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Appropriations Committee
February 03, 2014

[LB704 LB797 LB837 LB905 LB906]

The Committee on Appropriations met at 1:30 p.m. on Monday, January 27, 2014, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB905, LB906, LB837, LB704, and LB797, and agency budgets. Senators present: John Harms, Vice Chairperson; Kate Bolz; Danielle Conrad; Bill Kintner; Tyson Larson; John Nelson; Jeremy Nordquist; and John Wightman. Senators absent: Heath Mello, Chairperson.

SENATOR HARMS: Good afternoon and welcome to the Appropriations Committee. My name is John N. Harms. I'm from Scottsbluff, representing the 48th District. I'm the Vice Chair of the Appropriations Committee. And I just would tell you that Senator Mello is not able to be here today. Both him and his wife are now...joined the family world. And we hope he's getting a lot of sleep, but I doubt if he is. With that, I'd like to go ahead and start with Senator Bolz. Would you like to? Let's do self-introductions, please.

SENATOR BOLZ: Sure, Senator. Kate Bolz, I represent District 29 in south Lincoln.

SENATOR WIGHTMAN: John Wightman, District 36 in Dawson County and Custer County.

SENATOR NELSON: John Nelson, District 6, which is central Omaha.

SENATOR NORDQUIST: Jeremy Nordquist, District 7, downtown and south Omaha.

SENATOR HARMS: And Anthony is our committee clerk. And Matthew is a senior studying international business at UNL. He's our committee page. On the tables in the back, in the room, you'll find a yellow testifying sheet. If you are planning on testifying today, please fill out and hand it to Anthony when you come up to testify. It helps us to simply keep our record more accurate. There's also a white sheet on the tables if you do not wish to testify but would like to just let people know how you feel about or what position you're taking on this bill. Please complete that and, again, give that to our page. We will hear testimony in the following order: First will be the introducer; we will then hear those in support; then those who oppose; and those who are testifying in a neutral capacity; and we will end with a closing statement by the introducer, if he chooses, he or she chooses to do so. If you have any handouts, please bring up 11 copies and give them to Matthew. If you do not have 11 copies, he'll be glad to help us, run off those copies for you. We ask that you begin your testimony by giving us your first and last name, and spelling them for us. It's better for our record. We will be using a five-minute light system. When you begin your testimony, the light on the table will turn green. The yellow light is your one-minute warning. And when the red light comes on, we ask you to wrap up your thoughts in regard to this conversation we're having. At this time, I would ask for all of us, including the Senators, to look at our cell phones and make sure they

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are on silent or vibrate mode. With that, we will begin our testimony today in regard to...get my information here, regard to LB905.

GERRY OLIGMUELLER: (Exhibits 1 and 2) Senator Harms and members of the Appropriations Committee, for the record, my name is Gerry Oligmueller. My name is spelled G-e-r-r-y O-l-i-g-m-u-e-l-l-e-r. I'm the State Budget Administrator and am also currently serving as acting director of the Department of Administrative Services. And if I may, with your permission, I'll address both LB905 and LB906, the two bills that constitute the... [LB905 LB906]

SENATOR HARMS: That will be fine. [LB905 LB906]

GERRY OLIGMUELLER: ...Governor's mid-biennium budget recommendations. And I'm appearing today on behalf of the Governor. These bills were introduced, at the request of the Governor, by the Speaker. I'm appearing today in support of LB905 and LB906, which contain the Governor's mid-biennium budget adjustments. The contents of this legislation have been summarized and presented to you in a printed publication entitled "Mid-Biennium Budget Adjustments," 2013 through '15 biennium, and dated January 15, 2014. I provided a copy of that printed publication along with my prepared remarks to the committee clerk for your record. In addition, we have posted this publication on the State Budget Division Web site. The state of Nebraska ended the most recent fiscal year, 2012 through '13, with tax receipts in excess of a certified forecast by \$285 million. These monies were automatically transferred to the state Cash Reserve Fund. In addition, this past October, the Forecast Board increased its estimate of net General Fund tax receipts for the current biennium by \$64 million, of which \$46 million is credited to the estimated balance of the state Cash Reserve Fund and the difference of \$18 million is credited to the estimated balance for the General Fund. As a consequence, the state Cash Reserve Fund estimated ending balance is \$720 million. In addition, prior to consideration of any mid-biennium budget adjustments, the positive variance from the required minimum balance of the General Fund was \$39 million. The Governor has recommended various adjustments to the current biennial budget in LB905 which represent a net increase of \$6 million in General Fund appropriations. The biennium ending balance in the General Fund after the Governor's mid-biennium adjustments to General Fund appropriations is \$43 million above the required 3 percent minimum Reserve balance. The Governor's January 15 recommendations contained in LB905 address the mid-biennium budget adjustments requested by various state agencies, boards, and commissions. It also contains recommendations to address short-term inmate capacity issues at the Department of Corrections and a potential court order related to Republican River litigation. LB906 proposes three specific adjustments related to fund transfers. Section 1 directs the State Treasurer to transfer \$6.8 million from the Health and Human Services Cash Fund, specifically the False Medicaid Claims Act subfund, to the General Fund on or before July 15 of 2014. Section 2 creates the Republican River Compact Litigation Contingency Cash Fund to be used

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by the State Treasurer to make payments in an amount up to \$5.5 million, in accordance with any order of the U.S. Supreme Court pursuant to Kansas v. Nebraska. Sections 3, 4, and 7 repeal the obsolete Water Contingency Cash Fund and related sections, and amends state law to harmonize provisions based on this repeal. Section 5 directs the State Treasurer to transfer up to \$5.5 million from the Cash Reserve Fund to the Republican River Compact Litigation Contingency Cash Fund on or before June 30, 2015. My understanding is that you've been briefed on these requests and recommendations and made preliminary decisions. Also, you have scheduled hearings for the balance of this week and next week with individual state agencies for your further consideration. As always, we look forward to working with the committee members and staff as you consider mid-biennium adjustments during the 2014 Session of the Legislature. Thank you. And I'd be glad to answer any questions you might have. [LB905 LB906]

SENATOR HARMS: First, Senator Kintner has now joined us. Thank you for coming, Senator Kintner. Do we have any questions for Gerry on LB905 or LB906? Seeing none, thank you very much. [LB905 LB906]

GERRY OLIGMUELLER: Okay. Thank you. [LB905 LB906]

SENATOR HARMS: Do we have anyone else who'd like to testify in support of LB905, LB906? Do we have anybody who would be in opposition? Anybody in neutral? Then we close this session on LB905 and LB906. I received a letter from Administrative Services Department indicating that they would not be in to testify. So now we'll go to Agency 18, the Agriculture Department. We'll now open that hearing. I understand there may be some other issues that we would like to address in regard to the Administrative Services. Is that correct? Are they...? I guess not. We'll go ahead and keep that closed, and we'll then go to Agency 18, Agriculture Department. Is there such...anyone here to testify on Agency 18? Well, seeing none, then we will close the Agency 18 hearing. Agency 19, Banking Department, we received a letter from them indicating that they were fine with our recommendation and they will not be appearing. Agency...we'll now open the Agency 29, Natural Resources Department. Anyone here who would like to speak on the Natural Resources Department? Well, we're doing well. (Laughter) [LB905 LB906 AGENCY 65 AGENCY 18 AGENCY 19 AGENCY 29]

SENATOR WIGHTMAN: We're moving right along. [AGENCY 29]

SENATOR HARMS: Yeah. Well, since no one is here, we will close the Agency 29 hearing. We'll now open up the hearing on LB837, Legislative Performance Audit Committee. It's changing the provisions relating to preaudits by state agencies. They'll be here in just a second, so we'll just stand down for a few minutes. Thank you, Senator. We will now open up LB837 for testimony. [AGENCY 29 LB837]

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SENATOR WATERMEIER: (Exhibit 3) All right. Thank you, Senator Harms. Thank you, Senator Harms, Vice Chair, and members of the Appropriations Committee. For the record, my name is Dan Watermeier, representing District 1, Watermeier is spelled W-a-t-e-r-m-e-i-e-r. I am Vice Chairman in Legislative Performance Committee. LB837 deals with the state accounting practice called preauditing, which is essentially the review of an agency's expenditures to ensure that they comply with state law and the state accounting policies promulgated by the Department of Administrative Services. Under current law, DAS may authorize state agencies to conduct their own preaudit reviews under periodic supervision by DAS. LB837 would amend the existing law to prohibit DAS from authorizing small agencies, defined as those with fewer than seven full-time employees, from conducting their own preaudits. Instead, those reviews would have to be conducted by either DAS or another state agency. The Legislative Performance Audit Committee introduced LB837 in response to research by our Legislative Audit Office into concerns about practices of the Abstractors Board of Examiners. The Auditor of Public Accounts referred this issue to our committee after his office identified a number of inappropriate expenditures and practices by the board. I've provided you with copies of the Legislative Audit Office memo on this issue and it lists a number of problems found by the State Auditor. The list includes reimbursements for expenditures that are not allowed under state accounting policies and inappropriate contract provisions, such as allowing the board's director to use a state-owned laptop for personal use and to later purchase the laptop. I'm sorry, am I standing too close to the mike? [LB837]

SENATOR HARMS: No, you're fine. [LB837]

SENATOR WATERMEIER: Is it me humming or is it somebody else? [LB837]

SENATOR HARMS: No, you're fine. [LB837]

SENATOR WATERMEIER: It is a standard accounting practice to have a second person review expenditures for compliance with laws and procedures. However, it is difficult for agencies with very few employees to have two people with the sufficient knowledge of relevant laws and policies. In fact, most of these small agencies already have either DAS or another state agency conduct their preaudit reviews. There are only four small agencies that review their own expenditures: the Abstractors Board, which has a single part-time employee; and the Barber Examiners Board; the Industrial Relations Commission; the Public Accountancy Board, each of which has two or three full-time employees. Just for your information, example of a state agency other than DAS that conducts these reviews is the Department of Agriculture which does the reviews for the Corn and Wheat Boards, among others. We believe that small agencies should have some outside review of their expenditures. Under LB837, the few agencies that do not already have that outside review would be required to do so. Thank you and I'd be happy to answer any questions you may have on LB837. [LB837]

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SENATOR HARMS: Do we have any questions for the senator? Seeing none, thank you. [LB837]

SENATOR WATERMEIER: Thank you. [LB837]

SENATOR BOLZ: Senator Harms. [LB837]

SENATOR HARMS: Yes, Senator Bolz. [LB837]

SENATOR BOLZ: Just one quick question. Are you aware of this practice occurring in other states as the standard practice elsewhere? [LB837]

SENATOR WATERMEIER: I'm going to have to defer that to maybe...Senator Harms, you've seen this before, but I don't...I'm assuming this is very standard, but I wouldn't want to speculate. [LB837]

SENATOR BOLZ: Very good. Thank you. [LB837]

SENATOR WATERMEIER: Okay. [LB837]

SENATOR HARMS: Do we have any other questions? Seeing none, would you like to close later? [LB837]

SENATOR WATERMEIER: I don't think I need to and I need to introduce two other bills yet this afternoon, so I'll probably be gone. [LB837]

SENATOR HARMS: Okay. Thank you. [LB837]

SENATOR WATERMEIER: Thanks, Senator. [LB837]

SENATOR HARMS: Thank you very much. Do we have anyone else that would speak in support of this bill? Any that would have opposition to LB837? Anyone who'd like to speak in a neutral capacity? [LB837]

MARDY McCULLOUGH: Good afternoon, Senators. I'm Mardy McCullough and I'm testifying in a neutral position. And while I'm director of the Abstractors Board of Examiners, I'm not here representing the board. They have not met to discuss this legislation and as yet they have no official position. And as director of the Abstractors Board of Examiners, I do have a vested interest in the legislation. But I want to make it perfectly clear that I'm testifying as an interested party in a neutral position. The purpose of this legislation is to require all 19 small agencies with less than seven employees to adhere to policies set out by the state. In other words, its purpose is to make one shoe

