. [LB639]

SENATOR BOSTELMAN: One...correct. Once a service member has been discharged, yes. [LB639]

SENATOR CRAWFORD: It's not the intent to provide a preference when their service...when their spouse is still serving? [LB639]

SENATOR BOSTELMAN: Not at this time, not this bill, no. [LB639]

SENATOR CRAWFORD: Thank you. [LB639]

SENATOR BOSTELMAN: Uh-huh. [LB639]

SENATOR ALBRECHT: Any other questions? Senator Howard. [LB639]

SENATOR HOWARD: Oh, yeah, you got it right. That's awesome. Thank you for bringing this bill to us. It's really important. I'm not as well-versed in terms of military and so can you tell me the difference between a service member and a veteran? [LB639]

SENATOR BOSTELMAN: Well, what this talks about is an active duty military member who is being discharged out of the military, retire or otherwise leaving the service. So when they...when you are discharged from the military and you...maybe it's your final permanent, you know, your last move or you're looking to move, it gives you that time frame after for the spouse. That 180 days gives them that time frame that they would have a preference, or the service member, once they've been discharged, left the military, they would give them a preference. [LB639]

SENATOR HOWARD: So what's a veteran? [LB639]

SENATOR BOSTELMAN: A veteran is, as defined in 255, there's a...defines who veterans are. Veterans, there's four categories on there and I can, if they would like to make a copy and hand this to you,... [LB639]

SENATOR HOWARD: Yeah, that would be (inaudible). [LB639]

SENATOR BOSTELMAN: ...that defines who a veteran is. [LB639]

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SENATOR HOWARD: More because I'm just confused because a service member is somebody who's currently serving? [LB639]

SENATOR BOSTELMAN: No, I believe it's the service member is a veteran, people who have been discharged from the military. [LB639]

SENATOR HOWARD: So the language says it's a person who serves on active duty. [LB639]

SENATOR BOSTELMAN: Uh-huh. [LB639]

SENATOR HOWARD: Not past tense? Do you intend it to be past tense? [LB639]

SENATOR BOSTELMAN: I'm sorry. Where are you at now? [LB639]

SENATOR HOWARD: Page 2, line 4 in the definition. It's more...I mean it's more I don't know very (inaudible). [LB639]

SENATOR BOSTELMAN: Well, I think it's just defining who a service member is and if you go to the statute of 225, that will define who the service member is. Service member are...is a person who serves on active duty. And if you're on active duty, once you are discharged you become a veteran. And then the 255 defines who veterans are. [LB639]

SENATOR HOWARD: So they haven't been discharged yet. [LB639]

SENATOR BOSTELMAN: A service member means a person who serves on active duty, right. You have to be on active duty in the armed forces, yes. That defines who creates the service member, if you will, creates the eligibility of...specifies you're on active duty. [LB639]

SENATOR HOWARD: Okay. [LB639]

SENATOR BOSTELMAN: Okay. And then once you are discharged from active duty, you become a veteran. [LB639]

SENATOR HOWARD: Okay. [LB639]

SENATOR BOSTELMAN: Does that help? [LB639]

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SENATOR HOWARD: And then veterans are covered upon discharge with a preference and then we are just giving the spouse the spousal preference for the 180 days... [LB639]

SENATOR BOSTELMAN: For 180 days, right. [LB639]

SENATOR HOWARD: ...after the discharge... [LB639]

SENATOR BOSTELMAN: Correct. [LB639]

SENATOR HOWARD: ...for the service member. [LB639]

SENATOR BOSTELMAN: Correct. [LB639]

SENATOR HOWARD: Okay. Perfect. Thank you. [LB639]

SENATOR BOSTELMAN: Does that help? [LB639]

SENATOR HOWARD: It's just they're new words to me. [LB639]

SENATOR BOSTELMAN: Sure. [LB639]

SENATOR HOWARD: So thank you. [LB639]

SENATOR BOSTELMAN: Sure. [LB639]

SENATOR ALBRECHT: Thank you, Senator Howard. Any other questions? Are you staying here (inaudible) close? [LB639]

SENATOR BOSTELMAN: Yes, I will. [LB639]

SENATOR ALBRECHT: Okay. Great. Okay, at this time we'll take any proponents. [LB639]

JOHN HILGERT: Good afternoon, Chairman Albrecht, members of the Business and Labor Committee. My name is John Hilgert, J-o-h-n H-i-l-g-e-r-t, and I'm the director of the Nebraska Department of Veterans' Affairs. I'm here to testify in support of LB639. First, I would like to thank Senator Bostelman for sponsoring this bill and for his support of our state's veterans.

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LB639 seeks to grow Nebraska in a couple of ways. First, the bill creates a hiring preference for spouses within 180 days of the service member's discharge from service. It's common for military families to make the tough decision on whether to stay in Nebraska or to move to Nebraska upon discharge from active service. Veterans already have a preference. Granting the preference to the spouse as well for up to 180 days after discharge would incentivize the decision that Nebraska supports the military and its veterans. The second part of the bill is somewhat, in our opinion, a fix to current law. Current law, offers a one-time hiring preference to veterans who wish to work for the state of Nebraska and its governmental subdivisions. A veteran can use it once and only once. An example would be that if you worked for the state, then left state government, you can never use it again. You can only use it once. If you wish then to work for the county but you then not be allowed to use that benefit. LB639 would allow the veterans to use the preference again if they've left but want to work for the state or its governmental subdivisions, as long as they didn't leave for disciplinary reasons. Again, this section seeks to demonstrate to our veterans that Nebraska is veteran friendly and recognizes the sacrifice of their service. The language of the bill was presented to the Nebraska Department of Administrative Services before session. And that concludes my testimony. I'd be more than happy to answer any questions you might have. [LB639]

SENATOR ALBRECHT: Thank you. Senator Halloran. [LB639]

SENATOR HALLORAN: Madam Albrecht. Thanks for your testimony. [LB639]

JOHN HILGERT: Certainly. [LB639]

SENATOR HALLORAN: If I was a service member, would I be...would it be advantageous for me to go to any of the surrounding states... [LB639]

JOHN HILGERT: Well, I think that... [LB639]

SENATOR HALLORAN: ...on the merits of what we're talking here? [LB639]

JOHN HILGERT: What we're trying to do is make Nebraska more competitive. The decision certainly is a personal one and there's many factors of where you go for employment, perhaps housing, we'd heard about. But what we're trying to do is through this bill to say, hey, state of Nebraska, we want to open it up for your spouse for the 180 days after discharge. We want you to stay in Nebraska if you're stationed here and we want you to come home to Nebraska as well. For example, if you were a service member stationed somewhere else, your decision to come home to Nebraska is, well, my spouse may not be able to find that job in Nebraska. Well, we

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want to incentivize that return to Nebraska by saying, hey, come back to Nebraska and your spouse has 180 days of a veteran's preference of sorts. [LB639]

SENATOR HALLORAN: I guess my question is, do other states or surrounding states have a 180-day grace period? [LB639]

JOHN HILGERT: You know, I'm not...I did not do the analysis of the border states at all. I know that the concept does exist elsewhere but I don't have that information. We can get that, Senator. [LB639]

SENATOR HALLORAN: Okay. Thank you. [LB639]

SENATOR ALBRECHT: Great. Any other questions? [LB639]

SENATOR CRAWFORD: So just to clarify that... [LB639]

JOHN HILGERT: Sure. [LB639]

SENATOR CRAWFORD: ...for the record, so... [LB639]

SENATOR ALBRECHT: Senator Crawford. [LB639]

SENATOR CRAWFORD: Yes, I'm sorry. [LB639]

SENATOR ALBRECHT: That's okay. Go ahead. I just wanted (inaudible). [LB639]

SENATOR CRAWFORD: Thank you, Senator Albrecht. Yes, thank you. The current spouse of a veteran is for the veteran who has 100 percent permanent disability. [LB639]

JOHN HILGERT: That's my understanding. [LB639]

SENATOR CRAWFORD: Right. Yes, so I just wanted to make sure it was on the record correct. So this expands that in terms of those service members' spouses who are just getting discharged or separated from service and it does not have to be from our state. It could be any state. They could be leaving service in Kansas and coming...and we could be recruiting them to come to Nebraska. [LB639]

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JOHN HILGERT: Well, a couple of things I'd like to clarify, too, and maybe this is a point for maybe the legal counsel and us to huddle, but we believe, it was under our impression, that this gives the spouse a preference while the individual is still in the service... [LB639]

SENATOR CRAWFORD: Okay. [LB639]

JOHN HILGERT: ...and 180 days afterwards, at least that was some discussion. And maybe, you know, I'll certainly apologize for any poorly crafting. That's on me. [LB639]

SENATOR CRAWFORD: Oh, I'm glad. I'm glad to hear that clarified. [LB639]

JOHN HILGERT: But... [LB639]

SENATOR CRAWFORD: I think that does make sense. [LB639]

JOHN HILGERT: Yeah. And I'm sorry, what was the second part of the clarification? [LB639]

SENATOR CRAWFORD: Okay. So the first clarification is that on your part, in terms of thinking about this as a preference,... [LB639]

JOHN HILGERT: Uh-huh. [LB639]

SENATOR CRAWFORD: ...it was an intention to provide it for a service member's spouse even while they were still... [LB639]

JOHN HILGERT: All right. [LB639]

SENATOR CRAWFORD: ...in service. [LB639]

JOHN HILGERT: Correct. [LB639]

