

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

Appropriations Committee
February 22, 2011

[LB485]

The Committee on Appropriations met at 1:30 p.m. on Tuesday, February 22, 2011, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB485 and agency budgets. Senators present: Lavon Heidemann, Chairperson; John Harms, Vice Chairperson; Danielle Conrad; Tony Fulton; Tom Hansen; Heath Mello; and John Wightman. Senators absent: John Nelson; Jeremy Nordquist.

SENATOR HEIDEMANN: I think we're going to go ahead and get started here. Welcome to the Appropriations Committee. We're going to start with introductions. We'll start over to the right. Senator Jeremy Nordquist from Omaha, District 7, is not with us today. Senator Tom Hansen from North Platte, District 42, is with us today right there; Senator Danielle Conrad to his left from District 46, as she likes to say, the "Fighting 46." Sitting next to Senator Conrad will be Senator John Wightman from Lexington, excuse me, District 36, will be joining us later. Jeanne Glenn is the fiscal analyst at the present time. I am State Senator Lavon Heidemann from District 1, Elk Creek, Nebraska. Sitting next to my left when he arrives will be Senator John Harms from Scottsbluff, District 48. Senator John Nelson from Omaha, District 6, will not be with us today; Senator Tony Fulton from Lincoln from District 29 is though; and also Senator Heath Mello from Omaha, District 5. Our committee clerk also is sitting over on the end is Anne Fargen. The page for today and every day is Christina. If you need anything, she's always willing to help. At this time we would ask if you have cell phones to please shut them off to not be disruptive later. Testifier sheets are on the table near the back doors. We ask that you would please fill them out completely and put them on the box on the table when you testify. At the beginning of your testimony we ask that you would please state and spell your name. Nontestifier sheets near the back doors if you do not want to testify but would like to record your support or opposition, you only need to fill this out if you will not be publicly testifying. If you have printed materials to distribute, please give them to the page at the beginning of your testimony. We need 12 copies. This year, in the matter of time, we're looking at what we have before us this year with the budget and at times it takes quite a bit of time. We're going to use the light system. The principal introducer or the principal agency representative will not have a time limit but we do urge you to keep your testimony concise and on topic. All testifiers following will be given four minutes on the green light system sitting on the testifier table. You will notice a green light when you start your testimony. When you have one minute left, the yellow light will turn on. When the red light turns on, we ask that you kind of wrap it up and complete your testimony. Following the principal introducer on bill hearings, we will take testimony first from proponents, then opponents, then in the neutral position. For agency budget hearings we'll take general comments on the agency budget proposal following the principal agency's representative. With that, we are going to open up today's public hearing on LB485, Senator Karpisek.

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SENATOR KARPISEK: (Exhibit 1) Thank you, Senator Heidemann, members of the Appropriations Committee. I don't darken your door very often and I'm sure you appreciate that. For the record, my name is Russ Karpisek, R-u-s-s K-a-r-p-i-s-e-k. I represent the 32nd Legislative District and I live in Wilber, W-i-l-b-e-r. I try to get that in especially when there's members of the press around because they seem to get it very wrong. LB485 would move the amount of money that the State Treasurer puts into the Nebraska Cultural Preservation Endowment Fund from \$500,000 to \$250,000. I've also given you an amendment to say that, if you would see fit, that we would be willing to, say, to take it to 0 for the next two years and then reinstate it at the \$500,000 in two years. I realize the budget. I appreciate your work on that. I don't know how you do it. It would be very hard. This was one of the LR542 bills. I am concerned about completely cutting the budget or the money that's going over to the Cultural Preservation Endowment. I really don't want to see it completely stripped out. If something does have to move, and we all understand that, I don't want to see it completely cut out and not be funded again in the future. That's about as straightforward as it is. I think that we were at maybe \$1 million a couple years ago. We went down to \$500,000. I'd like to see it at \$250,000, if we can do that rather than 0, but if it has to be 0 I'd like to see it come back at \$500,000 in two years. I would be glad to take any questions. [LB485]

SENATOR HEIDEMANN: Are there any questions? Senator Conrad. [LB485]

SENATOR CONRAD: Thank you, Senator Karpisek. Always a pleasure to see you in this committee. I have an opportunity to see you frequently on the floor, which is my distinct pleasure. [LB485]