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fit all sizes or one policy fit all agencies. Requiring preaudits by the accounting bureau is one more cumbersome step in the process of making deposits or paying bills. There already are two agencies that audit the financial transactions of every agency with less than seven employees in addition to the oversight of the members of the board. One of the oversight of DAS is that they randomly require accounts payable integrity report on any payment. When this report is received, documentation of the payable is provided to DAS for their approval. If they find something irregular, DAS puts a hold on the payment until everything is right. Next is the oversight of the members of the board, Abstracting Board. At the end of every month, I send a financial report to them. This report sets out all deposits, all payments for that month, as well as the status of the budget. Then, last, there is the thorough audit by the State Auditor. The Abstractors Board of Examiners recently had such an audit. The Auditor found several violations and I admit that any and all violations are serious. This agency has addressed the violations and proper corrections were taken. Let me tell you my experience about having another agency conduct preaudits. When NIS was first implemented, I worked with the Real Estate Commission to do my preaudit approval. The person doing the approval had no idea what she was signing, what the expense might be, and after some time the then director of the Real Estate Commission refused to continue to do the preaudits, stating that time and expense of this agency to do the work for which they were not getting paid for. Plus, he felt there was some liability for...in doing these preaudits. I don't know what arrangements some of the agencies with less than seven employees have with other agencies doing their preaudits, such as the Department of Agriculture, but I have to believe that the Department of Agriculture is not doing these preaudits for nothing. I will be interested in the fiscal statement for this bill. So I guess I ask why is it necessary to have another step in the process? How many times does a deposit or a payment need to be reviewed and approved? The flip side or the good side of this bill is as director I will no longer have the responsibility of approving payments. This responsibility will be somebody else's...on somebody else's shoulder. I guess the big question is or the bottom line is, is this legislation really necessary? Of the 19 small agencies, 15 of them are already in compliance with the bill even without the legislation. So this means that the legislation really only affects four agencies and maybe only three since the Abstractors Board is now preaudited by DAS, which leaves three. Please understand that LB837, if you find it necessary, is something we all can live with. It just makes the process more cumbersome for small agencies as well as DAS. Thank you for your time. Any questions? [LB837]

SENATOR HARMS: Do you have any questions? Senator Kintner. [LB837]

SENATOR KINTNER: Mardy, thanks for coming out. And first thing I would say is if you're neutral, I'm Elton John. [LB837]

MARDY McCULLOUGH: (Laugh) Well, it could go either way. [LB837]

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SENATOR KINTNER: (Laugh) So if there was a preaudit done in your agency,...
[LB837]

MARDY McCULLOUGH: Uh-huh. [LB837]

SENATOR KINTNER: ...kind of walk me through exactly...just put it in some real simple layman's terms, kind of what do you have to do? What's your day look like if they're doing a preaudit? [LB837]

MARDY McCULLOUGH: Okay. I get a bill and I enter it into the system. And prior to a couple of weeks ago, I enter it into the system, and then I preaudit it myself and send it over. It goes to DAS. They do what they call this random selection of bills...random selection...it's called accounts payable integrity report. And they look at that and they say, oops, I have a question on this. So they call me and they say I want documentation to say that that bill is legal or approval...is in compliance with the policies. So I bring the documentation over to DAS. They look at it. They approve it. They...that's it. [LB837]

SENATOR KINTNER: So how's that different from how you currently do it? [LB837]

MARDY McCULLOUGH: That's how I currently do it. [LB837]

SENATOR KINTNER: Currently do it. So okay, that's how you currently do it. So if this was to...if we were to do it this way, the way it's being proposed, how would that go?
[LB837]

MARDY McCULLOUGH: Now I have to bring every bill over here,... [LB837]

SENATOR KINTNER: Oh, Okay. [LB837]

MARDY McCULLOUGH: ...every deposit. I have to submit that the DAS. They have to approve and post it. I can't approve and post it anymore. [LB837]

SENATOR KINTNER: How much more time is that? [LB837]

MARDY McCULLOUGH: Well, I don't know. It's hard to say. I hadn't thought about that.
[LB837]

SENATOR KINTNER: It would help a lot if could quantify kind of the difference between the way you do it now versus the way that they'd be asking you to do it, we'd be asking you to do it with this... [LB837]

MARDY McCULLOUGH: Because it used to be I could do it all in one fell swoop and then put it away. The only time I ever had to look at that bill again was if they did a

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random check and they didn't like what I did. Then they want documentation. So then I have to go get the bill and bring it over. But outside of that, I can do all the deposits, I can do all the payments, and I don't have to run over to the Capitol with every one of them. It's just... [LB837]

SENATOR KINTNER: I think that answers my questions. I think that works. [LB837]

MARDY McCULLOUGH: Okay. [LB837]

SENATOR KINTNER: All right. Thank you very much. [LB837]

MARDY McCULLOUGH: You're welcome. [LB837]

SENATOR KINTNER: I mean, I think what...exactly what you're saying is important for us to kind of understand what this means to a small agency. [LB837]

MARDY McCULLOUGH: Good. [LB837]

SENATOR KINTNER: Thank you. [LB837]

SENATOR HARMS: Thank you, Senator Kintner. Do we have any other questions? [LB837]

MARDY McCULLOUGH: No. Okay. Thank you. [LB837]

SENATOR HARMS: Mardy, before you leave I have a couple of questions. [LB837]

MARDY McCULLOUGH: Oh. Oh. [LB837]

SENATOR HARMS: When I look at the findings in regard to why we're having this discussion, your organization was in violation of meal reimbursement for two people, it was \$100 for two, \$49 each, above and beyond the state accounting policy. You reimbursed your board of directors for golf which was \$70. You have reimbursement for purchase of candy and pop for \$145, gift cards for \$50. I mean, that list goes on. And I think that being the keeper of tax dollars I think you have to have someone look at you and other organizations, because you will agree that you're part-time and you probably don't have the time to understand all the policies and the rules and regulations. That's why it's important for DAS or someone else to look at this. I think that's really what this is about. And so I would surely hope that you understand that. I don't know how this committee will vote in regard to this, but I don't think you can let these kind of expenditures go by in good conscience and not address the issue. [LB837]

MARDY McCULLOUGH: Okay. [LB837]

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SENATOR HARMS: Thank you. [LB837]

SENATOR KINTNER: Senator Harms, I just came up with one more question. [LB837]

SENATOR HARMS: You sure can, Senator Kintner. [LB837]

SENATOR KINTNER: Mardy, how were these found? How did these things come to lay here? [LB837]

MARDY McCULLOUGH: The State Auditor found those. [LB837]

SENATOR KINTNER: The State Auditor found this. So... [LB837]

MARDY McCULLOUGH: Uh-huh. And let me say, it's the State Auditor's job to find those things. [LB837]

SENATOR KINTNER: Right. [LB837]

MARDY McCULLOUGH: And I don't care what agency they audit, they're going to find similar things or...that's their job is to find things. I mean, some of them, while serious, I'm not discounting them as being serious, but it's like...oh, I had excess vacation leave. Well, and I did. Everything they say on here is true. We corrected that. We won't have excess vacation leave anymore. They're mostly...while serious, they're not egregious. They're something we corrected, we addressed, and we've taken care of. [LB837]

SENATOR KINTNER: Well, if there's a meal reimbursement for two people who are not board members, let's take that for an example, how would you catch something like that? Does it come by your eyes and then you say, oh, that's not right? What do you have in place now to make sure these kind of abuses don't happen? [LB837]

MARDY McCULLOUGH: To check the state accounting that said it was 60 days (sic) before you would get paid the lodging overnight, I always thought it was 50. I didn't know it was 60. And that was my error, but now that I know it's 60 it won't happen again. [LB837]

SENATOR KINTNER: Sixty miles. Okay. So you looked at it, go, oh, that's more than 50, good to go. But... [LB837]

MARDY McCULLOUGH: Right. I mean I think that's what senators get is 50 miles. If it's over 50 miles they get paid, and that's what I was using. But for our employees it's 60 miles. [LB837]

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SENATOR KINTNER: Well, don't forget we only get paid \$12,000, too, so you don't want to go by anything that... [LB837]

MARDY McCULLOUGH: I know. We don't want to go there. Yeah. [LB837]

SENATOR KINTNER: ...that we do. It's not... [LB837]

MARDY McCULLOUGH: And this was like... [LB837]

SENATOR KINTNER: It won't turn out well. [LB837]

MARDY McCULLOUGH: And this was 59 miles. It was to La Vista. [LB837]

SENATOR KINTNER: Okay. Okay. [LB837]

MARDY McCULLOUGH: It was 59 miles. It wasn't like... [LB837]

SENATOR KINTNER: Okay. Let's go with something like... [LB837]

MARDY McCULLOUGH: Okay. [LB837]

SENATOR KINTNER: ...like a golf tournament registration that wasn't business activity. How would you catch something like that? [LB837]

MARDY McCULLOUGH: Well, let me tell you. We have paid the golf registration for probably ten years. We've been through three audits and it's never been brought up before. So I didn't catch it. I had no reason. I mean, I thought it was okay because it had been through audits before. [LB837]

SENATOR KINTNER: You mean people playing golf on a taxpayer's dime doesn't raise red flags? [LB837]

MARDY McCULLOUGH: No, no, no. It's...that's not really what it was. We can't do it anymore, so it's a moot question. But in the past it was the title association golf tournaments where we meet the... [LB837]

SENATOR KINTNER: Right. Right. [LB837]

MARDY McCULLOUGH: ...licensees and...on a social level. [LB837]

SENATOR KINTNER: Okay. So really it's a matter of you knowing the rules and correctly applying them. [LB837]

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MARDY McCULLOUGH: Correct. [LB837]

SENATOR KINTNER: So if you studied up on the rules, got to know them well and correctly applied them, we probably wouldn't have these problems. [LB837]

MARDY McCULLOUGH: No, no, we wouldn't. [LB837]

SENATOR KINTNER: So if we could teach you the rules and everyone else the rules for less than \$37,000, I think then we come out ahead. [LB837]

MARDY McCULLOUGH: Correct. [LB837]

SENATOR KINTNER: Okay. [LB837]

MARDY McCULLOUGH: Yeah. Yeah. [LB837]

SENATOR KINTNER: Well, thank you, Mardy. Thank you very much for coming today. [LB837]

MARDY McCULLOUGH: You're so welcome. [LB837]

SENATOR HARMS: Thank you, Senator Kintner. Any other questions? Senator Wightman. [LB837]

SENATOR WIGHTMAN: Mardy, could you tell me, is this one year these top four items, which are the ones that seem to have some cost associated with them? [LB837]

MARDY McCULLOUGH: Are you looking at the... [LB837]

SENATOR WIGHTMAN: It's this list... [LB837]

MARDY McCULLOUGH: Okay. [LB837]

SENATOR WIGHTMAN: ...that we were handed out from... [LB837]

MARDY McCULLOUGH: And so what... [LB837]

SENATOR WIGHTMAN: ...the Audit Office handout, but. [LB837]

MARDY McCULLOUGH: Which ones? [LB837]

SENATOR WIGHTMAN: Well, it lists the meal reimbursement for two people, board...is this just in the last year that they were auditing it or... [LB837]

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MARDY McCULLOUGH: Yes. And, again, that's something that we have done forever. [LB837]

SENATOR KINTNER: Does she have it right there? [LB837]

MARDY McCULLOUGH: I have one. [LB837]

SENATOR KINTNER: You got it. Okay. Very good. [LB837]

SENATOR WIGHTMAN: So are you... [LB837]

MARDY McCULLOUGH: It's one we've done forever but it's never been caught before in an audit, so...it was this year. So we won't do it again. We don't do it anymore. [LB837]

SENATOR WIGHTMAN: You've done it in previous years I guess, too, is what you're saying. [LB837]

MARDY McCULLOUGH: We've done it for...I've been there 15 years. So I would say we've done it for 15 years and we've been through at least three audits and it's never been an issue before. [LB837]

SENATOR WIGHTMAN: Now in taking care of the ones that were during the past year, have those funds been paid back or anything done with them? [LB837]

MARDY McCULLOUGH: Nothing was done. Nothing was said about that. Nothing was done about that, no. [LB837]

SENATOR WIGHTMAN: Thank you. [LB837]

SENATOR HARMS: Do we have any other questions? Mardy, thank you very much for coming and testifying. And is there anyone else who would be here to speak in a neutral capacity? Thank you. [LB837]

MARDY McCULLOUGH: Thank you. [LB837]

DAN SWEETWOOD: Good afternoon, Senators. I appreciate the opportunity to come over and talk to you. My name is Dan Sweetwood, S-w-e-e-t-w-o-o-d. I've had the privilege of being the executive director of the Nebraska State Board of Public Accountancy for the last 11 years. We have noted that LB837 would require the board to change its internal controls. We have three full-time employees and an intern in the office. So, yeah, we're one of those small agencies. We think we try to do things right