SENATOR CRAWFORD: Going...and then going up to 180 days after. [LB639]

JOHN HILGERT: Oh, if they're outside the state, yes. Right. [LB639]

SENATOR CRAWFORD: And then even if they're outside of the state. [LB639]

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JOHN HILGERT: Definitely. Definitely. Most of our veterans in Nebraska that are from Nebraska are discharged outside the state. When I was discharged from the Army, I was at Fort Riley, Kansas, for example. I came home to Nebraska. So many of the active duty personnel, when they get processed out, they...it's decision time. And they may be all over the country, maybe outside the country as well: What are we going to do, where are we going to go, where should we make our home? Nebraska has a lot going for it. We would like to have one more thing to make sure Nebraska is welcoming to their veterans and their spouses. [LB639]

SENATOR CRAWFORD: Thank you. [LB639]

SENATOR ALBRECHT: Any other questions? Yes, Senator Howard. [LB639]

SENATOR HOWARD: Thank you. Are you sad that you're not going to be coming to the Health and Human Services Committee anymore for confirmation? [LB639]

JOHN HILGERT: (Laugh) That would presuppose some action by the Legislature and I respect the body so I'll refrain from commenting on that. [LB639]

SENATOR HOWARD: Nice to see you again. [LB639]

JOHN HILGERT: Thank you. [LB639]

SENATOR ALBRECHT: Thank you. Okay. Any other questions? Seeing none, thank you for coming. [LB639]

JOHN HILGERT: Thank you. [LB639]

SENATOR ALBRECHT: Do we have any other proponents wishing to speak to LB639? [LB639]

JASON JACKSON: (Exhibits 1 and 2) Thank you, Senator Albrecht and the committee, for the opportunity to testify today. Good afternoon. My name is Jason Jackson, J-a-s-o-n J-a-c-k-s-o-n, chief human resources officer to Governor Ricketts, and I'm testifying in support of LB639. As an HR professional, a military veteran, and a husband to a former military spouse, I believe that, if passed, this legislation will help grow Nebraska and make Nebraska a more military friendly state. One of the main challenges that military families face is the difficulty in finding steady, career enhancing employment for the spouse of a military service member. Frequent



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deployments and duty station changes mean that military spouses are in an almost constant job search. I can speak on this from experience. I changed duty stations twice in a one-year period during my service in the Navy, and each time my wife had to go through an arduous job search to find employment for herself. The state of Nebraska and her government have always been supportive of military families. We need to do all that we can to alleviate these stresses for our men and women in uniform and the families that support them. By providing a hiring preference in state government to the spouses of military service members, we'll help make state government an employer of choice for military spouses and alleviate a significant source of stress for military families. This legislation will also help grow Nebraska by making Nebraska a more attractive destination for veterans who are separating from military service and deciding on where to settle down with their families to begin the next chapter of their lives. This legislation wisely extends the hiring practice...the hiring preference for military spouses six months beyond the veteran's...the culmination of the veteran's service. That means that separating veterans know that Nebraska's state government is not only an attractive employment option for them if they wish to continue their years in public service with state government but for their spouses as well. Veterans will know that not only does our state government value their service, sacrifice, and experience, but that we recognize and value those qualities in their spouses too. This will give the state of Nebraska a significant advantage as we seek to attract our native sons and daughters stationed around the globe in our armed services back to Nebraska after their service to our nation is at an end. For these reasons, I offer my support for LB639 and ask the committee to advance the bill. Thank you. And if there's any questions, I'd be happy to take them. [LB639]

SENATOR ALBRECHT: Thank you. Senator Chambers. [LB639]

SENATOR CHAMBERS: Would this apply to same sex couples also? [LB639]

JASON JACKSON: It... [LB639]

SENATOR CHAMBERS: If they're married, then they are spouses. [LB639]

JASON JACKSON: If they are designated as the spouse of an armed services member, they would. It would apply. [LB639]

SENATOR CHAMBERS: Okay. [LB639]

SENATOR ALBRECHT: Thank you. Any other questions? Thank you for your testimony. [LB639]

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JASON JACKSON: Thank you. [LB639]

SENATOR ALBRECHT: Do we have any other proponents wishing to speak to LB639? Any other proponents? Any opponents? We'll take opponents at this time. Do we have any opponents wishing to speak to LB639? Any other opponents? Seeing none, we'll go on to anyone in a neutral position. Anyone wishing to speak in a neutral position? Seeing none, we'll close the hearing and we'll ask for Senator Bostelman to come back up. Do we have any letters? And we have no letters. [LB639]

SENATOR BOSTELMAN: Thank you, Senator Albrecht. Senator Crawford, I think you've got a good point there and I think we need to look at it and I'd be glad to look at that with the committee. I think that's something that, as I read this, I don't think it does. I think it was, you know, I read this as after discharge. [LB639]

SENATOR CRAWFORD: Uh-huh. [LB639]

SENATOR BOSTELMAN: So if that's something we can amend and redo with this, that would be good. It's...be glad to work with the committee with that. [LB639]

SENATOR CRAWFORD: Fine. [LB639]

SENATOR ALBRECHT: Great. [LB639]

SENATOR BOSTELMAN: As a retired military member, military members move around the United States, CONUS, and overseas. I understand and I think most of you appreciate the difficulties that our spouses have as they follow us around the world and around the United States. This just gives a great opportunity for our state to, once again, welcome back home and welcome new military members and their spouses into this great state. And I thank you for your support on this bill. [LB639]

SENATOR ALBRECHT: Great. Oh, Senator Chambers. [LB639]

SENATOR CHAMBERS: Senator Bostelman, I like to get things on the record. As a former military person, you know that if bullets are flying they don't make a distinction based on sexual orientation, race, or anything else. Who's ever in...within the trajectory is going to get it. Is it your intention that this will apply to same-sex couples just as it does to whatever they call those who are not same-sex couples? See, I perform weddings. I performed a wedding for a same-sex couple in the Rotunda of this Capitol Building, and I believe that any privilege granted based on

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a category such as military should apply to any and everybody. So it would have to be your intent that if you have a same-sex couple and one is a service person, that preference would be available to that person's spouse even though a member of the same sex as the service person. That would be your intent, correct? [LB639]

SENATOR BOSTELMAN: If I understand your question correctly, Senator Chambers, yes. If they are an honorably discharged member of the armed forces... [LB639]

SENATOR CHAMBERS: The only difference is that they are of the same sex. [LB639]

SENATOR BOSTELMAN: Right. If they are an honorably discharged member of the military then, yes, it would. [LB639]

SENATOR CHAMBERS: We presume that because you didn't give all those qualifiers when you were talking about people of opposite sex. You didn't say honorable discharge. We presume that all the other things that apply to a person who's a vet it would apply. [LB639]

SENATOR BOSTELMAN: As it's defined in... [LB639]

SENATOR CHAMBERS: The only difference is that they are members of the same sex. [LB639]

SENATOR BOSTELMAN: Correct. As long as the statutes define a veteran in 255. [LB639]

SENATOR CHAMBERS: Don't make so many qualifiers. All right. [LB639]

SENATOR BOSTELMAN: Yes. [LB639]

SENATOR CHAMBERS: I'm a veteran. [LB639]

SENATOR BOSTELMAN: Yes. [LB639]

SENATOR CHAMBERS: My wife, a female, is my spouse. [LB639]

SENATOR BOSTELMAN: Correct. [LB639]

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SENATOR CHAMBERS: Does she qualify? [LB639]

SENATOR BOSTELMAN: Yes, after 180 days after discharge. [LB639]

SENATOR CHAMBERS: I'm a veteran. I'm a veteran. [LB639]

SENATOR BOSTELMAN: Right. [LB639]

SENATOR CHAMBERS: My husband is a man. Does he qualify? [LB639]

SENATOR BOSTELMAN: Yes. [LB639]

SENATOR CHAMBERS: Oh, it's so hard. Thank you. Okay. [LB639]

SENATOR ALBRECHT: All right. Any other questions? Seeing none, thank you very much. And we're finished. [LB639]

SENATOR BOSTELMAN: Thank you. [LB639]

SENATOR ALBRECHT: Okay. Everybody doing okay? [LB639]

SENATOR CRAWFORD: No letters? [LB639]

SENATOR ALBRECHT: No letters. So we'll move on to Senator Bolz is here for LB515. We'll go ahead and let her introduce her bill to us. Go ahead. Thanks. [LB515]

SENATOR BOLZ: (Exhibit 1) Hello, members of the Business and Labor Committee. My name is Kate Bolz, that's K-a-t-e B-o-l-z, and I represent District 29 in south-central Lincoln. Today I am here to introduce LB515. The bill and its accompanying amendment put into statute authorizing legislation for a policy that merges remedial or developmental education with specific job training credential earning programs at our state's community colleges. The bill, if adopted along with the amendment, will not fund this program yet but puts into place best practice public policy and the structure for funding in a future year. LB515 is modeled after Washington State's I-BEST program. I-BEST stands for Integrated Basic Education and Skills Training. This program started in 2004 and combines in-classroom professional and vocational educators with remedial or developmental educators. We know that Nebraska's employers have long found workforce shortages to be a major impediment to economic growth. In fact, the State