SENATOR KARPISEK: (Laugh) Of course. [LB485]

SENATOR CONRAD: But nonetheless, I did want to delve a little bit deeper in some of the discussions that you had maybe as part of the LR542 process during the interim, and this committee has had the opportunity to look at this issue for some time and so it's nice to have another set of hands and another set of eyes tackling these issues as we prepare to deal with our budget this session. And we've really grappled in terms of trying to ensure our public policies (A) recognize the importance of the humanities in our society and (B) being aggressive where we can to match private dollars to help carry out our important state obligations. And those are the issues that frequently come up when we look at this topic and I was wondering if...are those some of the same concerns that were before your committee or were there some additional ideas that were brought forward? [LB485]

SENATOR KARPISEK: No, I think you're exactly right that the matching, of course, is an issue. I chair General Affairs Committee. We didn't have that many agency-specific things that we could actually do by statute. Liquor Control Commission has 12 employees, it's kind of tough there. So we didn't have a whole lot that we could really

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look at to try to cut statutorily. This was one place that we could do some. Obviously, I would rather not. And we all understand the LR542 process. It's not things that any of us relish doing, but we have to come up with that money, as you all know. So again, I would like to be able to move down some but not completely wipe it out. [LB485]

SENATOR CONRAD: Great. Thank you. [LB485]

SENATOR KARPISEK: Thank you. [LB485]

SENATOR HEIDEMANN: Are there any other questions? With your amendment, you strike 2011-2012. Would it be your intention then to add that on the backside as they would get the same amount then? [LB485]

SENATOR KARPISEK: Yes. Well, they would get the \$500,000 after these two years then go back up to what they have now. [LB485]

SENATOR HEIDEMANN: Okay. [LB485]

SENATOR KARPISEK: Is that...I just had it drawn up real quick this morning, Senator, so I haven't really been able to make sure that it is correct. [LB485]

SENATOR HEIDEMANN: It would be your intent so that they get the full amount though. [LB485]

SENATOR KARPISEK: Yes, in two years. [LB485]

SENATOR HEIDEMANN: I think we can accomplish what you're trying to get at in appropriations. [LB485]

SENATOR KARPISEK: And you are exactly right. I just thought I'd bring something on paper for you to look at, and I realize that this will probably all be an appropriation bill. But I thought since it is a bill form now that I would throw the amendment in to make it seem more understandable. [LB485]

SENATOR HEIDEMANN: You're raising awareness. [LB485]

SENATOR KARPISEK: (Laugh) I'm trying. [LB485]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you. [LB485]

SENATOR KARPISEK: Thank you. [LB485]

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SENATOR HEIDEMANN: Is there anyone wishing to testify in favor of LB485? Is there anyone wishing to testify in opposition on LB485? Anybody in the neutral position on LB485? [LB485]

PAMELA SNOW: (Exhibit 2) Good afternoon, Senators. My name is Pamela Snow, P-a-m-e-l-a, and I'm director of the Nebraska Cultural Endowment. Thank you for giving me the opportunity today to speak to you about the Cultural Endowment. What I would like to do is briefly describe how the Cultural Endowment has evolved legislatively, to illustrate how it works, and to show you how the public-private partnership is important to our donors. As you know, the Nebraska Cultural Endowment is the private partner in the public-private partnership with the state of Nebraska, created to stabilize funding for the arts and humanities in our state. Together, we support the educational programs of the Nebraska Arts Council and the Nebraska Humanities Council. If you would turn to page 3 of the handout, I'd like to reference the summary of the legislation since 1998 when the public-private partnership was created that established a \$5 million state set-aside fund known as the Cultural Preservation Endowment Fund. Income from the fund is available to the councils if matched by private contributions. In 2008 LB1165 added \$5 million to the state set-aside fund provided that the \$5 million increase is matched by private contributions. As you can see, modifications to the schedule were made in 2009 and 2010 in response to the downturn in the economy. On the next page, on page 4 of your handout, is a description of the multiplier effect of a contribution to the Cultural Endowment. Because of our public-private partnership, a contribution to the Cultural Endowment sets in motion a series of matches as the matching dollar accessed from the state fund works its way through to the statewide program or organization it is intended to support. You can see how effective and efficient the public-private partnership is in supporting the work of the Arts and Humanities Council. Diagram on the right drills into how the match works. A contribution to the Cultural Endowment serves two purposes. It increases the corpus of the private endowment and it serves to either access the income from the state fund or increase the state fund. And finally on page 6, if you'd look halfway down the page, you will see a bullet, fund-raising highlights. As an example of how important the public-private partnership is to Nebraskans, the 2010 gift from the Johnny Carson Foundation, Mr. Holland's gift, and an anonymous gift of \$600,000 in 2008 were inspired by the promise that those contributions would serve as a match to increase the state set-aside fund. Those three gifts, totaling \$1.5 million, represents 75 percent of the \$2 million match required since 2008 to increase the state set-aside fund by an equal amount. The rest of the document is for your review. And if you have any questions, I'd be happy to try and answer them now. [LB485]