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and efficient. And obviously when you work for six CPAs and two other professionals, you better do a good job. We have eight board members--again, six CPAs, two public members. And I should note that I've consulted with the board's executive committee on my testimony today, but the board has not discussed LB837. We believe we currently have solid internal controls and we do the best we can with the segregation of duties. We understand the concern and understand, you know, and also understand the challenge for small agencies and the reasons for LB837. Again, our current controls we believe are solid. We have a...there's three of us, we have one staff member that's gone through the DAS preauditor training, and she provides input and at times requests additional documentation for board disbursements. And she consults with DAS also if she has questions. Under LB837 we do have the same concern expressed a little bit earlier about the possible delay in processing of our disbursements and trying to make arrangements with another agency or DAS Accounting--we know...I think we all know pretty much everybody is pretty busy--and how those arrangements would work, how that preauditor would understand the State Board of Public Accountancy, and some of our disbursements and some of the reasons for those disbursements. I just see a lag of time to try to bring and ramp somebody up. And though we all try to work together, I could see again issues with another agency saying, quite frankly, Dan, we just don't have the time. I don't have the time to allow somebody to do that, even though it appears other agencies have done that. So over the years we have again instituted some ideas, I guess, of internal controls and that obviously includes our board members. We have usually the ability to have a board secretary that is a certified public accountant that is reviewing disbursements and our financials. Maybe you could say it's a little bit after the fact, but not much gets by them that isn't...if there's an issue it's discussed with the staff, and again ultimately not repeating the previous testimony about the other processes in state government that review those. But clearly, in my opinion, it's a management responsibility, too, to review and institute the controls that may be recommended by the State Auditor's Office or DAS Accounting. And your own management that, yeah, what is going out the door, what's being disbursements, what's being spent? It's clearly a management responsibility. At first glance it looks like that LB837 appears to kind of paint a broad brush for one agency's issues. And again I think we understand those challenges and the motivation for the bill, but again we think we have proper internal controls implemented and we're confident in that. And we're always again willing to listen to the professionals in the State Auditor's Office, those certified public accountants and the accountants within DAS Accounting and CPAs within their office just to simply make us have the best internal controls that we can have for a small agency. That's all I have. [LB837]

SENATOR HARMS: Do we have any questions for Dan? [LB837]

SENATOR KINTNER: Yeah. [LB837]

SENATOR HARMS: Senator Kintner. [LB837]

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SENATOR KINTNER: You guys haven't had any violations, have you? [LB837]

DAN SWEETWOOD: You know, over the years I think since I've been around we've been through three separate audits, and the first two there were some issues with segregation of duties, maybe when the mail came into the office, things like that, nothing major. And our last audit was clean. We didn't have any comments. [LB837]

SENATOR KINTNER: It would shake my confidence if the CPAs were having problems. (Laughter) So, okay, it's... [LB837]

DAN SWEETWOOD: We've had some problems in the past, but, yeah, we...again, our last one was clean. [LB837]

SENATOR KINTNER: Can you talk to me about you sent a staff member off to be trained. [LB837]

DAN SWEETWOOD: Yes. [LB837]

SENATOR KINTNER: Right? You talked about it. Explain that procedure to me. I'm not familiar. [LB837]

DAN SWEETWOOD: Yeah. When the preaudit function was created, DAS had I think it was a day or something that they had some training for my staff member to go to and, you know, learn some of these, go over, you know, proper expense or disbursements, things like that. So she...is she an expert? No. Is she, you know, an auditor? No. But they'd at least have an idea to maybe mark something. [LB837]

SENATOR KINTNER: She has somewhere she can go. She has a manual or something where she can... [LB837]

DAN SWEETWOOD: Yeah. She can access a manual. Exactly. [LB837]

SENATOR KINTNER: Okay. [LB837]

DAN SWEETWOOD: We also, again, there's not a bill...because we are small, there's not a bill that goes out of that office that I don't sign off on when I approve disbursements. [LB837]

SENATOR KINTNER: Okay. Thank you very much for coming today. [LB837]

DAN SWEETWOOD: You're welcome. [LB837]

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SENATOR HARMS: Thank you, Senator Kintner. Do we have any other questions? Dan, thank you very much. [LB837]

DAN SWEETWOOD: Thank you, Senator Harms. [LB837]

SENATOR HARMS: Do we have anyone else who would like to speak in a neutral capacity? Welcome. [LB837]

GERRY OLIGMUELLER: (Exhibit 4) Senator Harms and members of the Appropriations Committee, for the record, my name is Gerry Oligmueller. My name is spelled G-e-r-r-y O-l-i-g-m-u-e-l-l-e-r. I'm the acting director of the Department of Administrative Services. I'm appearing here today in a neutral position with regards to LB837. I've read the report of the Performance Review and Audit Committee and met with Martha Carter of the committee's staff. I understand that LB837 represents the committee's recommendation resulting from its specific review of the Abstractors Board of Examiners and the conduct of preaudit by boards, commissions, or agencies with a small number of staff. LB837 represents a clear policy determination for the Legislature that the Department of Administrative Services will be ready to implement if enacted into law. With that, I'd see if you have any questions. [LB837]

SENATOR HARMS: Thank you. Do you have any questions for Gerry? Senator Bolz. [LB837]

SENATOR BOLZ: Hi. I was curious. Director McCullough referenced a concern about potential hesitation on behalf of agencies in terms of liability. And I just wondered if you could speak to that concern. Do you think that agencies would be hesitant to take on the liability of doing this preaudit for these four agencies? [LB837]

GERRY OLIGMUELLER: I think what would likely happen is there would be a formal agreement between the two agencies which defines that relationship and exacerbates any concern with regards to liability. [LB837]

SENATOR BOLZ: So you're telling me you think... [LB837]

GERRY OLIGMUELLER: I think not. [LB837]

SENATOR BOLZ: ...an agreement could be sorted out if that was necessary. [LB837]

GERRY OLIGMUELLER: Right. [LB837]

SENATOR BOLZ: Okay. Thank you. [LB837]

SENATOR HARMS: Thank you, Senator Bolz. Senator Wightman. [LB837]

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SENATOR WIGHTMAN: Thank you. I guess I just have one question and I'm not sure you can answer it. But can you tell me what the cost would be to do these 15 or whatever there was? [LB837]

GERRY OLIGMUELLER: Well, the Department of Administrative Services is currently charged under Nebraska state law with the conduct of preaudit. And we have essentially delegated that responsibility throughout state government to the various line agencies. And they are required to have an internal controls plan of which includes some very specific requirements related to preaudit. So I think you could argue that we have that responsibility, it's incumbent upon us to do it. We offered I think a pretty modest fiscal note, if you will, to deal with the additional time that may...in order to our department in the conduct of that activity for these small agencies which would likely get incorporated in our regular accounting assessment, if you will, that we do as a part of the biennial budget process. So I know that some line agencies who are performing this responsibility for one of these smaller agencies may try and recover some of that cost because they are taking on an additional responsibility that they're not specifically financed to carry out. So the Department of Agriculture, for example, does this for a number of small commodity boards. And I suspect that they're recovering some cost from those boards related to performing that duty. But in the case of these small entities that would be undertaken by the department, that would be, you know, a part of our budget and addressed through our normal assessment. [LB837]

SENATOR WIGHTMAN: It would be a part of your budget,... [LB837]

GERRY OLIGMUELLER: Yeah. [LB837]

SENATOR WIGHTMAN: ...but will that budget likely go up as a result of this? [LB837]

GERRY OLIGMUELLER: Well, we have the fiscal note I think about a half-time position to bring on at least the additional four agencies that I anticipate would occur immediately under this bill. Plus, we're performing some of this already in the department in another unit, so there's some efficiency we need to establish in the department to carry it out. And I'd...you know, it's kind of a marginal cost I would guess. That would be the way to characterize it. Most of it will be conducted electronically. The one area we're working to put in place the ability to do the more electronically is in the area of expense documents specifically and anticipate being able to do that towards the end of this calendar year. A little bit of history, I suppose, looking back is that in the early days of my employment with the Legislature, there used to be an horrendous flow of paper--of course, this was quite some time ago--into the Capitol Building from the various agencies of state government. So the preaudit function was carried out in this building and it involved an incredible flow of paper which has been eliminated by our centralized accounting system which is an automated environment. Someone asked

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earlier whether or not this is fairly common throughout state governments, and I think it probably is. However, in some states preaudit continues to be a responsibility, I believe, of constitutional officers as well and post-financial audit, and some states, resides with the legislature as opposed to a state auditor. So it's not necessarily the same in every state, but I think generally there is a preaudit function that occurs, you know, at the origination of the payment documents. And that's what we're talking about here is getting a second set of eyes through process on the material that's being produced that will result in the generation of a payment, for example. So it determines that what's being prepared is allowed by state statute and agency policy, as it's been conveyed to us; that it's recorded accurately in that it records accurately the economic event, if you will, that's in the financial document; that it's classified appropriately within the context of the accounting manual; and that the amounts expended, the appropriate recipient was paid as well. So there's, you know, that extra check, if you will, that occurs at that point in time when payments are approved through preaudit. [LB837]

SENATOR WIGHTMAN: I'm guessing you're saying that the additional expense would be fairly almost not noticeable in the total budget. Is that right? [LB837]

GERRY OLIGMUELLER: Well, it'll be noticeable but it's marginal cost. [LB837]

SENATOR WIGHTMAN: Thank you. [LB837]

SENATOR HARMS: Thank you, Senator Wightman. Do we have any other questions? Senator Kintner. [LB837]

SENATOR KINTNER: Gerry, thanks for coming in today. You notice that the nature of my questions, I'm trying to get a feel for if this can be handled with DAS and all of the agency directors or do we need the extra push here of the oversight by the Performance Review Audit Committee. So the training, I guess, that was referenced earlier that's done by DAS for directors and people to freshen up on the rules and become acquainted with the policies and procedures, how often is that done? [LB837]

GERRY OLIGMUELLER: I don't know the answer to that question. I didn't come prepared with that information, but I can get it for you. [LB837]

SENATOR KINTNER: Okay. And the manual, they have a manual that they can go check policies and procedures if they have a question on something. [LB837]

GERRY OLIGMUELLER: Right, and there's an internal control plan that's developed for each agency. [LB837]

SENATOR KINTNER: Is it like a binder they have that they can...is that what it is? [LB837]

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GERRY OLIGMUELLER: I'll have to check and get back to you specifically. [LB837]

SENATOR KINTNER: Okay. Is there anything else you can tell me that would lead me to believe that, hey, we think we have this covered, that we have the policies and procedures in place to do this? [LB837]

GERRY OLIGMUELLER: Well, the department is currently charged with the responsibility. In the case of the Abstractors Board, when the issues were pointed out, one of the first actions we took was to resume conducting preaudit for the Abstractors Board without regards to the need for LB837. So I understand that that's a current law requirement of the Department of Administrative Services, and so if it is not adequately being performed, as was evidenced by the audit and the further review by the Performance Review and Audit Committee, it was a comfortable decision to make to resume doing that as opposed to letting that be a delegated function of the Abstractors Board. [LB837]

SENATOR KINTNER: Now, does that mean that you're going to do periodic audits of these smaller agencies just to...every so often to make sure they're where they ought to be? Is that what I'm led to believe now? [LB837]

GERRY OLIGMUELLER: We will test to see whether or not there's, you know, a need to review the process more specifically to make certain that's being done accurately by the agency. [LB837]

SENATOR KINTNER: Is that an annual pretest or whatever? Is it every couple of years? [LB837]

GERRY OLIGMUELLER: It's done on a regular basis. Yeah. [LB837]

SENATOR KINTNER: Okay. All right. Well, thank you very much. [LB837]

GERRY OLIGMUELLER: Yeah. [LB837]

SENATOR HARMS: Thank you, Senator Kintner. Do we have any other questions? Seeing none, thank you, Gerry. [LB837]

GERRY OLIGMUELLER: Thank you very much. [LB837]

SENATOR HARMS: Uh-huh. Do we have anybody else who would like to speak in the neutral category? Okay. Seeing none, then we will close the hearing for LB837 and we will open the hearing for LB704. I will also tell you that we've been joined by Senator Larson and Senator Conrad. So thank you very much. Senator Avery. [LB837]