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Chamber of Commerce has listed workforce shortages as the number one issue since 2011. We also know that people without postsecondary education are unemployed and underemployed at higher rates. Matching these individuals with skills-based training will both improve businesses' ability to grow in Nebraska and increase the earning potential of Nebraskans who want to work and want to earn a good wage but are unable to earn the credential because they must make up for lost ground in remedial education. Washington State sees great success in credential attainment. We have an opportunity to follow a model that has shown success at matching one of the state's greatest needs--a qualified workforce, with those most in need of a chance to get ahead--those who need remedial education and skills training. I want to describe in a little bit more detail some of the parameters of this initiative. First, the educational or skills training program must be in an industry that is in high demand. Second, the program must offer industry recognized credentials. And third, it must pay above-average wages. Finally, the program must be evaluated for high-quality outcomes. A couple of closing points: The first is that one question I have received is what population are you targeting, and the answer is that any population with need for remedial education is appropriate for this model. The community college should design a program that not only meets the labor demand in their region but also serves a population in great need in their specific geographical area. Second, I just want to be clear that the amendment should eliminate even the small fiscal note that is referenced in the fiscal note as it stands. And finally, I would say that an I-BEST program is a public policy model that I would like to see the community colleges follow because I think it is best practice and is evidence based. Currently, the way that the funding formula works wouldn't necessarily fund such a program and so this establishing legislation would require an accompanying appropriation in a future year. I'll be followed by members of the community colleges and folks from the Coordinating Council for Postsecondary Education, as well as a representative from industry. I think you have or are about to receive some testimony from a representative from Metro Community College who had intended to testify today but was at the last minute not able to attend. So with that, I'll end my closing and answer any initial questions that you have. [LB515]

SENATOR ALBRECHT: Thank you, Senator Bolz. Do we have any questions? Senator Crawford. [LB515]

SENATOR CRAWFORD: Thank you, Senator. And thank you, Senator Bolz, for bringing this bill our way and helping us think about how to address this workforce need. Could you speak to any way in which this intersects with our WIOA efforts on career pathways and career development? [LB515]

SENATOR BOLZ: Sure. The broad answer to your question is that the Workforce Innovation and Opportunity Act that was the renewal of the Workforce Investment Act which I think passed two years ago now--forgive me if I don't have my dates exactly right--requires the state of Nebraska to implement a plan that aligns better with federal policy. One of the key aspects of

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that federal policy is the adoption across systems of what's called career pathways, in other words, chunking up career and education attainment into smaller steps so that someone can take smaller steps towards achieving their goal. If someone wants to be a nurse, chunk that up into a medication aide, a certified nurse assistant, a practical nurse assistant, etcetera. So in every aspect that WIOA touches, which includes adult education and includes developmental disabilities and it does include some postsecondary education as well as our existing Department of Labor workforce initiatives, that focus on career pathways is really important and this model fits right in with the federal expectations. [LB515]

SENATOR CRAWFORD: Just a follow-up. [LB515]

SENATOR ALBRECHT: Go ahead. [LB515]

SENATOR CRAWFORD: Is there any chance that then opens this for those federal grants or have you had any of those conversations? [LB515]

SENATOR BOLZ: So, forgive me, I have not recently looked at our WIOA state plan, but I think the distinction that I would pull apart here is that our Workforce Investment and Opportunity Act funds might help someone pay for such a credential if they needed tuition assistance or needed to buy textbooks or tools, but it wouldn't necessarily help our state put this system into place. And it's really that systems change that I think is most needed in Nebraska. We need a comprehensive shared vision across the community colleges of how we might integrate remedial or developmental education with skills training, identify those best practices, leverage each other's ideas and resources, and figure out how we can make it happen across the system. And in that way we can plug those individual students or job seekers or skill seekers into that system. [LB515]

SENATOR CRAWFORD: Thank you. [LB515]

SENATOR ALBRECHT: Very good. Any other questions? Senator Halloran. [LB515]

SENATOR HALLORAN: Thank you, Madam Chair. Thank you, Senator, for bringing this bill and this discussion. Just looking at the information that was provided also, what troubles me a little bit is...I mean career pathways is an excellent term to use. I mean we clearly need to be focusing on that. But here it says between 25 and 70 percent of the students require remedial education in math, depending on the community college area. Between 18 and 30 percent of students require remedial education in education...or in English, excuse me, depending on the

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community college area. Is that from graduating from high school into the community college?  
[LB515]

SENATOR BOLZ: Sure. And there's a follow-up document that provides that chart in more detail in your packet from an organization called "accelerate nebraska." And forgive me if we didn't define it as specifically as we should have, but I believe that refers to first-time college goers so that narrows the population just a little bit. But what I would say, what I think some of your question is, is why would someone graduate with a high school diploma without having that skill set? Why aren't those skills a part of our educational system as a whole? [LB515]

SENATOR HALLORAN: It's not a great report card on (inaudible). [LB515]

SENATOR BOLZ: (Laugh) And I guess what I would remind you is that when you think about a diverse educational population, it helps you make sense of that number. So, for example, I have a degree in social work. I haven't taken biology in 15 years, and so if I decided that I wanted to become a nurse, I would have to take some remedial science education. Similarly, if I decided that I wanted to become an engineer, I would have to take remedial education in math to brush up my skills and learn the new skills of the day. So just about anyone returning to school may have to pass through a couple of remedial courses in order to get up to par. The other thing I would point out is that you might have some diverse populations. You might have English language learners who just need a little bit more help in English. And you're not wrong in questioning why people graduate from high school without having achieved those skills in math and I would say that that is an issue that we do need to talk through and work through in our K-12 education, but it doesn't change the population that exists right now that need the skill set.  
[LB515]

SENATOR HALLORAN: No, I understand that. [LB515]

SENATOR BOLZ: Yes. [LB515]

SENATOR HALLORAN: And it's no reflection on what you're trying to bring to us. But it is not a great a reflection on our K-12 system if that's the case. [LB515]

SENATOR BOLZ: Sorry if I got on a roll there. [LB515]

SENATOR HALLORAN: No, that's fine. [LB515]

SENATOR BOLZ: I'm just passionate about the issue. [LB515]

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SENATOR HALLORAN: Well, and passion is a good thing. Okay. Well, thanks. [LB515]

SENATOR BOLZ: Yeah. [LB515]

SENATOR ALBRECHT: Senator Howard. [LB515]

SENATOR HOWARD: Thank you. Thank you for visiting with us today. I actually just wanted to ask a question about the grant application process itself. [LB515]

SENATOR BOLZ: Sure. [LB515]

SENATOR HOWARD: On page 3, line 30, it calls for "Evidence of employer demand for completers of the local program." What would constitute evidence, in your opinion? [LB515]

SENATOR BOLZ: That's a great question and the two places that I would turn to in terms of evidence would be, first, the Department of Labor already does what's referred to as H3 jobs, and all of you on Business and Labor are probably already familiar with those high-demand, high-wage jobs, the H3 jobs. That would be evidence. Another place that we could look towards evidence is actually legislation that Senator Mello put into place I believe just last year related to separate partnerships. So the Department of Labor is already developing some of those geographically specific reports that indicate where our greatest mismatches are in terms of skills versus demands. [LB515]

SENATOR HOWARD: Thank you. [LB515]

SENATOR ALBRECHT: Do we have any other questions? [LB515]

SENATOR LOWE: You said the...sorry. [LB515]

SENATOR ALBRECHT: I'm sorry. Senator Lowe. [LB515]

SENATOR LOWE: Thank you, Chairman. You said the amendment would take care of the fiscal note. [LB515]

SENATOR BOLZ: Correct. [LB515]



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SENATOR LOWE: How does it do that? [LB515]

SENATOR BOLZ: Sure. [LB515]

SENATOR LOWE: Can you just go into it a little more? [LB515]

SENATOR BOLZ: Sure. So you'll notice there are two pages to your fiscal note. Of course, your first fiscal note is the fiscal analyst's fiscal note that just talks through what some of the costs might be if this were implemented but says it's undefined because, of course, it's establishing legislation and we'd have to come back in and go through the appropriations process to actually appropriate dollars. But if you turn the second page, there's a fiscal note from the Coordinating Commission that articulates I think a \$33,000 cost that would be necessary to staff the program if it were to move forward and the language is somewhat technical but just clarifies that this is establishing policy language and that it's not the intent at this point in time for implementation. And so by putting in the amendment you take away the need for any sort of staffing and remove the fiscal note. [LB515]

SENATOR ALBRECHT: Any other questions? Thank you. Would you like to stay to close or...? [LB515]

SENATOR BOLZ: I plan to. [LB515]

SENATOR ALBRECHT: Thank you. Okay, the first thing we'll do is take some proponents. Any proponents wishing to speak? [LB515]

GREG ADAMS: Thank you, Senator Albrecht, members of the committee. My name is Greg Adams, G-r-e-g A-d-a-m-s. I am the executive director of the Nebraska Community College Association. Senator Halloran, if you would like to ask me some of those same questions, prior to this experience I was the executive director of "accelerate nebraska," which did the research that Senator Bolz just referred to about the K-12 transition. Let me put this in simple terms, what I believe are simple terms, and then I'd be open for question. First of all, I want to thank Senator Bolz for bringing this and talking to the community colleges as she worked through this legislation to make sure there was a fit as we identify needs. If we look at the labor market in the state of Nebraska and the numbers show it, we really have two problems. One is we've graduated from our colleges, from associate degree right on up, one heck of a lot of kids in this state. What we have not done a good job of, providing jobs for them at the income levels and in the area of expertise that they'd like to be. At the other end, we've done a fantastic job in Nebraska of creating jobs and attracting jobs that don't require a bachelor's degree. Yet, the flip side of that is