SENATOR HEIDEMANN: Thank you for coming in today. [LB485]

PAMELA SNOW: Thank you. [LB485]

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SENATOR HEIDEMANN: Are there any questions? Seeing none, thank you. [LB485]

PAMELA SNOW: Thank you. [LB485]

SENATOR HEIDEMANN: Is anyone else wishing to testify in the neutral position?
[LB485]

ROBERT NEFSKY: Good afternoon, Mr. Chair, Senators. My name is Robert Nefsky, N-e-f-s-k-y. I'm here testifying neutrally on LB485. I'm the past-president, a founding board member, and a current board member of the Nebraska Cultural Endowment. I'm currently the vice chair of the Nebraska Arts Council, and I'm the past-chair of the Nebraska Humanities Council. They can't seem to get rid of me. We appreciate the state's difficult economy and the Legislature's challenges in this biennium. The Nebraska Cultural Endowment is willing to do its part to reduce the demands on public funds at this time. We appreciate that if you determine to reduce or temporarily suspend set-asides for this biennium it is merely a delay, but your underlying promise of a \$5 million set-aside, which is critical to our success, remains intact. We will leave it in your hands to determine the best course of action at the current time. The Legislature's continuing commitment to match private contributions to the Nebraska Cultural Endowment, up to \$5 million, is particularly important to our donors. We have thus far matched the additional \$2 million set aside by the state with an equal amount of new private contributions to our endowment, and we are confident that we will match the remaining \$3 million. This is a true public-private partnership. The ability to attract private funds for public-private endeavor is critical to the continued success of our constituent organizations, especially in these tough economic times. This endeavor has a demonstrated track record of success in funding the arts and humanities in Nebraska through a unique public-private partnership. In our 13-year history, the entire amount of income generated by the state set-aside, which is now at \$7 million, has been matched with nonstate funds and allowed our constituents--the Humanities Council and the Arts Council--to provide more than \$4 million in programming, mostly educational programming, with no additional impact on the state budget, and that amount has been matched many times over with private funds so this thing really works, even during these difficult times. This has permitted the essential public functions of education and programming in the arts and humanities to continue unabated. The Legislature's continuing commitment has been essential in this effort. We thank you for your continuing vote of confidence and for your investment in Nebraska's future. Thank you. If you have any questions, I'd be happy to answer them. [LB485]

SENATOR HEIDEMANN: Are there any questions? Seeing none, thank you. [LB485]

ROBERT NEFSKY: Thank you. [LB485]

SENATOR HEIDEMANN: Is anyone else wishing to testify in the neutral position on

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LB485? Seeing none, would Senator Karpisek like to close? [LB485]

SENATOR KARPISEK: Thank you, Senator Heidemann. Have to thank the testifiers for coming in and talking to it and being neutral. Obviously, they don't want to see any funds cut but they understand that we all have a tough job ahead of us, so I appreciate that. And as they said, I will feel good knowing that it is in this committee's hands. And we all know that it's a tough job so if you need anything more from me, I'd be glad to help, but I know that most of it will come out in your budget. Okay. Thank you. [LB485]

SENATOR HEIDEMANN: Thank you. With that, we will close the public hearing on LB485 and open up the public hearing on Agency 69, the Nebraska Arts Council. [LB485]