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SENATOR AVERY: (Exhibit 5) Good afternoon, Mr. Chair and committee. My name is Bill Avery, B-i-l-l A-v-e-r-y; represent District 28 here in south-central Lincoln. I am bringing to you LB704. Let me give you a little bit of the history on this. I was approached by a very enthusiastic group of people late last year who were working toward a celebration of Nebraska's 150th anniversary of statehood and they asked me if I would help them, and this is one of the bills that came out of that first meeting. This group is called Friends of the Nebraska 150 Sesquicentennial, you have to work on that. You'll hear a lot of it in the next year or so, but it's not the easiest word. It is a statewide volunteer initiative. They are working to promote the great state of Nebraska sesquicentennial. They have formed a 501(c)(3) charitable foundation, they did that last year, to help raise funds over the next several years through gifts, corporate sponsorships, and merchandising promotions. Although the Friends have done a great job so far of laying the groundwork for this celebration, they recognize that a broad, statewide commission created in law to develop and coordinate the celebration itself is helpful and, in fact, necessary. We also recognize how important it is for the state to be a part of this effort to contribute to this event in order for them to raise money from additional sources. A lot of times, donors or potential donors will ask, is the state doing anything? What is the state doing? The initial funding from the state is critical to the planning and development stages of the initiative and would act as an underpinning for the four-year effort. LB744 was a bill that was heard in the Government Committee last week. That created the...will create, if passed, the Nebraska Sesquicentennial Commission, which is a companion bill to this one. That bill will establish a commission consisting of 17 members appointed by the Governor. It was advanced by the Government Committee on a 7-0 vote--a rare occasion in that committee. This bill creates the Nebraska Sesquicentennial Fund and appropriates \$2 million from the General Fund for fiscal year 2014. This is the seed money that the commission needs to jump-start the fund-raising effort around the state. I have an amendment to this bill, if you can get the page to distribute it for us. This is for your review that requires the fund to be administered by the Nebraska State Historical Society. It's AM1663. A similar amendment was offered at the hearing on LB744 to find a place for the commission itself so that they could administer the activities of the commission, and it would have a constitutional place in the structure of state government and also for budgetary purposes. The vision of this group of very dedicated Nebraska citizens is to involve people from every county in Nebraska, have events reaching all parts of the state. And I have some members of this fringe group here who will provide details and will be happy to talk with you further if you have any questions. [LB704]

SENATOR HARMS: Thank you, Senator Avery. Do we have any questions? Senator Conrad. [LB704]

SENATOR CONRAD: Thank you, Senator Avery. Thank you, Senator Harms. Senator Avery, can you tell me, is there a similar model that has been our practice in Nebraska,

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for example, when we celebrated our centennial or our quasiquicentennial, in terms of commission and funding? [LB704]

SENATOR AVERY: We looked at... [LB704]

SENATOR CONRAD: I see Allen Beermann raising his hand back there but... [LB704]

SENATOR AVERY: We looked at that legislation. [LB704]

SENATOR CONRAD: Okay. [LB704]

SENATOR AVERY: In fact, the legislation that we're proposing reflects that. [LB704]

SENATOR CONRAD: Okay. Very good. And so that was going to be my first question in terms of how the state has handled this with past celebrations that might provide some guidance as we prepare for future celebrations. And then if you don't know the answer I'll be happy to flag it to testifiers that come behind, but do you have a sense or a detailed breakdown other than just seed money as to what this appropriation would be utilized for, because \$2 million is a lot of money and I just didn't know if there was more detailed budget available. [LB704]

SENATOR AVERY: I'm going to... [LB704]

SENATOR CONRAD: Okay. [LB704]

SENATOR AVERY: ...defer that question to Mr. Beermann or Jeff Searcy and some of the others. [LB704]

SENATOR CONRAD: Very good. Thank you very much. [LB704]

SENATOR HARMS: Thank you, Senator Conrad. Do we have any other questions? Senator Kintner. [LB704]

SENATOR KINTNER: Just one question. I think it's got a \$2 million fiscal note here. What's the significance of \$2 million? How was that arrived at? [LB704]

SENATOR AVERY: Well, personally, I know how tightfisted you are, Senator, so I was figuring that if I aim high I might score. (Laughter) [LB704]

SENATOR KINTNER: All right. [LB704]

SENATOR AVERY: To be honest with you, I know that often you don't get what you ask for, so I would be happy with \$2 million but we would probably be able to live with

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somewhat less than that. But we do need some seed money. They can tell you what plans they have for that later on. [LB704]

SENATOR KINTNER: All right. Thank you. [LB704]

SENATOR HARMS: (Exhibits 6 and 7) Thank you, Senator Kintner. Do we have any other questions? Senator Avery, we do have two letters of support, one from the Wehrbein Farms from Roger Wehrbein, and then we also have Plummer Farms, Tom J. Plummer, Jr., letters of support. So thank you very much. Would you like... [LB704]

SENATOR AVERY: Thank you. [LB704]

SENATOR HARMS: ...would you like the pleasure of closing? [LB704]

SENATOR AVERY: I cannot. I cannot stay because I have two bills next door. [LB704]

SENATOR HARMS: Okay. All right. [LB704]

SENATOR AVERY: Thank you. [LB704]

SENATOR HARMS: Do we have anyone else who would like to speak in favor of LB704? [LB704]

JEFF SEARCY: Thank you, Senators. Good afternoon. [LB704]

SENATOR HARMS: Welcome. [LB704]

JEFF SEARCY: Welcome. Thank you, Senator Harms. Senators, how are you today? Everybody good? Okay. Well, thank you very much, Senator Harms and members of the committee, for this opportunity to speak this afternoon on behalf of LB704. My name is Jeff Searcy, it's J-e-f-f S-e-a-r-c-y, and I have the privilege and the pleasure to serve as chair of the current Nebraska 150 Sesquicentennial Committee, here today to speak on behalf of and urge your enthusiastic support and adoption of LB704, the creation of the Nebraska Sesquicentennial Fund. With the Nebraska sesquicentennial year of 2017 just around the corner, we applaud and appreciate very much Senator Avery and the many other senators supporting this historic endeavor and as we set our sights on the greatest celebration and commemoration the state of Nebraska has experienced as we attain a century and a half of statehood. The Nebraska 150 provides a time for all Nebraskans to reflect really on who we are, where we've come from, and the bright future that lies ahead. I truly believe the sesquicentennial is a once-in-a-lifetime opportunity and we need to share. We need to share in our history. We need to share in our culture and our future, not only with each other but with the many new friends that we're going to meet along the way throughout the next several years. And, Senator

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Conrad, you asked the question about some of the valuable lessons that we could get from past commemorations and celebrations, and we did definitely gain this information from the success of the legislative funding strategy that was used in the Nebraska centennial. And we believe the timing now of...and the historic precedence for this significant request is incredibly prudent and will be very productive, a very productive investment for Nebraska. The Nebraska 150, it's going to become a very powerful educational, environmental, and economic engine. Truly believe that this lasting benefit, similar to the centennial in 1967, will have potential well beyond, well beyond 2017, and it's something we need to take advantage of. With the goal...and this is a great goal and it's one that has happened in the past and can definitely happen now again into the future, and that is one of statewide participation of every county, every community being involved. It's inclusive involvement from all walks of life, the cultural, social, religious, ethnic, economic. The importance of LB704 to get some funding in the game now for the seed money, it's the creation of that Nebraska Sesquicentennial Fund that's going to help assure that we are well prepared and will absolutely maximize and take advantage of any other rare opportunities, and there will be many, that lie ahead. These countdown days as we prepare for the fast-approaching Nebraska sesquicentennial, just...really just a blink of an eye away, require bold and visionary action. And our opportunity to accomplish lasting legacy projects and spectacular signature events to instill pride in our culture, and to tap into creative economic development and definitely tap into a tourism treasure, our great state's 150th will provide what I call that special spark that speaks to people near and far. And it says that one remarkable word, really, one that I like to say, and that's Nebraska. So in preparing for my brief remarks today I couldn't help but reflect on the past many months of preparation and passion that a group of statewide volunteers, they poured in their time, their talents, and their personal resources, helping set the stage to become part of history as Nebraska looks to the future. We're grateful for their continued efforts and yours as we move forward, what I call onward, 2017. So thank you very much. Senators, joining us today, some other leaders and members of our Nebraska 150 Committee here to share their support and insight into LB704.

[LB704]

SENATOR HARMS: Thank you for your testimony. Do we have any questions? [LB704]

JEFF SEARCY: Thank you. [LB704]

SENATOR HARMS: Seeing none, thank you very much. [LB704]

JEFF SEARCY: Thank you, Senators. [LB704]

SENATOR HARMS: Anyone else who would like to speak in favor of LB704? [LB704]

ALLEN BEERMANN: Senator Harms and members of this committee, my name is Allen Beermann, A-l-l-e-n B-e-e-r-m-a-n-n. I appear today as a private citizen. I am a member

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of the group that's been planning for the sesquicentennial. This will probably give away or establish the fact that I really am the official living state fossil. I had an official capacity in the centennial of '67. I was a trichair for the quasquicentennial and here I am, 25 years later, involved in the sesquicentennial. But anyway, that gives me a perspective to comment on the importance of this appropriation. And let me tell you why appropriations are important--because it makes a great statement to private donors. And we had lots of private donors in both the centennial as well as the quasquicentennial. In fact, we already have sizable donors already for this, the sesquicentennial. Let me tell you what some of the expenses would be involved in the appropriation. For example, if you're going to do books and educational materials, there are publishing up-front costs. You can't escape those. For example, if you're going to make commemorative items, you have the die costs. That's all up-front. Plus, you have to order so much inventory. I'm anticipating, for example, in the year 2017 that every high school and every collegiate diploma will have the sesquicentennial seal on it that I was a graduate in the year of our sesquicentennial as a very special diploma. I would anticipate that we have semitrailers just from Nebraska companies, about 20,000 semitrailers that traverse the United States. I would anticipate large decals on these trucks that would be a rolling billboard all over America that Nebraska is celebrating its 150th. So all of these activities that I can recall from the centennial, the quasquicentennial, it was important for the state to have a commitment. Number two, it's a very significant event in the state's history. Every school child, I can remember in the first two that I participated in, in '67 and '92, every county and every city, we even had floats in the Inaugural Parades. We had a float in the Rose Bowl Parade. I can remember when we had our float in the Presidential Inaugural. We had young people on it who were gold medal winners in gymnastics, huge applause as we went down Pennsylvania Avenue. So these are all things that give the state something to be proud about, to establish a pride, and to both commemorate and celebrate the 150th anniversary of our state. I urge some appropriation in this regard to facilitate the commission as it goes about its work. I can also tell you that advanced planning is the key to making it a successful year. And we're started, we're three years out, nearly four when we got started, and we're well on our way. We have lots of citizens already on board, and that's the way it should be. It's our state. [LB704]

SENATOR HARMS: Thank you, Mr. Beermann. [LB704]

ALLEN BEERMANN: So that's my commentary. I would be happy to answer questions if I could. [LB704]

SENATOR HARMS: Thank you for your testimony, Mr. Beermann. Do we have any questions? Senator Conrad. [LB704]

SENATOR CONRAD: Thank you, Mr. Secretary. I think you heard my commentary to Senator Avery and I know that it's a little bit difficult to compare figures, because we're

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looking 50 years ago, 25 years ago, but I'm trying to put this price tag in context. Do you have recollection as to what the state contribution was in previous efforts? [LB704]

ALLEN BEERMANN: No, but that is available, because... [LB704]

SENATOR CONRAD: Okay. [LB704]

ALLEN BEERMANN: ...we kept complete records for both the centennial and the quasiquicentennial, including all of the donations by citizens and corporations. And there are complete files with all of that data... [LB704]

SENATOR CONRAD: Great. [LB704]

ALLEN BEERMANN: ...at the Historical Society. And I suspect that Director Smith can give us that in one phone call. [LB704]

SENATOR CONRAD: Very good. Thank you very much. [LB704]

SENATOR HARMS: Thank you, Senator. [LB704]

ALLEN BEERMANN: Incidentally, we also had money left over from the quasiquicentennial. We put it in the bank out here at Seward. It made about \$10,000 in interest, and so we had a little bit of a jump-start. [LB704]