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if you look particularly at our K-12 education, we have spent decades, and appropriately so but now we're out of balance, we have spend decades saying to kids, you need to go to college. Think just about that rhetoric--you need to go to college. There's been that four-year mentality and as a result we have created a deficiency, a supply shortage in the trade areas. If you look at that element alone within the labor market, we don't have enough people in those trade areas. Add something else to that. It really doesn't matter how you want to pile numbers on the end of a pencil. Our population doesn't really grow that much. It's growing, fortunately, enough to at least retain a member of the House of Representatives. And I think Senator Chambers is right. The reality is across the state much of our population is coming from an immigrant population. So take the reality that we don't have a lot of people to fill these jobs, our population doesn't grow a lot, what we have to do if we're going to begin to even try to fill some of these jobs is to reach out to the existing population. In the K-12 world, what that means is helping students better identify what is available and then working to transition them more smoothly into the community college world and into the world of trades. It also means that you have to reach out to nontraditional populations--the adult population, the immigrant population--and bring them into the workforce. And it doesn't necessarily mean an associate degree. It could mean that. It could mean eventually transfer to the four-year world. But maybe what it means initially is a credential to be able to weld, to be a CNA, to get things started. We believe that the community college, and I think Senator Bolz has indicated that, too, in the form of this legislation, that the community colleges are well poised to handle that. By statute, this body said to the community colleges, in essence, you take all comers. They are, by statute, open access. Our student populations are very diverse from one end of the state to the other. Our biggest issue, one of our biggest issues is the developmental, the remedial issue, incorporating those high school students who, for some reason, many of them, certainly not all of them but many of them during their high school years became disengaged from their education. And as a result, when they chose to go to the community college we do a diagnosis assessment at the point of matriculation and we find out that they have deficiencies, largely in math, not exclusively, but largely in math. It becomes a roadblock that they can't all overcome. And it takes a lot of work on the part of the community college. And I would tell you that all of our colleges are working very vigorously right now, knowing what the statistics say of reaching back into the K-12 world to try to make a difference in that transition and into the adult education world and every place there is someone who wants to improve their lot in life. And the community college could be a place for that. This legislation, one of the best parts of it, it doesn't specify a particular way of teaching or developing a curriculum, because there's a lot of different models out there. The senator has spoke to one. We have some things that we're already doing in our community colleges and this perks up our interest. With that, I'll conclude and answer...try to answer any questions the committee might have. [LB515]

SENATOR ALBRECHT: Thank you very much. Do we have any questions of the committee?  
Senator Halloran. [LB515]

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SENATOR HALLORAN: And thank you, Madam Chair. I believe there's a need for this. [LB515]

GREG ADAMS: Uh-huh. [LB515]

SENATOR HALLORAN: I'm a little confused about where the, you know, where the money will ultimately come for the fund. And there's a fund created, as I understand it,... [LB515]

SENATOR ALBRECHT: Uh-huh. [LB515]

SENATOR HALLORAN: ...or going to be created. But that aside, if I was young enough to have a child or several children graduating from high school, I would be doing something different than my parents were doing at the time when I was that age. And it's a cultural shift. Back when I was a kid it was, you go to a liberal arts school, you graduate from college, or, you know, it's, you know, you're on your own, I mean if that's what you're going to do, because it was the thing to do. And so we pumped out a lot of people through liberal arts school, nothing wrong with that, but it ended up with an oversupply of degrees in that area and an understaffing of skilled workforce, which we're looking at right now. In other words, that still persists and it's a cultural shift. Parents are starting to recognize that there are other avenues besides liberal arts school. So I understand and agree with you on that. Again, my...the troubling part to me is that technical schools have to have remedial education for our graduates from high school, okay? [LB515]

GREG ADAMS: If I might venture to comment on that, from experience as well as from research in the time that I've spent with them, my guess is that in the best of worlds we would always have some developmental education at our community colleges. It may be for the 26-year-old who can't speak English very well who needs to get their math up to speed. It's always going to exist. At the K-12 level is where the numbers are most bothersome. And I'm going to be so bold to throw out two or three things and I think that we can...the colleges are already working to overcome them and something like this I think could further it. Oh, my granddaughter will be angry, but here I go for about the 15th time. [LB515]

SENATOR HALLORAN: (Inaudible). [LB515]

GREG ADAMS: Yeah. (Laugh) She went to a private boarding school for high school, college preparatory. Wow! She came to the University of Nebraska this year. She calls me up the first week of classes: Grandpa, how's it going? I could tell by that right there something is up. I said, no, the question is, how is it going for you? Well, I'm in trouble in math. You're in trouble in math? You go to a private preparatory school and you're in trouble in math? Yep. I took the

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placement and I didn't do very good. Why didn't you? Well, I looked at the test and everything looked familiar. I just couldn't remember. I haven't had math since the end of my junior year in high school. She retook it one week later and did just fine. Go home and ask your superintendents what the senior year in Nebraska high school is like. And then think about something like mathematics where there is a layoff. And these are for the traditional four-year bound. Imagine a student who is somewhat disengaged from their education because we've been trying to push them down that four-year pipeline and the alternative curriculum for them in that high school has not always been the best. I call them the lost cohort of students. They kind of get lost. They drop away. And then when we finally get them into the mood of going to a community college, they weren't engaged in math to begin with, let alone take a year off. And now all of a sudden they're facing college algebra and geometry on an assessment and they don't do good and now they're in a developmental course. And they were disengaged when they were in high school. They want to be a welder and then they're in a developmental course. How well is that going to go? It's not. Things are in motion to make a difference, they really are, but it takes time, it takes encouragement. And developmental ed, if I had my way, there wouldn't be. It would be in high school, just the developmental ed for the nontraditional student. It ought to be fixed in the high school and I think the high schools know that. [LB515]

SENATOR HALLORAN: Hope so. [LB515]

SENATOR ALBRECHT: Senator Crawford. [LB515]

SENATOR CRAWFORD: Thank you, Senator Albrecht. And thank you for being here to give that background and perspective. So the bill itself creates the grant program, recognizing that right now there's not funding for that program. You had just said there are discussions, activity underway. [LB515]

GREG ADAMS: Uh-huh. [LB515]

SENATOR CRAWFORD: Could you speak to how a bill such as this could...would it or how would it stimulate those conversations even in the absence of current funding? [LB515]

GREG ADAMS: Just as an example, our community colleges right now have kind of...well, since November this has been building and we knew it. We knew it within our colleges. The transition of high school kids into the community college and the developmental ed issue, the numbers are not good. We knew it. And we are in the process right now, our colleges, our academic officers are working together to put together a pilot program--I'm kind of letting the cat out of the bag; they know far more about it than I do and they may have already restructured it--of identifying three high schools within each of the community college service area, large,

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medium, and small, and work, the college math instructors will work with the high school math instructors to put developmental ed back into the high school, possibly using computer modules or whatever the curriculum, the methodology may be. But for obvious reasons, it's not just (snaps fingers) easily done. For one, the more rural Nebraska that you're in, it's very difficult to find math teachers. And you can look at the data where there's a good one and where there isn't, the kids coming out of the high schools. There's that. It's the computer modules. It's maybe some more intensive counseling with students that has to occur. Our colleges are going to try to work that with their budgets. They're out seeking grants right now from the private philanthropy organizations to help with this. This could help a little bit more. Just one example. [LB515]

SENATOR CRAWFORD: Thank you. [LB515]

SENATOR ALBRECHT: Very good. Senator Howard. [LB515]

SENATOR HOWARD: Thank you. Speaker Adams, while you're here, could you explain the TEEOSA formula to us since you're the only one that's ever been able to? (Laughter) [LB515]

GREG ADAMS: I would love to but I know you guys... [LB515]

SENATOR HOWARD: I'm kidding. I'm kidding. [LB515]

GREG ADAMS: ...would hate me. [LB515]

SENATOR HOWARD: It's just nice to see you. [LB515]

GREG ADAMS: Thank you. [LB515]

SENATOR ALBRECHT: Any other questions? Seeing none, thank you for your testimony. [LB515]

GREG ADAMS: Thank you. [LB515]

SENATOR ALBRECHT: Do we have any other proponents wishing (inaudible)? Hi. [LB515]

MIKE BAUMGARTNER: (Exhibit 2) Good afternoon, Madam Chairwoman, committee members. My name is Mike Baumgartner, M-i-k-e B-a-u-m-g-a-r-t-n-e-r. I'm the executive director of the Coordinating Commission for Postsecondary Education. I'm here today to support