SENATOR CONRAD: Very good. Thank you. [LB704]

SENATOR HARMS: Thank you, Senator Conrad. Do we have any other questions for Mr. Beermann? Seeing none, thank you very much for your testimony. [LB704]

ALLEN BEERMANN: Thank you for your courtesies. [LB704]

SENATOR HARMS: Do we have anyone else who would like to speak in favor of LB704? Welcome. [LB704]

JUDI GAIASHKIBOS: Thank you. Thank you, Senator Harms and members of the Appropriations Committee. My name is Judi gaiashkibos, and I did fill out a form. Do I still need to spell my name out? Yes? Judi, J-u-d-i, gaiashkibos, g-a-i-a-s-h-k-i-b-o-s. I'm the director of the Nebraska Commission on Indian Affairs, a member of the Ponca Tribe of Nebraska, and I'm also a Santee Sioux. And I've been the director for 18 years, can't believe it. (Laugh) But I did serve on the Lewis and Clark Commission during the time that the state had that, so I've had some experience working on these important parts of Nebraska's history. And I am here to lend support for the funding of this commission as well, because I think it's really important. As Allen Beermann said and

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Jeff, to do a good job, you have to have planning and people involved, and we have a really good, dedicated group of Nebraska citizens. As a member of the Ponca Tribe, as a first peoples person of the state, I want to make sure that everyone remembers that there were people here before Nebraskans came here. We're celebrating the sesquicentennial, but my ancestors were already living here, so there were cultures and people that were engaged in many, many different types of cultural activities. So it is our hope that with the monies that this would be funded, each of the communities throughout the state, including the tribal communities, would be given opportunities to develop different celebrations and commemorations. I am working already currently with the Centennial Mall revitalization and we've been included in that, and I think that's really forward-thinking. And we're going to build upon that. Over the last eight years, the Nebraska Commission on Indian Affairs has hosted a Standing Bear Breakfast. Last year we had 750 people attend that breakfast and we award four \$2,500 scholarships. And in 2015, we will be partnering with the Great Plains Center, Dr. Rick Edwards, for a two-day symposium to commemorate the legacy of Standing Bear. We also last year, as you know, were successful in getting the trail designation, with the help of Senator Dubas and the Legislature. And this week in Kansas, the Kansas legislature has just passed a resolution to recognize Standing Bear Trail going through Kansas. I also have someone in Oklahoma introducing a similar resolution. So we're working with Kansas and Oklahoma to establish the recognition of Standing Bear's contributions to America's history. I will be going out in March to meet with Congressman Cole and Congressman Fortenberry about this. Congressman Cole is a member of the Chickasaw Nation. And some say the Chickasaw Nation is wealthier than the state of Oklahoma, so we're hoping for support from the Chickasaw Nation and Congressman Cole to help us celebrate the trail. And this trail is unique from all other Trail of Tears in that it's a circular trail. It comes back to Nebraska. We didn't just get marched somewhere and stayed there. In the case of Standing Bear, as you may know the story that was told in the book, I Am a Man, by our local Nebraska writer, Joe Starita, Standing Bear honored his son's dying wish and he brought him back home and buried him in Nebraska up along the Niobrara where my grandfather lived. So I think you can see that this story is such a great story that's an American story. It's about home. We Nebraskans and we first peoples, we love Nebraska. We love Nebraska's football team and...but we also love that this is our homeland. So the Indian Commission and the tribes of Nebraska are dedicated to lending support for the commemoration and it's really necessary that we have funding to do that. We can't just...this doesn't fall out of the sky. The tribes here aren't as wealthy as the Chickasaw Nation, so they would benefit from some support. That said, I would like to thank you for the time and be happy to answer any questions. [LB704]

SENATOR HARMS: Judi, thank you very much for your testimony. Do we have any questions? Seeing none, thank you very much. [LB704]

JUDI GAIASHKIBOS: Uh-huh. Thank you. [LB704]

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SENATOR HARMS: Do we have anyone else who would like to testify in favor of LB704? [LB704]

NANCY FULTON: (Exhibit 8) Good afternoon. I'm Nancy Fulton, N-a-n-c-y F-u-l-t-o-n, and I serve as president of the Nebraska State Education Association. I am also here to offer support for LB704, and I'm here to represent the 28,000 NSEA members. They are our public school teachers, principals, education support professionals, college faculty, retired educators, and students studying to become teachers to replace me. Nebraska has one-of-a-kind history, and celebrating our state's 150th anniversary provides an opportunity of a lifetime to embrace our history and to prepare for our future. The foundational funding proposed in LB704 would allow the Sesquicentennial Commission to develop collaborative efforts for projects and just one would be maybe transitioning the Nebraska history documents into an interactive information format. That would be embraced by the students of today and teachers of those in the future. Teachers believe it is important that our students learn about the Nebraska history and culture and develop a sense of pride in our state. There's an integral relationship, and that's probably not a surprise, between education, the pride in Nebraska, and the economic benefits of students who understand and are truly linked to our state's culture and vision. As a teacher, I've been pleased to be part of the Nebraska Friends of 150, and I think it will provide many, many teachable moments and we should take advantage of those moments. This appropriation will help us to do that. I'm pleased to tell you that NSEA is also celebrating its 150th anniversary in the same year, 2017. NSEA is Nebraska's oldest statewide association, and so our history mirrors that of the state. We're excited to be celebrating 150 years of advocacy for the teaching profession for children and for public education, and we look forward to helping Nebraskans celebrate our state's heritage. Senator Conrad, I do have a bit of information that maybe would help. I've looked in some of my notes, and you were asking. The Nebraska Centennial, 50 years ago, there's a state contribution of \$600,000. Translated in today's dollars with inflation, it would be a \$4.5 million thing. So...and another just little fact for the committee, we have raised over \$100,000 so far. With that, if you have any questions. [LB704]

SENATOR HARMS: Thank you for your testimony, Nancy. Do we have any questions? Senator Conrad. [LB704]

SENATOR CONRAD: Not really a question but just thank you, Nancy, for your testimony and for providing that information. That's very helpful to putting that number into context. And I guess it would be no surprise that a teacher did her homework before she came here today. [LB704]

NANCY FULTON: I'm a numbers person. [LB704]

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SENATOR CONRAD: As the daughter of an educator, I know how your professional brains work. So thank you. Thank you very much. [LB704]

SENATOR HARMS: Thank you, Senator Conrad. Do we have any other questions? [LB704]

NANCY FULTON: Thank you. [LB704]

SENATOR HARMS: Nancy, I'd just tell you I'm surprised. I didn't realize that NSEA would be 150 years old. [LB704]

NANCY FULTON: Yeah. We started, became an organization five months after Nebraska became a state. [LB704]

SENATOR HARMS: And was their goal the same as it is today or has that...I don't want to go belittle us. I'm just curious. Was your goal then the same as it is today or has that changed a great deal? [LB704]

NANCY FULTON: I think our goal has expanded, but it is, yes, for public education. [LB704]

SENATOR HARMS: Okay. Thank you very much, Nancy. Do we have anybody else who would like to speak in favor of LB704? Seeing none, do we have anyone who would speak in opposition of LB704? [LB704]

MATT LITT: Senator Harms and members of the Appropriations Committee, my name is Matt Litt, M-a-t-t L-i-t-t, and I'm the Nebraska state director of Americans for Prosperity, a statewide advocacy organization with over 40,000 members who believe in responsible government spending. That is why I appear before you today as an opponent of LB704, a bill seeking to spend \$2 million in taxpayer funding to establish the Nebraska Sesquicentennial Fund. My testimony on this bill will be brief. Essentially, this is a \$2 million slush fund to throw a party for the state's 150th birthday party. At the risk of sounding or of looking like killjoys, it is amazing to us that a celebration could cost \$2 million. Much more information is needed into explaining where the funds will go to, what they'll be used for, criteria for distribution, and who's responsible for allocating \$2 million in taxpayer funding. At this time, there are too many questions about the need and transparency for LB704. We believe Nebraska can celebrate her birthday without such spending of the taxpayers' dollars. Thank you for your time and happy to answer any questions you may have. [LB704]

SENATOR HARMS: Thank you for your testimony. Do we have any questions? Senator Conrad. [LB704]

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SENATOR CONRAD: Mr. Litt is it? [LB704]

MATT LITT: Yeah. Yeah. [LB704]

SENATOR CONRAD: Thank you so much for your time and your testimony today. I think that record will be very helpful in a variety of contexts. But to be clear, you're not against Nebraska celebrating its history or its heritage; you just... [LB704]

MATT LITT: No. [LB704]

SENATOR CONRAD: Okay. So then what is the alternative that you bring forward today to support that effort? [LB704]

MATT LITT: In terms of being able to celebrate the 150th? [LB704]

SENATOR CONRAD: Uh-huh. Yes. [LB704]

MATT LITT: Okay. [LB704]

SENATOR CONRAD: How would you propose that we go about providing the resources for that celebration outside of this appropriation? [LB704]

MATT LITT: Sure. First, I think we mentioned various accountability measures in the testimony. At the same time, there could be, and I believe there would be, private funding of donations to do so. [LB704]

SENATOR CONRAD: Okay. And has your group contributed anything to that private effort thus far? [LB704]

MATT LITT: This is actually the first we've heard about it, Senator. [LB704]

SENATOR CONRAD: Okay. So do you plan to make a contribution from the private sector standpoint? [LB704]

MATT LITT: You know, I can't speak for us or our donors at this point, but it's something we could consider. [LB704]

SENATOR CONRAD: All right. Thanks so much. [LB704]

MATT LITT: Thank you. [LB704]

SENATOR HARMS: Thank you, Senator Conrad. Do we have any other questions? Senator Kintner. [LB704]

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SENATOR KINTNER: Thanks, Matt, for coming out today. [LB704]

MATT LITT: Uh-huh. [LB704]

SENATOR KINTNER: If money was appropriated and there were safeguards that said, hey, this is how it's going to be distributed, that's what it can be used for, do you see your organization supporting it if there was transparency and safeguards in effect to, you know, make sure that money is narrowly used? And could you see supporting, or are you going from opposed to neutral or something like that? [LB704]

MATT LITT: Yeah, we would, I would believe, go from opposed to neutral, just because there still is the use of state funds. And at a time where we're constantly seeing bills that introduce tax cuts and bills that are also introduced to increase taxes, there seems to be a discrepancy in how much money the state actually needs. And this would take away from those dollars that could go to other programs. So if the transparency measures were there, we would likely move to a neutral position. But without knowing what those would be or seeing them at this point, can't make a distinction. [LB704]

SENATOR KINTNER: Okay. Well, thank you very much. Appreciate it. [LB704]

SENATOR HARMS: Thank you, Senator Kintner. Senator Conrad. [LB704]

MATT LITT: Oh, I'm sorry. [LB704]

SENATOR CONRAD: Thank you. And I think that dialogue with Senator Kintner was very helpful. But so the takeaway that I think I am trying to understand from the Americans for Prosperity perspective is that transparency is your key objective in this and other aspects of government? Is that right? [LB704]

MATT LITT: Well, it's always as much transparency as there can be, the better. I was concerned that this... [LB704]

SENATOR CONRAD: On that very topic then,... [LB704]

MATT LITT: Yes. [LB704]

SENATOR CONRAD: ...Mr. Litt, why does your organization refuse to comply with our accountability and disclosure statutes which provides a basic level of transparency in campaign spending? [LB704]

MATT LITT: We are 100 percent compliant. And I'd love to answer any more questions on this topic. [LB704]

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SENATOR CONRAD: I think it's a little incompatible, the actions and the rhetoric. Thank you. [LB704]

SENATOR HARMS: Thank you, Senator Conrad. Do we have any other questions? Seeing none, thank you for your testimony. [LB704]

MATT LITT: Thank you. [LB704]

SENATOR HARMS: (See also Exhibit 16) Do we have anyone else who would like to speak in opposition of LB704? Seeing none, do we have anybody who would like to speak in a neutral capacity in regard to LB704? Seeing none, that closes LB704. And now we'll open up LB797, Senator Nelson. Welcome, Senator Nelson. [LB704]

SENATOR NELSON: (Exhibits 9 and 10) Thank you, Senator Harms. Good afternoon, Vice Chairman Harms and members of the Appropriations Committee. My name is John Nelson, spelled J-o-h-n N-e-l-s-o-n, and I represent District 6 in central Omaha. I'm here today to introduce LB797. LB797 would provide for the construction and placement of a fountain in each of the State Capitol's four courtyards. The fountains would mark the completion of architect Bertram Goodhue's original design when construction began in 1922. The Great Depression brought construction to a screeching halt in 1932, but over the years all elements of the building have been completed with the exception of the courtyard fountains. LB797 would ensure installation of the fountains in time for Nebraska's celebration of its 150th anniversary as a state in 2017. That's the sesquicentennial--and I think by the end of this hearing we all will have that down. I have provided you with an image of the fountain as it might appear in the courtyard, along with a larger image of the cast bronze fountain itself. This bill would create the Complete the Capitol Fund. This fund would consist of an appropriation by the Legislature and any gifts, grants, bequests, or donations provided by individuals or groups outside the Legislature. The funds would be used for the sole purpose of constructing, placing, and maintaining the fountains. As you may know, Senator Scott Price, to his credit, began a private fund-raising campaign for the fountains about four or four and a half years ago; but that effort was not successful. LB797 would provide a moderate amount of public funds to complete the project. I would point out also, we have also used public funds to install a number of murals, I think about 20, inside the Capitol over the years, and to finance the building's recent exterior renovation, which was completed in 2011. LB797 would direct the State Treasurer to make incremental transfers of General Fund dollars to the Complete the Capitol Fund over a period of three years, including \$625,000 on July 1 of this year; \$1.25 million on July 1, 2015; and then again, \$625,000 on July 1, 2016. The state would appropriate each respective transfer of funds to the Office of the Nebraska Capitol Commission in order to complete the project. In total, the cost would not exceed \$2.5 million; and annual maintenance expense of the fountains is not expected to exceed \$1,500 per year. Members, the

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Capitol Building is a state treasure. It belongs to the people. We owe it to the people of Nebraska to ensure its completion. I have asked Bob Ripley, the Capitol Administrator, to testify in a neutral capacity in order to answer technical questions you may have about this. In the meantime, I urge your support for LB797, and I'm willing to take any questions you might have at this time. [LB797]

SENATOR HARMS: Thank you, Senator Nelson. Are there any questions? All right, you're going to let him off that easy? Well, I do have then. I have one question for you. I'm not going to let you get off that quickly. Can you tell me how much money Senator Price raised or what it started at? [LB797]

SENATOR NELSON: He raised slightly over \$4,000, I believe, or right in that figure. That money is still in the fund, by the way, and would be available for this project. That was an effort to get school children to contribute pennies, nickels, whatever they wanted to do. [LB797]

SENATOR HARMS: Okay, I remember that. [LB797]

SENATOR NELSON: And from that standpoint it would be successful. It just...it takes a lot more money from private foundations and from the state of Nebraska, as well, to do this. [LB797]

SENATOR HARMS: Thank you, Senator Nelson. Senator Kintner. [LB797]

SENATOR KINTNER: Hey, just thanks for coming and testifying on this. Appreciate it. Just one quick question. What attempts have been made to get corporate donations? I mean, you know, sizable money from big corporations to sponsor a fountain or build a fountain or something? [LB797]

SENATOR NELSON: You know, I can't answer that, Senator Kintner. I think the last time that this was addressed on that level was around 2004, and it may be that Mr. Ripley might have some recollection of that, of attempts at that time, because that was part of an overall planning session...well, how shall I put it? I think the better would be the master restoration plan developed with architects, and it was comprehensive for the entire Capitol site, including restoration and replacement of plants, walkways (inaudible), infrastructure; and the courtyard fountains' component was considered at that time, and there was development of the costs at that time. And I think he can speak to that at the increased amount of cost since we've waited and not done anything. [LB797]

SENATOR HARMS: (Exhibits 11, 12, and 13) Do we have any other questions for Senator Nelson? Thank you, Senator Kintner. Thank you, Senator Nelson. I will tell you before you leave, we do have two letters of support, one from Suzanne Wise, who is the

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head of the...executive director of the Nebraska Arts Council; and we have one from Robert Nefsky, and I'm not sure what Robert does; and we have one from Jeff Searcy and Roger Ludemann, who are both...one is...Searcy is the chair and Ludemann is the interim executive director of Nebraska 150. So thank you for your testimony. Would you like the pleasure of closing? [LB797]

SENATOR NELSON: All right. I would like to close briefly. [LB797]

SENATOR HARMS: Okay. Thank you. Anyone else that would like to speak in favor of LB797? [LB797]

BOB WICKERSHAM: Senator, I think you're getting another letter of support. Do you want me to wait for that, or...? [LB797]

SENATOR HARMS: Pardon me? [LB797]

BOB WICKERSHAM: Do you want me to wait for that? [LB797]

SENATOR HARMS: No, just go ahead and start. [LB797]

BOB WICKERSHAM: Okay. Senator Harms, members of the committee, for the record my name is Bob Wickersham, B-o-b W-i-c-k-e-r-s-h-a-m. I am appearing on behalf of the Nebraska Association of Former State Legislators, something you'll all be eligible for sometime, (laughter) not today. Frankly, I was hoping that Senator Mello was here so we could congratulate...so I could congratulate him on the addition to his family. Senator Harms, I don't want to be disagreeable, but I can only imagine that that is a very mellow baby and it is not...(laughter). [LB797]

SENATOR HARMS: I think that baby is going to be hyper, (laughter), no matter what you say. [LB797]

BOB WICKERSHAM: (Exhibit 14) Well, you perhaps know the parents better than I do. But at any rate, sorry. I suppose you'd rather I got on with the business, wouldn't you? I am appearing in support of Senator Nelson's bill. This...as I think Senator Nelson noted briefly, this is an effort that's been around for a while; and, in fact, I guess you could almost say it's been around since 1919 when the then-Legislature decided that we needed a new Capitol, and they formed a commission to have a Capitol constructed. They had a competition that Mr. Goodhue won, and designed the Capitol. They did spend about ten years before they moved into the Capitol. That wasn't quite the finish of the construction, as...again as Senator Nelson noted. I actually think the construction continued until about 1935, when they stopped. But they moved in, in 1932, without much ceremony, as you can imagine, because it was in the middle of the Depression. And there were things that were undone. Senator Nelson again noted those things: the

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murals in the Great Hall, for example; the murals in the Memorial Chamber; the murals in the Rotunda. And if you've looked at those art objects, you can see that they have a variety of styles. They don't quite look like something that was produced in the 1930s--and they weren't. They came later. But as far as we know, the fountains that we're now proposing that this Legislature add to the Capitol Building are the last design element that Bertram Goodhue proposed in his design. They've been a long time coming. I think there was an effort in 1999, then-Senator Schimek had legislation that allowed the Department of Administrative Services to begin the process of putting fountains in the Capitol, in the courtyards. That did not happen; and in 2004, that authority was removed. Then again, Senator Wallman made an effort; Senator Price made an effort; and now we're making an effort. Hopefully, this is...I guess I'd say the fourth time might be the charm rather than the third time the charm. But we do hope it is the charm, because it will finish the Capitol as designed; and I think it gives us an opportunity to dedicate the Capitol, which we do not think happened in 1932, when they just simply moved in. And perhaps that's an activity that the Sesquicentennial Commission would take on. I think I...did I say that correctly? I hope so--the 150th Commission. But at any rate, the fountains are a remarkable...would be a remarkable addition, I think, to the Capitol. And if you're thinking about the fountains, I believe that we have a handout that has a picture of the design at the bottom. And if I could get the clerk to pass those out. They are a bowl...they are rather...they're...in the context of Nebraska I would say that they're modest fountains. But they would be metal and they have a little bubbler function in the middle of them. I know that people who visit the Capitol would enjoy the fountains. The courtyards are easily accessible with the exception perhaps of the one off the cafeteria. The others all have separate entrances. They are used by school kids and others. I think they would be a beautiful addition to the Capitol. In addition to their beauty, I think they would have a symbolic importance for the Capitol. I think you're all aware that water is one of the great resources of the state. But water is not well represented in the artwork or the architecture of the Capitol. There are...water is one of the four elements, the classical elements, in the Rotunda of the Capitol. Water is also represented in one of the murals in the Great Hall; there's a little bit of the Platte River. If you go into the Supreme Court Chamber, there is a mural with a little bit of the Missouri River in it. And, of course, there are the thunderbirds on the tower and on the Warner Chamber that would represent rainfall, because the thunderbirds brought water from the sky. But other than that, water is not well represented in our Capitol. So the fountains could become, even though perhaps not thought of by Goodhue, at least in present day styling of the Capitol, a recognition of the importance of water as a resource in the state of Nebraska. I think that Senator Nelson noted that...or perhaps he did not, ongoing operations for the fountains would not be significant. We're advised that that would be about \$1,500 a year; that's for all four, not apiece. It's \$1,500 for all four. So this isn't going to add substantially to ongoing costs. Senator Kintner, I think you had a question about private funding. I don't know if any substantial efforts have been made from large contributors or not, but I think it's going to be a tough slog because I don't think you could name a fountain after somebody, for

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example; and I think that's kind of what's anticipated in today's environment. I'm not suggesting that it necessarily couldn't be done, but I think it would be very difficult; and, in addition, because this is the State Capitol, it is the people's building, that to have that, some portion of it, either constructively or purportedly owned or contributed by private persons, I don't think it's an appropriate solution as simply doing what our fathers and grandfathers did, and pay for it. Thank you. [LB797]

SENATOR HARMS: Thank you for your testimony, Bob. Senator Conrad. [LB797]

SENATOR CONRAD: Thank you, Senator Wickersham. I appreciate you leading the effort and being here today. I do have, I guess, a comment and a question. The first comment being that, as you know, it probably was the same during your time in this august body, but regardless of political philosophy, I think that there has been a great deal of working together across geography, across party lines, across political philosophy to protect and promote our State Capitol, which indeed is an architectural treasure and critical to our state's history and our economic development and tourism. So I'm really proud of that effort and I think that that's one of those really special issues that again really binds us together rather than seeing divisiveness or political distinction. But my question then is, is one of priority or degree, so to speak. You know, I think that these design pieces are important and I'm glad that you brought forward this issue with Senator Nelson's assistance. But as you know, our beautiful state treasure has a long list of needs. It snows in my office when the windows are shut and that's just my experience in my office. It's not just because it's my office. But I frequently, just this afternoon, was testifying before the Business and Labor Committee and there's paint peeling all throughout that hearing room. So our Capitol has needs and I'm trying to struggle with the needs versus wants question when it comes to a budgetary perspective, just like we do at home with our finances. And this seems to me a little bit more of the want side than the need side, and I wanted to provide you with an opportunity to respond to that or to distinguish that line of thinking from your effort here today, because I know that that's something that the committee will look at very closely when we deliberate on this topic. [LB797]

BOB WICKERSHAM: Okay, yeah. Well, Senator, I think you have touched on a very important question and one that the Appropriations Committee always has to address. There are finite resources and you do have to allocate them. However, a couple of points that I think I would make. First of all, this is a one-time expenditure. It's not going to contribute to ongoing expenditures. Second, if it was me, I would spend anything for the Capitol. I was here in 1996 when we started renovation of the Capitol. I was here when we spent more on the north steps...we spent--I think this is correct; Mr. Ripley can correct me if I'm wrong--we spent more tearing apart and rebuilding the north steps of the Capitol than it cost to build the place in the first instance. Almost \$10 million, I think. Mr....he can tell me, but we spent a lot of money just on the north steps. So I have been here. I have supported those efforts, and I'm not embarrassed at all to suggest to you

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that this can now be a priority to finish the building. In the phraseology of the commission that was originally tasked with building the Capitol, one of their enjoiners to the architects, the competitors who were going to design a building, is that it be an outward sign of the character of its people. Well, I think an outward sign of our people is that we do finish what we start. We started the Capitol in 1922. Surely we can finish it (laugh) in 2017. We do finish what we start. And I think that to honor the commitments that our fathers and forefathers made--they poured real money into this building in extremely difficult times; so they thought it was a priority. Can we think it's less? [LB797]

SENATOR CONRAD: Very good. Thank you. Thank you. [LB797]

SENATOR HARMS: Thank you, Senator Conrad. Do we have any other questions? Senator Larson. [LB797]