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LB515 to establish the Nebraska Integrated Education and Training Grant Program. We all hear daily about Nebraska's workforce shortage. I have on my desk a State Chamber publication right now saying that 80.4 percent of surveyed business leaders say their community or business faces a workforce shortage at the moment. There are multiple roots to this problem and there are many solutions underway or being considered. I believe that the Nebraska Integrated Education and Training Grant Program should be one of those solutions, and I'll give you three reasons for that without trying to be too repetitive. First, there are over 100,000 Nebraskans ages 18 to 65 who have not completed high school, which is just over 9 percent of the population. Beyond that, there are tens of thousands of adults with high school diplomas but without postsecondary credentials or valuable workforce certifications who need to brush up on their academic and technical skills to meet the demands of today's jobs. Second, unemployment (sic--employment) rates nationally for adults ages 25 to 64 with less than high school degrees are only a little bit over 50 percent; for high school graduates with no college, close to 70 and 74 (percent); and then bachelor's or above, 82.8 (percent). Federal data show that Nebraskans work more jobs later into their lives than most other states. But it's still safe to say that Nebraska has a large pool of potential workers who need basic education and occupational training to fill the empty positions in their communities. Third, the programs like the one proposed by Senator Bolz have been proven to work and they work on that very pool of potential workers who need extra help to develop their skills. Washington State pioneered the approach more than ten years ago through the I-BEST model, which Senator Bolz has explained. Studies have shown that students who complete this program are more likely to succeed academically than their peers who are not part of the program. And taxpayers see a high rate of return on investment with the program as students enter the workforce even though the program is more expensive than traditional linear approaches of adult basic ed and remedial first, followed by occupational training, because it requires a team teaching approach. Nebraska is not Washington, but there's a great deal of overlap between the workforce needs of the two states. Washington's community and technology colleges currently have over 100 I-BEST programs, including CNC machinist, commercial truck driving, allied health, electro-mechanical technology, nursing assistant certification, pharmacy tech, welding tech, light maintenance tech, etcetera, etcetera. All are connected to career pathways that can result in immediate employment and/or additional certificates or degrees. But why a new grant program? Why can't colleges absorb the cost? To respond to those questions, I would turn to the multiyear evaluation of the Washington I-BEST program that was undertaken by the Community College Research Center based at Columbia University. And I quote, "Even if colleges in other states develop less costly transition programs by selectively adapting I-BEST principles, they are likely to need financial incentives to offer such programs since the cost of established basic skills programs are so low. In Washington State, the I-BEST model has received strong support from the State Board for Community and Technical Colleges. Other transition interventions would likely benefit from similarly strong system level support through targeted policies and funding." Among our many duties, the Coordinating Commission administers multiple scholarship and grant programs on behalf of the state. LB515 designates the

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commission to fill a similar role for the proposed grant program in conjunction with the Nebraska Community College Student Performance and Occupational Education Grant Committee. And we would welcome the opportunity to do that should you move this forward. [LB515]

SENATOR ALBRECHT: Thank you. Do you have any questions from the committee? Seeing none, thank you for coming. [LB515]

MIKE BAUMGARTNER: Thank you. [LB515]

SENATOR ALBRECHT: Do we have any other proponents wishing to speak? [LB515]

BRAD WEGNER: Good afternoon. [LB515]

SENATOR ALBRECHT: Hi. [LB515]

BRAD WEGNER: (Exhibit 3) Senator Albrecht and the Business and Labor Committee, I appreciate the chance to talk to you. My name is Brad Wegner. I am the vice president of Midlands Contracting in Kearney, Nebraska, and today I'm here to testify as a member of the NUCA... [LB515]

SENATOR ALBRECHT: Excuse me. Could you just spell your name, please. [LB515]

BRAD WEGNER: I'm sorry. Brad Wegner is B-r-a-d W-e-g-n-e-r. [LB515]

SENATOR ALBRECHT: Thank you. [LB515]

BRAD WEGNER: I'm testifying on behalf of NUCA of Nebraska, the National Utility Contractors Association. We want to thank Senator Bolz for introducing LB515 and her efforts to promote the partnerships between government, industry, and academic institutions that will help us deal with the workforce challenges we have in our state. In the utility construction industry, our companies are challenged with filling positions every day. And some statistics, right now Nebraska Department of Labor is saying that our state has one of the lowest unemployment rates at 3.4 percent. They also are listing a total of 624 job openings in construction right now and that was as of January 2017. That certainly includes a lot of different parts of construction, but the fact is right now, with the amount of work that we have to rebuild Nebraska's infrastructure, we do not have enough workers. As Senator Bolz said before, she is

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modeling this after the Washington State I-BEST program. And if you look at this program's goal, it's to provide education and training at various levels so that you can obtain a job that's both good wages and has career advancement opportunities, and I can tell you that these are exactly the types of jobs that NUCA has for these students as they come out of this program. We've actually had an experience with partnering with the community colleges. Our association, along with a couple other construction associations in Nebraska partnered with Central Community College in Hastings. We developed a heavy equipment operator program. It's a nationally accredited program. It's one year. Students actually get classroom training and then they do actual hands-on operation of equipment out on the fields around the community college. So when they get done, they can go directly to work for local construction companies. It's a great example of the types of successful programs between a business and academia that we can have, and that's what Senator Bolz, I know, is going for. It will help address our shortage of labor and it also helps us find a place for those students that are in that group that we talked about earlier. So I want to thank you for your work on LB515 and if there's anything we can do to support this and Senator Bolz, we look forward to that. Any questions? [LB515]

SENATOR ALBRECHT: Okay. Thank you. Do we have any questions? Senator Crawford. [LB515]

SENATOR CRAWFORD: Thank you, Senator Albrecht. And thank you for being here and for your partnership with the Central Community College in Hastings on the heavy equipment operator program. I think one of the issues with many of these programs is making sure we have investment by the private sector as well; in addition to creating the jobs, also their commitment and investment. As I understand it, the program under LB515, we're trying to pull in some folks who may need some additional time in training because they need these remedial skills. Would you see that as an investment that you would...your group would also be willing to make, recognizing that those programs may take longer? [LB515]

BRAD WEGNER: Oh yeah, I think so, definitely. You're talking about maybe a direct investment from the association or the contractors themselves? [LB515]

SENATOR CRAWFORD: Uh-huh. [LB515]

BRAD WEGNER: Yeah. We're looking for opportunities to grow the workforce and one of the things we struggle with is how do we get to academia, how do we work with government to even get to that point? And that's one of the great things about this bill is that we're finding somebody to talk to, because we're all sitting on the sideline and saying, how do we help build the workforce? And we're willing to invest in that effort. You know, one of the most direct ways to do it was, obviously, create heavy equipment operators. That's one of our biggest needs in the



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heavy construction industry. So we had that ability to go directly to Central Community College. These three associations donated over...almost \$1 million and we got it going within one year, which obviously it's about the money when you're trying to do something like that, and also finding that community college or that group that wants to champion that. And they were waiting for that opportunity and it just happened we crossed paths. This is another chance to try to cross paths with a program that would help get us where we need to be with our workforce. [LB515]

SENATOR CRAWFORD: Great. Thank you. [LB515]

BRAD WEGNER: You bet. [LB515]

SENATOR ALBRECHT: Very good. Any other questions? Thank you for coming. [LB515]

BRAD WEGNER: Thank you. [LB515]

SENATOR ALBRECHT: (Exhibits 4 and 5) Do we have any other proponents that would like to speak to LB515? Any other proponents? Do we have any opponents wishing to speak? Any opponents? Seeing none, anybody in a neutral capacity that would like to speak to LB515? Anyone in the neutral capacity? Seeing none, I will, Senator Bolz, put the letter that you have from the gentleman that couldn't make it...or woman, excuse me, Susan Raftery from the MMC, which is Metro Community College. Okay. So we'll put that as a proponent. And then we also have a Jason Esser, president of the Nebraska Economic Developers Association. That would be my only letters. So if you'd like to close. Thank you. [LB515]

SENATOR BOLZ: I'd just like to close very briefly and just to refocus the committee's attention to the legislation in front of you. I think one of the things that's good about the way that we wrote it is that there is some flexibility to serve different populations and serve different industries, but there are clear parameters that are trying to address a gap in our existing workforce education needs. We need to marry up remedial and technical education. We need opportunities for there to be appropriate supports depending on the population served and the geographical area, transportation in a rural community versus ESL in an urban community. And the last piece is that targeting of industry credentials and the right credential at the right level for the right workforce need that may or may not be an associate's degree, maybe a certificate program or a different type of credential. The other question that I just wanted to address briefly is, okay, Bolz, what about the funding side? Right? (Laugh) With your partnership, we can establish this as best practice public policy. And if there is agreement of our community and of multiple stakeholders that this is best practice public policy, that helps me on the Appropriations Committee bring resources to bear. And the legislation brings...helps bring resources to bear in two ways. The first is that it helps me to make arguments about existing funding or even new dollars in a different

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year, existing cash funds, existing unemployment insurance cash funds, or lottery dollars, or other types of funding streams for these types of purposes. It helps me have confidence that we can appropriate dollars to the purpose because the Business and Labor Committee believes that this is best practice. The other way it brings resources to bear is if you look at the bill language, it requires evidence of matching funds. So the industry partnerships that you've heard about today, the philanthropic partnerships, that sustainability of existing federal...or, sorry, existing state dollars and existing state investment helps us to leverage other funds, and it is required in the legislation. So I hope that answers your questions. I'd be happy to answer anything else and I appreciate your time and attention this afternoon. [LB515]

SENATOR ALBRECHT: Any other questions? I have just one. I know that you said that you've worked with the community colleges, but have you worked with like Economic Development in some of the communities? And the reason I ask that, again, when I was campaigning I had heard from like the number one thing I asked up in South Sioux City, if I were elected what would it be that would be the most important thing for me to go down to Lincoln and take of for you? And it was Career Centers. So I know that in South Sioux City they're working with a college, Northeast Community College, to find businesses, somewhat like the heavy equipment, but anybody who would like to partner with a college. So is that another area that you have explored? [LB515]

SENATOR BOLZ: Sure. And that gives me an opportunity to talk a little bit about how this bill was developed. We introduced LR533 over the summer and had an interim study hearing with this committee, which some of you participated in and some of you have since joined the committee. But both in developing the interim study and in this legislation and in that hearing, we worked with chambers of commerce, we worked with the Omaha, Lincoln, and statewide Chambers of Commerce. You'll note that you have a letter from the Nebraska Economic Developers Association so we worked with the association as well as individual members, and we did work with other industry representatives. For example, the Nebraska Health Care Association attended one of our meetings. They try to maintain our nursing homes across the state and they are in desperate need for workers in those facilities. And so, sorry, I can be more succinct. The answer is, yes. It's difficult in a state as large as Nebraska to try to connect with every person in every industry,... [LB515]

SENATOR ALBRECHT: Right. Right. [LB515]

SENATOR BOLZ: ...but I think there is some common ground here. [LB515]

SENATOR ALBRECHT: But, yes, there's definitely a call out there for career programs to come together. [LB515]

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SENATOR BOLZ: Yeah. [LB515]

SENATOR ALBRECHT: So thank you. [LB515]

SENATOR BOLZ: Thank you. [LB515]

SENATOR ALBRECHT: Anyone else? So we read the letters in so... [LB515]

SENATOR BOLZ: Thank you. [LB515]

SENATOR ALBRECHT: ...this is the end of the testimony. Thank you so much. Okay. How you doing? Okay. And Senator Hansen is with us with LB261. Would you like to introduce? [LB515]

SENATOR HANSEN: Absolutely. Good afternoon, Chairman Albrecht and fellow members of the Business and Labor Committee. For the record, my name is State Senator Matt Hansen, M-a-t-t H-a-n-s-e-n, and I represent District 26 in northeast Lincoln. I am here today to introduce LB261, which would adopt the Nebraska Worker Adjustment and Retraining Notification Act, which I've been referring to in my office now as N-WARN. LB261 seeks to provide advanced notice when large numbers of employees are about to be unemployed, and provide notice to both employees and community stakeholders. I have to deviate from my prepared remarks a little bit. This is a bill that I've been trying to address an issue that's come up with me and I appreciate Senator Albrecht's comments about connecting with her district during the campaign and what is really important there. Kind of employment, unemployment, layoffs have all been things that have impacted my neighborhoods in my communities as well. If you're familiar with northeast Lincoln, it's largely myself and Senator Morfeld's districts. You look at northeast Lincoln, especially along Cornhusker Highway, there's a lot of manufacturing industries and there's obviously opportunities there where large groups of mine and his constituents live and work. And from there, you know, in the campaign, there were...I don't want to single-out any employers without connecting with them, but there were obviously, in recent history, been some layoffs in the area, especially as kind of a transition from some of the manufacturing jobs. And time and time again kind of...it was kind of a multifaceted component of definitely a lot of people were excited about some of the ideas, like Senator Bolz brought and job skills, retraining, and we're very happy to have the Career Center, which is a partnership between Lincoln Public Schools and Southeast Community College in my district. But at the same time, we wondered, too, if we're going to make that investment, we're going to kind of shift and help people retrain and go to new employment as well as help our new graduates get some of these jobs, well, we want to make sure there's some protection on the back side that...or the future down the road that if we, as a state, are going to really incentivize and invest and support people in this career in

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these career fields, what are we doing to protect them? And that's kind of my mind-set. This bill applies to, obviously, all employers, whether or not the degree level or skill level or background required. So that's what encouraged me to bring this. So this would, this bill, LB261, would create and expand a state program very similar to the federal WARN Act and is my thought that we have an opportunity to expand the program to be what best fits Nebraska. This law differs from the federal law most significantly in terms of the number of employees. Under federal law, typically it only applies to companies with more than 100 employees, while my bill would recognize employers with 25 employees for most cases. This is a somewhat common practice to tailor it down and give a state more specific than the federal scope of the WARN Act. Fourteen states have already done so and giving them more local options and more local enforcement of possible WARN Act and related WARN Act. Kind of fundamentally how it works is it's going to require before a layoff, a closing, and various other terms we define, would require advanced notice to, you know, obviously the employees and community stakeholders such as the mayor of...mayor and city council of a municipality or county board if it's in another area, as well as the employees and the state. And that's in order to, you know, obviously have prepared in advance, advanced situations. Obviously, you know, even in my district, I live in Lincoln, even in my district neighborhoods that lose 25 jobs or...can be fairly hard hit and feel those repercussions. They kept giving me advanced notice to both the employees, so they have the opportunity to prepare and know that's coming, as well as the community at large to prepare for that is very important. With that, I know there's all sorts of different moving parts and components of this and we like to move...bring an aberration of the WARN Act to Nebraska. I'm more than happy to continue to work with committee and stakeholders. I will just say on this bill sometimes there's bills where I feel like I have a final draft I'm introducing in the committee, no questions asked, I'm ready. And there's other times where I understand it's more of an idea in progress and that's, I'll be honest, a little bit more what this is. I wanted to make sure we have the opportunity to talk about kind of mass unemployment opportunities in the Legislature this year and this is my idea, my proposal. So with that, if you have any, take questions. [LB261]

SENATOR ALBRECHT: Okay. Do we have any questions for Senator Hansen? Senator Howard. [LB261]

SENATOR HOWARD: Just as a point of clarification, I think we're going to need a definition for the rapid response team... [LB261]

SENATOR HANSEN: Okay. [LB261]

SENATOR HOWARD: ...and who you would want on it and what type of expertise they might need. [LB261]

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SENATOR HANSEN: Yes. Absolutely. [LB261]

SENATOR HOWARD: Okay. Thank you. [LB261]

SENATOR HANSEN: It's my understanding that there's already an existing rapid response team under the federal requirements that the state Department of Labor implements... [LB261]

SENATOR HOWARD: Okay. [LB261]

SENATOR HANSEN: ...and...but to make sure those two definitions are synced up and overlap, we could absolutely do that. [LB261]

SENATOR HOWARD: Thank you. [LB261]

SENATOR ALBRECHT: Are you finished, Senator? [LB261]

SENATOR HOWARD: Oh, yes. Thank you. [LB261]

SENATOR ALBRECHT: Okay. Senator Crawford. [LB261]

SENATOR CRAWFORD: Thank you, Senator Albrecht. And thank you, Senator Hansen. You mentioned that part of the effort here is to have a Nebraska version that goes to a smaller number of employers. Is the language...is most...is the language in the bill structured to mirror the federal requirement but to just push down the number of employees? Or are there other changes in the bill that go beyond that? [LB261]

SENATOR HANSEN: Yes, it's substantially similar. I will say when we tried to implement in our Nebraska statutes the Bill Drafters did have some suggestions... [LB261]

SENATOR CRAWFORD: Okay. [LB261]

SENATOR HANSEN: ...to make the language more Nebraska appropriate. But primarily it's that and I believe that we are also including part-time employees for the calculations where federal employees I think have a higher number of hours work standard than we do, but I cannot remember what that is off the top of my head. [LB261]

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SENATOR ALBRECHT: Okay, Senator Halloran. [LB261]

SENATOR HALLORAN: Madam Chair, thank you. Thank you, Senator Hansen. So I'm a businessman (inaudible) plant. [LB261]

SENATOR HANSEN: Sure. [LB261]

SENATOR HALLORAN: And I've got 50 employees. [LB261]

SENATOR HANSEN: Uh-huh. [LB261]

SENATOR HALLORAN: My plant has been struggling for the last six months. [LB261]

SENATOR HANSEN: Sure. [LB261]

SENATOR HALLORAN: Economy downturn, bad management on my part, a whole (inaudible). And so I, being the eternal optimist or I wouldn't have invested all the money I've invested in this business, I'm thinking up until the very last day, I'm going to pull this off, I'm going to turn this around, because I am who I am, that's all who I am. And it doesn't happen. And so...but again, I've let it go up until the very last day. I'm out of money. [LB261]

SENATOR HANSEN: Sure. [LB261]

SENATOR HALLORAN: I'm broke. Banks says, no more, Mr. Halloran. [LB261]

SENATOR HANSEN: Uh-huh. [LB261]

SENATOR HALLORAN: And so I'm beyond. I'm out of money so I'm out of any time frame at all. So 60 days in front of that, right, I'm going to have to notify the mayor, the commissioner, the council...the city council that I'm expecting to layoff 25 people, half my workforce. Is that...that would be the... [LB261]

SENATOR HANSEN: Yes, if you have plans to layoff your workforce, you would require advanced notice. In your hypothetical, if I can expand on it,... [LB261]

SENATOR HALLORAN: Sure. [LB261]

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SENATOR HANSEN: ...so if I understand your hypothetical, it's...you're trying to make it work up until the day you finally concede you can't. You close the doors that day or the next day? [LB261]

SENATOR HALLORAN: Not close the doors but I'm going to have to layoff half my workforce there. [LB261]

SENATOR HANSEN: I mean I think that's the kind of the fine line we have to walk because there's the different opportunities. I mean, obviously, there's people who do kind of don't concede till the last moment and they close. I mean I think in your situation, you're describing a situation where a person is close to judgment proof is what we sometimes refer to it as. It's people who obviously cannot be held accountable for any of the liabilities they incur because they do not actually have the assets to pay them. Then there's people who are probably in kind of that tough situation that you described who are still trying to make it work but don't necessarily know. And then there's also the people who are, you know, Fortune 500 companies who are decimating a small town because overnight they move their factory elsewhere. [LB261]

SENATOR HALLORAN: I'm not one of those. [LB261]