SENATOR LARSON: Thank you, Mr. Wickersham. And I guess I'm not sure...I'm just kind of going in Senator Conrad's vein in terms of priorities. And you mentioned you'd spend anything on the Capitol. And I think even we as an Appropriations Committee have done a lot when we look at the Capitol needing a new HVAC system, when we look at...Senator Conrad mentioned snow in her office. And, you know, this is something that she really touched on: needs versus, you know, wants; and especially, as we look at the state system as a whole, when we're looking at, you know, \$44 million in deferred maintenance to Game and Parks possibly, or Nebraska...the NETV needs \$280,000 for new radio towers in Bassett and Hastings; and the list just goes on and on. Or, you know, we always deal with education and we're always dealing with roads. I mean, it's a tough issue to...and I'm not saying that we should not finish the Capitol. It's just there's a lot of priorities out there and it's a tough issue to move forward on. And I just wanted to...I think we as a committee have made the Capitol a significant investment and we continue to work on it. I know we pick out rooms every two years that get renovated, and I guess Senator Conrad's hasn't (laugh) been there yet. But it's...maintenance is a lot. And I get what Senator Nelson is doing; I applaud him. But it's just a tough issue and I just wanted to follow up on Senator Conrad because I think she has a very valid point. [LB797]

SENATOR HARMS: Well, thank you, Senator Larson. Do we have any other questions? Senator Kintner. [LB797]

SENATOR KINTNER: Bob, thank you for coming. I think Senator Conrad might be on to something here. You know, the difference between right now and 1932, '34, when we were moving into the Capitol and using it, is we weren't spending \$3 billion a year taking care of people. I'm not saying we shouldn't do it. I'm just saying we now put in a humongous amount of our state money and federal money into helping people--you know, families torn apart. You know, we've created quite a large welfare state at this point. And that's the difference. That's why it probably makes sense to get private

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companies to fund a fountain. You know, we're about to spend \$77 million on an HVAC system; that's going to be over ten years, but, you know...and heating system. And to, you know...you know, we're updating two offices a year right now. I mean, we...I mean, that means, you know, every 25 years we update an office, you know, a senator's office. I mean, that's a long time. So you start looking at all the things that we're obligated at this point to spend money on, and then you come and say, well, we've got another \$2.5 million. And you're going, jeez, that's certainly a want. And, you know, of all the things we're doing, that's fairly far down, at least until it would seem to me we try to get some corporate money to pay for it. That looks like it would be our first avenue. And if we can't get corporate money, then maybe revisit it. So with all that being said, if I've misstated anything, if there's something you'd like to add or as a rebuttal to what I just said. [LB797]

BOB WICKERSHAM: Well, okay... [LB797]

SENATOR HARMS: First, thank you, Senator Kintner. [LB797]

BOB WICKERSHAM: Excuse me? [LB797]

SENATOR HARMS: Go ahead. [LB797]

BOB WICKERSHAM: Oh. Well, Senator, I think you touched on a number of different themes. And let me go back to this idea of whether the building and its...and what it represented for the state of Nebraska was important to our forefathers in 1922-1932. They did as much as they could on this building in the greatest financial...one of the greatest financial crises this country has ever known. The state was entirely supported at that time by property tax--entirely. There was a dedicated levy that raised about a million dollars a year. They continued that levy for the construction of this building at a time when farmers and ranchers were throwing cattle into trenches and destroying them because there was no market for them; where crops weren't used; crops were destroyed. They spent a million dollars a year in times that you nor I can imagine, because we weren't there, but they did it. Now the state has significantly different obligations than it had then; the financial times are certainly much different, much healthier. Times are different. But should our purpose be much different? Why should we not finish the Capitol and why should it not be the people's Capitol? Why isn't it the State Capitol? Not a Capitol that owes its beauty or owes some aspect of it to the largesse of a corporate donor who took a tax deduction? Why isn't it the people's building? [LB797]

SENATOR KINTNER: You know, the people are sick and tired of paying taxes. They're overtaxed. We're the sixteenth highest taxed state in the country right now. I mean, if I hear one thing, stop the spending and stop the taxing. That's what I continually hear. I mean, I'm not sure...I am very understanding of historical perspective and what you

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want to do. But when I put that with what my people in my district are telling me, they're saying, holy cow, is there nothing you guys won't spend money on? [LB797]

SENATOR HARMS: Senator Kintner, thank you. Any other questions? Senator Conrad. [LB797]

SENATOR CONRAD: Thank you again, Bob. I appreciate your testimony and candid responses to the questions, and I think what I'm hearing is that the position of the former legislators group might be that, yes, we need to continue our sound investments in HVAC systems and fire sprinklers and keeping the windows safe, but that it doesn't have to be an and/or proposition. It's important to invest in the Capitol through this effort and the other efforts as are presently before us. Would that be a fair characterization of the group's position? [LB797]

BOB WICKERSHAM: Yes, Senator. And I hope that you would recognize that when I said I would spend anything on the Capitol, that's a facetious remark. [LB797]

SENATOR CONRAD: Yes. [LB797]

BOB WICKERSHAM: Sometimes we say things like that when we don't think the microphone is on. [LB797]

SENATOR CONRAD: (Laugh) You know, I think that we appreciate the passion behind that commentary. And again, I think it's one of those issues that regardless of political philosophy we all care about the people's house and want to do the right thing in that regard, so. So thank you. [LB797]

SENATOR HARMS: Thank you, Senator Conrad. Do we have any other questions? Seeing none, (inaudible). [LB797]

BOB WICKERSHAM: All right. Thank you. [LB797]

SENATOR HARMS: Thank you, Mr. Wickersham, for your testimony. Do we have anyone else who would like to speak in favor of LB704 (sic--LB797)? Welcome. [LB797]

SARA KAY: (Exhibit 15) Good afternoon, Vice Chairman Harms and members of the Appropriations Committee. My name is Sara Kay. It's spelled S-a-r-a, last name is K-a-y, and I'm the executive director of the American Institute of Architects, Nebraska Chapter. And thank you, Senator Nelson, for introducing this. We've been discussing this for quite a few years now. And again I don't have a whole lot else to add except that we are in favor of this and we believe that it was the architect's design intent to have these four fountains in the courtyards. I see this possibly as a gathering area for families that come to the Capitol. You know, when you come to the Capitol with your family,

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there's really...except for the tours, there really isn't an area where a family can congregate when the cafeteria is closed. So that was a thought I had. Also I would like to provide all the committee members, if this is appropriate, a copy...in case you haven't seen this, of the NETV "Capitol Masterpiece." And is that appropriate? Can I pass this around? I'm also treasurer of the Architectural Foundation of Nebraska, and we were involved with NETV over the past year and a half in producing a documentary of the State Capitol. And any questions that you have about the State Capitol, it is there. And I know that Bob Ripley can answer any questions, while he was very involved with the production of the...but please enjoy. I believe there may be reference to the four fountains as well, so. Are there any questions? [LB797]

SENATOR HARMS: Sara, thank you for your testimony. [LB797]

SARA KAY: Oh, thank you. [LB797]

SENATOR HARMS: Questions? Senator Conrad. [LB797]

SENATOR CONRAD: Thank you, Sara. I did have a chance, and I made a note to let Mr. Ripley know as well, to review this program. We DVRed it... [LB797]

SARA KAY: Oh, great. [LB797]

SENATOR CONRAD: ...and then had a chance to catch up over the holidays. And it's a stunning work for a stunning platform that we call our State Capitol. And thank you, to you, for your involvement and to your organization for their resources and support of really I think shining a light on our unique and exciting history and reminding all Nebraskans about the glory of this building and each and every nook and cranny. As we walk through sometimes you might take it for granted, but it's so meaningful and so powerful; and this is just very well done. [LB797]

SARA KAY: Thank you very much. [LB797]

SENATOR HARMS: Thank you, Senator Conrad. Do we have any other questions? Senator Kintner. [LB797]

SENATOR KINTNER: No questions, but I just wanted to second everything she just said. I totally agree with her. [LB797]

SARA KAY: Well, thank you. Thank you very much. Also I have to put in a quick plug. We have an exhibit on the first floor from our design competition this past year, so it will be up through Friday. So if you get a chance, please take a look at it. Thank you for your consideration. We really appreciate it. [LB797]

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SENATOR HARMS: Do we have any other questions for Sara? Sara, thank you for your testimony. [LB797]

SARA KAY: Oh, yes. Yes, Senator Wightman. [LB797]

SENATOR HARMS: Oh, I'm sorry. I'm skipping you, John. [LB797]

SENATOR WIGHTMAN: Thank you for being here. [LB797]

SARA KAY: Oh, you're welcome. Yes. [LB797]

SENATOR WIGHTMAN: The Capitol it looks the most like, and I haven't seen all the capitols, but I think it's pretty obvious that Louisiana looks the most like Nebraska's Capitol and looks almost the same except for the dome on the top, I believe. Can you tell me whether they have a...? [LB797]

SARA KAY: The fountains? [LB797]

SENATOR WIGHTMAN: The fountains. [LB797]

SARA KAY: Mr. Ripley may be able to. I'm not for sure about that. I was also going to add, since I'm here, that our national organization for our 150th anniversary had a public survey about America's favorite architecture, and the Nebraska State Capitol came in as number 67; so that's pretty impressive, the only building in Nebraska. So we really have a lot to be proud of. Thanks. [LB797]

SENATOR HARMS: Thank you, Senator Wightman. Is there any other questions? Sara, thank you much, for your testimony. [LB797]

SARA KAY: Thank you. [LB797]

SENATOR HARMS: Do we have anyone else who would like to speak in favor of LB797? [LB797]

SUZANNE WISE: Good afternoon, Senator Harms and members of the committee. My name is Suzanne Wise, S-u-z-a-n-n-e, Wise is W-i-s-e. I am the director of the Nebraska Arts Council and I'm here to testify in favor of this bill, LB797. I didn't know if I would or not, because you do have a letter of support from our agency. But there were a couple of points that have come up in your discussion that I thought perhaps might be useful if I covered for you, and one of those had to do specifically with corporate support for such an endeavor. As you know, the Nebraska Arts Council also has a companion organization called the Nebraska Cultural Endowment, which is essentially a public-private partnership which supports the arts and humanities in Nebraska. Since

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I'm such a longtimer, I was there from the very beginning of that legislation, and also the private sector organization to bring those two efforts together. In essence, the money that's in the state treasury we cannot--meaning we in the Humanities Council--cannot have access to the earnings unless we raise a dollar from the private sector. So we do have some familiarity with raising money from the private sector. I will tell you that it's a difficult situation. It's one of those situations where it takes money to make money. So in order to do an effort of several millions dollars, you would have to have a funded organization where you're paying someone to help tell your story and to get the private dollars. There is also the issue of acknowledgment. And again I think that is yet another issue having to do with, this is the people's house. Do you want to slide into the area of putting corporate names in the building somehow? And again, that is obviously something that you would have to talk about. I can tell you that the State Capitol in Oklahoma had to raise money for their dome and they do have the names of the corporate supporters around the drum of the dome, and that's been a highly critical and controversial move that was made. Unfortunately, donors don't always give money for altruistic reasons. They do like to see their name displayed very prominently. There are very few donors that will give money anonymously or give money without asking for the credit. So just wanted to put that out there just based on our experience in raising funds for the arts and humanities in Nebraska, that working with the private sector has been a rewarding endeavor for me personally, but it is a long-term endeavor and it is one that has a lot of work and also money that has to go behind it to make the effort. [LB797]

SENATOR HARMS: Suzanne, thank you for your testimony. Do we have any questions? [LB797]

SUZANNE WISE: Thank you. [LB797]

SENATOR HARMS: Seeing none, thank you. Do we have anybody else who would like to speak in favor of LB797? Seeing none, do we have anybody who wants to speak in opposition of LB797? [LB797]

MATT LITT: Senator Harms and members of the Appropriations Committee, again my name is Matt Litt, M-a-t-t L-i-t-t, and I'm the Nebraska state director for Americans for Prosperity, a statewide advocacy organization with over 40,000 members who believe in responsible government spending. Our organization is opposed to LB797. As a lifelong Nebraskan, I understand the importance of the State Capitol Building to our state. It is a recognizable architectural landmark that inspires Nebraskans from Omaha to Benkelman. That is why we are pleased with the recently completed renovation project that repaired or replaced tons of limestone that threatened the long-term structural integrity of the building as well as refurbished the George Norris Legislative Chamber. These are necessary investments in the maintenance of our truly unique building. We have to draw the line between proper maintenance and respect for our State Capitol and things that are extra. And with all due respect to Senator Nelson and