SENATOR HANSEN: I know you're not one of those and that's where the difficulty. I'd be happy to work with the committee to make sure we can do a fair and equitable little thing for all (inaudible). [LB261]

SENATOR HALLORAN: That's part of my choices, Senator, is that due to the penalties, page 10, line 29, for example: For failure to timely notify the mayor, county board, or local workforce development board, be subject to a civil penalty in the amount of \$500 for each calendar day of the violation multiplied times the number of people or employees... [LB261]

SENATOR HANSEN: Uh-huh. [LB261]

SENATOR HALLORAN: ...who suffered an employment loss as a result of the mass layoff. So in my example, 25 people... [LB261]

SENATOR HANSEN: Uh-huh. [LB261]

SENATOR HALLORAN: ...times \$500 and, you know, if that's...that's \$12,500 a day. [LB261]

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SENATOR HANSEN: Sure. [LB261]

SENATOR HALLORAN: Right? And so I'm...I have a "decentive" to not try and make it anymore. In other words, because I've got this...if I don't draw the line in the sand and say, okay, I've got to notify the mayor, I'm going to give up earlier than I'd like to, to try to make this work, you know, pull my business together and make it work, because I'm going to start losing \$12,500 a day if I don't pull the trigger on this and let the mayor know. Basically, that would be the circumstance I would be in as a businessman, if I understand this correctly. [LB261]

SENATOR HANSEN: Yeah, that certainly would be one of the more difficult situations that this could negatively impact. [LB261]

SENATOR HALLORAN: It's extremely difficult,... [LB261]

SENATOR HANSEN: Absolutely. [LB261]

SENATOR HALLORAN: ...\$12,500. Aside from that, is there, in kind of that same example where 25 of my workforce I might be looking at having to layoff... [LB261]

SENATOR HANSEN: Uh-huh. [LB261]

SENATOR HALLORAN: ...to maintain a business so I can keep employing the other 25, if I give a 60-day notice...I'm just explaining to you what I think will happen. [LB261]

SENATOR HANSEN: Sure. [LB261]

SENATOR HALLORAN: What will happen is, because if I were 1 of those 25 employees I would do this and I understand why they would, I would be running to the door looking for employment somewhere else as quickly as I could because I'm going to be out of work. And so I would run the chance, as a businessman, of having a rush out the door of employees that would jeopardize my business and the other 25 remaining employees that might survive if I pull this off and keep those 25. [LB261]

SENATOR HANSEN: Sure. [LB261]

SENATOR HALLORAN: So there would be a mass exodus. My business would be suddenly under pressure due to whatever production line needs I have, whatever the case might be. You



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understand what I'm saying? It would put tremendous stress, not just on me--I don't care about me--but the other 25 employees... [LB261]

SENATOR HANSEN: Uh-huh. [LB261]

SENATOR HALLORAN: ...might find themselves under jeopardy as well because of that rush out the door of employees rapidly without a transition (inaudible) adjust. Is that...I mean that's...I'm just throwing that out there as a concern I have. [LB261]

SENATOR HANSEN: No. I appreciate that concern. I do think that's something where I will say in a situation like that, and I don't think there's any penalty. And I can...we can clarify this if necessary. There's not a penalty for saying, you know, announcing, announcing it, announcing that you're worried it's coming, getting the notice requirement started, and things clarify themselves down the line. You'd be able to, once you give the notice, you wouldn't be required to lay everybody else off, so maybe that would require some proactive things. I will say I think you have done a good job of illustrating concerns on the employers' part, but you know from the employees' part there's, you know, it's not uncommon to not know that there's any financial struggle till you show up and the door is locked. [LB261]

SENATOR HALLORAN: I totally understand that. Yes, this is... [LB261]

SENATOR HANSEN: So... [LB261]

SENATOR HALLORAN: ...it's double-jeopardy either way. [LB261]

SENATOR HANSEN: Right. [LB261]

SENATOR HALLORAN: I understand that. [LB261]

SENATOR HANSEN: And so I think that's where we'll have to do, as we tweak this language more and more, is try and find an equitable solution that I guess applies the best we could do in the most different circumstances. [LB261]

SENATOR HALLORAN: Okay. Appreciate your answers. Thank you. [LB261]

SENATOR HANSEN: Of course. [LB261]

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SENATOR ALBRECHT: Thank you. Senator Lowe. [LB261]

SENATOR LOWE: Well, thank you, Chairman. Thank you, Senator. [LB261]

SENATOR HANSEN: Of course. [LB261]

SENATOR LOWE: Me being down on my luck, I've been working with Halloran over here, under this employ and dreading every day of it, but...a ruthless employer. But he gives his 60-day notice. [LB261]

SENATOR HANSEN: Uh-huh. [LB261]

SENATOR LOWE: I'm probably going to be 1 of the first people out the door looking for a new job because I know there's 24 more behind me that's going to be fighting for... [LB261]

SENATOR HANSEN: Uh-huh. [LB261]

SENATOR LOWE: ...those limited jobs in that town because...and probably following that up with the other 25 because I doubt, because of the way he runs his businesses, that there's going to be much left after the first 25 leave. [LB261]

SENATOR HANSEN: Sure. [LB261]

SENATOR HALLORAN: Nice. (Laugh) [LB261]

SENATOR LOWE: I think it's hurrying the demise of a business to do this. You know, I understand that as a worker you'd want to know what's happening just because you want to be prepared. But I...it seems like it's penalizing the businesses. I mean you're looking at maybe Fortune 500 companies, larger companies... [LB261]

SENATOR HANSEN: Uh-huh. [LB261]

SENATOR LOWE: ...that can afford to lay off the 25 or 100 people. But it gets down to small business, too, the mom-and-pops. Most restaurants will employ, you know, 50 people and if you lose 5 people out of a restaurant and you're probably not going to do very well if 5 people leave. You know, just my concerns with it and a work in progress, my thoughts. [LB261]

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SENATOR HANSEN: Uh-huh. Thank you. [LB261]

SENATOR ALBRECHT: Any other questions? Guess I have some concerns too. While I understand that it's devastating to not have a job to go back to, you've got your family and your bills and everything else, but as we try to promote business in the state of Nebraska but then to know that you have to pay all these fines if you don't make it. But also the economy, I mean there are great times and there are really tough times. I'm the farmer that we're in the tough time right now. [LB261]

SENATOR HANSEN: Sure. [LB261]

SENATOR ALBRECHT: But, you know, think of the guy that's at the plant that's making the combines and the tractors. You know, they are getting laid off and it's just due to economic times. And if you are one of those employees, you kind of can see it coming. But at the same time, those that don't, I understand what you're saying. It was tough when ConAgra pulled out and left all those folks behind too. I mean any...there's a lot of businesses that...but my...I guess I'd caution you on a lot of the amounts that we would be charging these companies. I hear what you're saying. Your heart is with the folks that don't have the job. But to a business owner that isn't able to provide for their people, I think some of these are...are you modeling this after anybody that's already doing something like this, or is this something that you've just kind of come with on your own? [LB261]

SENATOR HANSEN: It's largely modeled after the federal act. [LB261]

SENATOR ALBRECHT: Of what act? [LB261]

SENATOR HANSEN: The federal WARN Act. [LB261]

SENATOR HALLORAN: WARN Act. [LB261]

SENATOR ALBRECHT: Okay. So you're just making it your own in the state of Nebraska. [LB261]

SENATOR HANSEN: Yes, that would apply to more employers. [LB261]

SENATOR ALBRECHT: Okay. Very good. That's...I'm just cautioning that's just my opinion. Everybody else might think differently. But... [LB261]

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SENATOR HANSEN: Sure. [LB261]

SENATOR ALBRECHT: ...any other questions? Senator Crawford. [LB261]

SENATOR CRAWFORD: Thank you, Senator Albrecht. And, Senator Hansen, I'm going to give you a chance to respond. One of the points raised in one of the letters that was sent, well, actually, a letter of support, emphasizes the value of the rapid response teams. And if you introduced the bill really to have a conversation about what can be done with future directions,... [LB261]

SENATOR HANSEN: Uh-huh. [LB261]

SENATOR CRAWFORD: ...perhaps one question is whether or not rapid response teams that come into a business to try to help people identify how they might reduce layoffs or opportunities for helping employees, if perhaps in the lower...for the smaller businesses if some of those services might be able to be provided without the rest of the sanctions and other... [LB261]

SENATOR HANSEN: Sure. [LB261]

SENATOR CRAWFORD: ...regulation piece is something to consider. [LB261]

SENATOR HANSEN: I do like that idea. I'd be more than happy to discuss with you more. [LB261]

SENATOR CRAWFORD: Thank you. [LB261]

SENATOR ALBRECHT: Very good. Any other questions? Seeing none, we'll start with our... [LB261]

SENATOR HANSEN: Thank you. [LB261]

SENATOR ALBRECHT: Okay. So at this time we'll take proponents of LB261. [LB261]

SUSAN MARTIN: (Exhibit 1) Good afternoon, Senator Albrecht and the members of the Business and Labor Committee. My name is Susan Martin, S-u-s-a-n M-a-r-t-i-n, and the president of the Nebraska State AFL-CIO and of course I'm going to talk on behalf of workers

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today. I am testifying in support of LB261, adopt the Nebraska Worker Adjustment and Retraining Notification Act. Although there is a federal Worker Adjustment and Retraining Notification Act, by passing a state act, it will ensure outreach to more affected workers. Unlike the federal act, the proposed legislation will apply to employers of 25 or more employees and will also apply to part-time workers, which are exempt under the federal law. It will also apply to all employers. The federal act currently exempts public service. Layoff notice requirements are intended to protect employees, their families, and communities by giving employees a transition period in which they can adjust to losing their jobs, obtain other work or pursue training for other work. They also give state and local governments time to prepare effective services for displaced workers and to develop strategies for responding to sudden loss of jobs and tax revenue. And lastly, it gives workers and local governments an opportunity to actually avoid job losses in situations where they can be avoided. Advance notice and early intervention are ultimately about maintaining the living standards of Nebraska workers. Despite large numbers of laid off workers, dumping large numbers of laid off workers into a flooded job market such as Nebraska's, who has a low unemployment rate, without any warning is a recipe for declining living standards and desperate workers competing to secure bad-paying jobs. Advanced notice, on the other hand, can allow governments to put in place effective assistance programs that make it more likely that workers will find relatively good-paying jobs more quickly without suffering unemployment. In some instances, advanced notice may allow enough time for workers and their communities to actually develop strategies to avoid the loss of good-paying jobs in the first place. We believe this is good and needed legislation and ask for your consideration moving it forward. [LB261]

SENATOR ALBRECHT: Thank you. [LB261]

SUSAN MARTIN: Thank you. [LB261]

SENATOR ALBRECHT: Do we have any questions of the committee? Seeing none, thank you. [LB261]

SUSAN MARTIN: Thank you for your time. [LB261]

SENATOR ALBRECHT: Thank you for coming. Do we have any other proponents wishing to speak? Any other proponents? Okay, moving on to opponents, are there any opponents wishing to speak? [LB261]

RON SEDLACEK: (Exhibit 2) Good afternoon, Chairman Albrecht and members of the Business and Labor Committee. For the record, my name is Ron Sedlacek, S-e-d-l-a-c-e-k, testifying on behalf of the Nebraska Chamber of Commerce. I have to agree with a lot of the previous testimony. Being laid off has got to be one of the most traumatic, work-related events

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that an employee can have or experience, and a reduction in force can come as a shock to any affected employee, even when you're in the midst of very poor economic times. We recognize that and we've been trying to work as the business community with the federal WARN Act which was meant, when it was passed back in 1988, as at least a way in which very large employers, the larger employers could provide advanced notice for plant closings or long-term or even permanent layoffs. You heard a little bit about the 60-day advanced notice on the federal level and the reasons for that, and that's fine. Certainly there are many potential reasons for layoffs. Some were discussed already in questioning. But business demand, contract cancellations or completions of contracts, insufficient demand, organizational changes, new ownership, restructuring and reorganizations. There's always financial issues, even bankruptcy, cost control or cost cutting, so forth, financial difficulties in general, external crisis beyond your control, product recalls, weather or natural disasters, perhaps a hazardous work environment and trying to address that, and then seasonal type industries. So all those combined certainly should place this in context. And you have to reflect back in 2010, approximately 2010-2011, it was even the federal government that the administration, due to both recession and federal sequestration, were--and somewhat controversially--but they were granting waivers of the WARN Act of the potentially disastrous economic effects would have on the nation. And so even then the WARN Act was found to have some deficiencies in its effect on the economy. While LB261 proposes a state version of the law, there's a lot of variations, substantial variations that cause us to be in opposition to the bill. And in reviewing the bill, our Labor Relations Council asked me to come forward to share those with you, the additional burdens it would have on all business enterprises but particularly how it casts a wider net applying to smaller employers and even smaller employment actions. And so we believe the bill would require employers who might be already facing adversity and uncertainty to engage in even more advanced planning and how we address these issues. The bill would substantially lower employment thresholds. It increases certain notice periods. It would delay reduction in force implementation when compared to both federal law as well as a majority of states that have passed state WARN Acts. Some states just asked for...to be on a WARN registry even of those states mentioned. There was good policy when Congress enacted the WARN Act. It was to apply to larger employers for large closures or massive layoffs. And this bill, we believe, would add more regulation that affects increasingly smaller companies and have really little or no impact on creating or projecting jobs, which should be the focus of addressing the issue of reduction in forces, particularly for small businesses. For small businesses on the edge of financial uncertainty, the cost of compliance and the prospects of civil penalties, Attorney General enforcement action, or administrative action on the part of Department of Labor when proper notice was not timely given or mistakenly not given may in fact push some small businesses into financial insolvency or even bankruptcy. Those current employees as well as employees laid off prior to the bankruptcy filing will likely not be paid in full. To address Senator Halloran and Senator Lowe's questions, I'd just skip a little bit of the testimony. The bill includes within the definition of employment termination employees who voluntarily leave business during the period of an anticipated layoff or closing.

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And so this appears to be an attempt to codify a Ninth Circuit case, Collins v. Gee West Seattle. That was a car dealership and what happened there was it ruled essentially that an employee who leaves a job because they think the business is closing has not voluntarily departed, so they would be part of the count. And Gee West operated, just to tell you how it worked, they operated three car dealerships on the site. They had a used car facility, a body shop, and an auto loan department. Had about 150 total employees. And so it was called a single site of employment for WARN Act purposes on the federal level. Well, in September they issued a note to their employees. They gave them notice and they said, we're trying to sell the business, and they were actively seeking a buyer. Well, after receiving this notice, most of the 150 employees stopped coming to work. By October 5, only eight days after the notice, only 30 employees showed up for work and remained. Gee West ceased the operations on that date and they permanently closed; couldn't get a buyer at that point. So that's the effect that you were talking about. I've got ten other issues here and I see my yellow light is on. I'm not going to be able to cover... [LB261]

SENATOR ALBRECHT: You're okay. [LB261]

ROD SEDLACEK: ...the remaining eight, I guess. But I did have copies of those eight different reasons why this differs from the federal law and we'd like to share those with the committee. [LB261]

SENATOR ALBRECHT: Happy to pass them out for you. Okay. So do we have any questions for Mr. Sedlacek? Seeing none, thank you. [LB261]

RON SEDLACEK: Thank you. [LB261]

SENATOR ALBRECHT: Do we have any other opponents wishing to speak to LB261? We do. Welcome. [LB261]

JOHN ALBIN: Afternoon. I guess I'm the...I've got the hint--be short. I've got the yellow light already. (Laughter) [LB261]

SENATOR ALBRECHT: It's already on. Hold on. [LB261]

JOHN ALBIN: It will be short. Senator Albrecht, members of the Business and Labor Committee, for the record my name is John Albin, J-o-h-n A-l-b-i-n, and I'm the Commissioner of Labor. I'm appearing here today in opposition to LB261. LB261, to a considerable extent, overlaps existing state and federal programs. The federal WARN Act, which applies to employers with 100 or more employees, is administered through the U.S. DOL and enforced

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through the U.S. courts. The Nebraska Department of Labor uses WIOA funds to provide rapid response activities to displaced workers of employers of 25 employees or more, so those workers are already being served. In addition, under the Wage Payment and Collection Act, the department already assists workers in collecting unpaid wages. LB261 does provide expanded duties and enforcement authority to the department, but in a year that General Fund money is exceedingly scarce, it's questionable whether LB261 provides a good return on investment for those dollars. Finally, it would appear that as drafted LB261 probably violates Article VII, Section 5 of the Constitution when it provides for the payment of double wages to an aggrieved employee. The Supreme Court has consistently held that the payment of noncompensatory damages to a private individual is a penalty and is required to be paid to the common schools fund. That concludes my testimony and I'll be happy to try and answer any questions that you have. [LB261]

SENATOR ALBRECHT: (Exhibits 3, 4, 5, and 6) Thank you. Do we have any questions, committee? Seeing none, thank you for coming. Any other opposition to LB261? Any other opponents wishing to speak to LB261? Anyone a neutral position? Do we have any neutral? Anyone in the neutral? Okay. I'm going to just go through the letters and then I'll let you close. For proponents we have Kelly Keller, a member of the National Association of Social Workers, Nebraska Advocacy Committee. She's a proponent. Opponents, I have Rocky Weber, president and general counsel of the Nebraska Cooperative Council; Kathy Siefken, executive director of Grocery Industry Association, Inc.; and Robert Hallstrom, state director of the National Federation of Independent Business. Those are the three opponents, and no one in neutral. So I'll have Senator Hansen, if you'd like to close. [LB261]

SENATOR HANSEN: Yes, Chairwoman Albrecht and members of the committee. I would like to close just by saying I'm appreciative of all those who came to testify, both for and against, including those who sent letters. Like to continue working on this issue and hopefully we can have some sort of consensus on something at some point. (Laugh) With that, I will comment, just a couple things my staff pointed out. I forgot about this one when I had questions for earlier. There are already written in some exemptions for good faith efforts to obtain capital. If that falls through, there's exemptions through the notice requirements. That's a bit of your example of you have a good faith effort. On the day you cannot make it anymore, perhaps that's an avenue to go down. As well as, it was mentioned, a lot of layoffs are seasonal or short-term work. This already provides that if you know it's a temporary project, you know it's seasonal work, it obviously doesn't apply because that's something you agreed to and understood at the introduction of your...the start of your employment. So with that, I'll close. [LB261]

SENATOR ALBRECHT: Very good. Any other questions for Senator Hansen? Seeing none, thank you. [LB261]



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SENATOR HANSEN: Thank you. [LB261]

SENATOR ALBRECHT: That concludes the Business and Labor Committee. [LB261]