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the senators who have signed on to this legislation, spending \$2.5 million to install fountains is an extra. The Lincoln Journal Star recently reported that Nebraska's median household income has fallen 5 percent over the past decade, after being adjusted for inflation. And the University of Nebraska's leading economic indicator reported taking a negative turn towards the end of 2013, with experts predicting 2014 as a difficult year for nonagricultural...agriculture related job creation in our state. While Nebraska has indeed weathered the national economic downturn better than most, we are not immune. When our state's people's incomes remain stagnant or, at worse, they're depreciating, while costs such as taxes, healthcare, and education continue to increase, our public officials ought to be even more responsive to the desire of the people to spend their money wisely. Installing fountains at the State Capitol is an extra. To do so with millions of taxpayer dollars while many are unemployed, underemployed, or living paycheck to paycheck, is unnecessary and not in the best interests and use of our tax dollars. Thank you for your time, and I'm happy to answer any questions you may have. [LB797]

SENATOR HARMS: Thank you for your testimony, Matt. Do we have any questions? Senator Conrad. [LB797]

SENATOR CONRAD: Thank you, Mr. Litt. [LB797]

MATT LITT: Yes. [LB797]

SENATOR CONRAD: Appreciate your testimony. And I appreciate your organization also identifying income inequality as an important policy issue facing all of us. Can you tell me, does Americans for Prosperity currently have any proposals that they've identified before this body as a way to address income inequality in our state? [LB797]

MATT LITT: I would be happy to address any questions relating to fountains in the State Capitol. [LB797]

SENATOR CONRAD: I thought that the purpose of your testimony today though was you were saying because of income inequality we shouldn't pay for fountains. Is that not fair? [LB797]

MATT LITT: I said...and then I would say the summary of it is that it's an unnecessary expense and not the best use of our tax dollars. [LB797]

SENATOR CONRAD: I thought you had cited a variety of statistics about income inequality and things like that. [LB797]

MATT LITT: Let's see, the specific statistic was household income has fallen 5 percent over the past decade... [LB797]

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SENATOR CONRAD: Okay. [LB797]

MATT LITT: ...and which I think highlights the need to spend tax dollars even more prudently. [LB797]

SENATOR CONRAD: Okay. So do you have any proposals that you're championing before the Legislature this year to improve that individual economic situation? [LB797]

MATT LITT: You know, I would be happy to answer questions about the fountains in this bill. [LB797]

SENATOR CONRAD: Are there other colleagues on staff that are working in other areas at Americans for Prosperity? [LB797]

MATT LITT: In that issue? [LB797]

SENATOR CONRAD: It's not just your area of expertise? Is that your response? [LB797]

MATT LITT: You know, I would be...in terms of this bill, I'd be happy to answer questions related to this. But I would love to set up a meeting with you after this or this week and talk more about it. [LB797]

SENATOR CONRAD: Yeah. If you just want to forward that information to my office, that would be great. Thanks. [LB797]

MATT LITT: Sure. Okay, will do. [LB797]

SENATOR HARMS: Thank you, Senator Conrad. Do we have any other questions for Matt? Seeing none, thank you for... [LB797]

SENATOR CONRAD: Oh. Senator Wightman. [LB797]

SENATOR HARMS: Oh, John, I just keep missing you. Senator Wightman. [LB797]

SENATOR WIGHTMAN: Thank you for being here with us today. [LB797]

MATT LITT: Thank you. [LB797]

SENATOR WIGHTMAN: I'm wondering, since you're a member of the organization that you're representing here today, do you have any thoughts of what their initial feeling would have been about spending \$10 million or \$14 million or \$15 million for the Capitol

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Building itself? [LB797]

MATT LITT: In the beginning? [LB797]

SENATOR WIGHTMAN: Yes. Right. [LB797]

MATT LITT: I cannot speak for...(laugh). I can't speak to that. I'm sorry. [LB797]

SENATOR WIGHTMAN: Wouldn't it be somewhat the same as trying to complete what was in the Capitol? [LB797]

MATT LITT: Well, I guess... [LB797]

SENATOR WIGHTMAN: I mean, to start with, or...? [LB797]

MATT LITT: So if in terms of having to build the Capitol to begin with, I did mention that, you know, the recent...let's see, the renovations to the structure and the limestone were important. So keeping the building functional is extremely important. Our organization, we're not anarchists. We believe there's a role for government and that you need a building in which the government to conduct its business. But fountains in the courtyards, which many folks don't have the opportunity to come visit the Capitol or, if they do, aren't spending a lot of time out in the courtyards; I don't think it's as necessary. So I think, you know, back when the Capitol was built, citizens probably felt a need for the Capitol, which is why the funding was there, but I don't know that they would have said that we need to have fountains in the courtyards as part of it. [LB797]

SENATOR WIGHTMAN: One of the things that has been paid for over the years are artistic works that appear in the Capitol. Maybe that's a little closer to what we're talking about here. Do you have any idea what your organization would have felt with regard to the state spending money for artwork? [LB797]

MATT LITT: I can't speak to what a fictitious...our organization back then was not in the mind of anybody. I can't speak to what they would have said back in the... [LB797]

SENATOR WIGHTMAN: Okay. Thank you. [LB797]

SENATOR HARMS: Thank you, Senator Wightman. Do we have any other questions? Senator Conrad. [LB797]

SENATOR CONRAD: Just a quick point to clarify, because I didn't remember exactly Americans for Prosperity coming in, in previous hearings, to support our efforts to make those investments in the Capitol recently. So is it just kind of a retrospective position that you're taking here today, or...and if my memory is incomplete, please forward that

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information to our office as well. But do you remember, did they take an official position or...? [LB797]

MATT LITT: You know, I don't remember... [LB797]

SENATOR CONRAD: Okay. [LB797]

MATT LITT: ...from previous sessions. But I will... [LB797]

SENATOR CONRAD: Very good. [LB797]

MATT LITT: ...look into that... [LB797]

SENATOR CONRAD: Thanks. [LB797]

MATT LITT ...and get that and that other information to you. [LB797]

SENATOR CONRAD: Okay, thank you. [LB797]

SENATOR HARMS: Thank you, Senator Conrad. Do we have any other questions? [LB797]

MATT LITT: Thank you. [LB797]

SENATOR HARMS: Matt, thank you much, for your testimony. Do we have anyone else who would like to testify in opposition of LB797? Seeing none, do we have anyone who would like to testify in a neutral position? Welcome, Mr. Ripley. [LB797]

ROBERT RIPLEY: Thank you, Senator Harms. Chairman Harms and members of the Appropriations Committee, my name is Bob Ripley or Robert Ripley. I have the good fortune of serving as the Capitol Administrator for the Office of the Capitol Commission. My name is spelled R-o-b-e-r-t, middle initial C as in Charles, last name R-i-p-l-e-y. I have no prepared comments for today. I appear at the request of Senator Nelson to attempt to answer any technical or historical questions you might have about the subject matter of this bill. If you have questions, I'll attempt to answer. That's my only offer. [LB797]

SENATOR HARMS: Mr. Ripley, I do have one question. [LB797]

ROBERT RIPLEY: Yes. [LB797]

SENATOR HARMS: Why were the fountains never completed? [LB797]

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ROBERT RIPLEY: There were two aspects of the original building that were left unfinished in 1932 when the building was completed: one were 20 murals which were described earlier, and were completed in 1996; and the courtyard fountains. And I believe it was a gesture to the austerity of 1932 when unemployment was, on average, 20 percent in the nation, that the state of Nebraska chose to divert the final \$200,000 of the \$10 million that was appropriated for the Capitol to build a hospital, I believe, in the central part of the state. [LB797]

SENATOR HARMS: Thank you. Do we have any other questions? Senator Bolz. [LB797]

SENATOR BOLZ: Good afternoon. I've been waiting... [LB797]

ROBERT RIPLEY: Good afternoon. [LB797]

SENATOR BOLZ: I've been waiting to catch you. I can appreciate where Senator Nelson is coming from in terms of the Capitol representing our culture and our history, and I've been sort of chewing on that. But it also leads me to ask a question about our compliance with the Americans with Disabilities Act. That's a value that I want to promote in our Capitol Building. And I'm just curious to hear, are there any changes or adjustments that need to be made in terms of access for people with disabilities for this building? [LB797]

ROBERT RIPLEY: We work routinely with the U.S. Department of Justice in Omaha on...we submitted a transition plan for converting the building, I believe it was in 1992, to be compliant with or to provide reasonable accommodation with the Americans with Disabilities Act. And to my knowledge, yes, there are plenty of issues in the Capitol that do not comply, but most of them are aspects of the building that cannot comply without doing serious damage or harm to the building. And so with the oversight of the United States Department of Justice, we continue to kind of monitor what we need to do with regard to providing accommodation. And we had one issue on a couple of signs in the building within the last year and a half, and we resolved those to the DOJ's satisfaction. So to my knowledge, no. [LB797]

SENATOR BOLZ: And, you know, if the answer is no, that's okay. But I'm just...I want to make sure I'm clear in my mind. To me there's a distinction between compliance and meeting regulations and being as accessible as possible. [LB797]

ROBERT RIPLEY: Sure. [LB797]

SENATOR BOLZ: And I'm just curious if you can articulate anything that's maybe next on the list or anything that, you know, even if challenging, could be done to make our building more accessible. And if the answer is no, I understand. I just want to be sure

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I'm clear. [LB797]

ROBERT RIPLEY: We...as I say, we developed this transition plan in 1992 or '93, somewhere in that range, and we've gone through the list of things that we felt were compliant, those places where we physically could not accommodate it, we have done so. And so we believe we're as compliant as we can be within the strictures of this piece of federal civil rights legislation. And when we get complaints...and I believe the law was really set up not to have any police force to monitor ADA issues. Their whole premise was that complaints lodged to the Department of Justice would be the enforcement arm, and I believe that's the way it's been done. And we, as I say, I...by all means, I don't know of anything that we're not compliant in, according to our transition plans and our intentions and our best faith effort to try to meet the requirements of the ADA. [LB797]

SENATOR BOLZ: And just one more piece here. [LB797]

ROBERT RIPLEY: Sure. Sure. [LB797]

SENATOR BOLZ: Just as an example, and an honest question. Everybody has gotten humored today. Humor me. For example, I couldn't host an individual with a disability in my office. What about opening doorways and...or even removing chairs so that there would be a designated place for someone in a wheelchair? I mean, can you speak to anything else? [LB797]

ROBERT RIPLEY: In effect, when these hearing rooms were laid out, the reason you're a chair or two short in the front row is just for that very purpose: to allow for that. There are tablet arms on the front row to accommodate those who have need for support or the ability to take notes and those sorts of things, so. Although perhaps not perfect in every sense, an 80-year-old building that existed that many years before this act was passed, we've done everything we can physically possibly do with the building to make it accessible and balance similar federal issues regarding preservation of national historic landmarks, which the federal government also designates this building as. [LB797]

SENATOR BOLZ: Okay, thank you. [LB797]

ROBERT RIPLEY: Sure. [LB797]

SENATOR HARMS: Thank you, Senator Bolz. Senator Conrad. [LB797]

SENATOR CONRAD: Thank you so much, Mr. Ripley. And I'm thinking that maybe my previous characterization was not fair. And believe me, I am no expert and that's why I'm glad you're here. But isn't there a long-running maybe tension or debate about distinctions with form and function from an architectural and design perspective? And

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I'm wondering, can you, in essence, separate those things? Are they, in fact, design elements whether based on bricks and mortar and HVAC systems and stairwells, can they be separated and distinguished from interior lighting and paint and carpet and art and all of the things that make a structure living and breathing and workable and celebrated? [LB797]

ROBERT RIPLEY: With respect to the ADA primarily? [LB797]

SENATOR CONRAD: No, no, no, no, no, just to completely a different train of thought in kind of the fountains question versus some of the other architectural or building needs that we have before us right now. I mean, isn't this really a longstanding kind of debate or question or tension from a design or an architectural perspective about which is more important or how they correlate together? Or maybe I'm not interpreting that school of thought very well at all. [LB797]

ROBERT RIPLEY: Well, I don't know that I'll answer your question to your satisfaction, but it's maintaining the balance. And our office is in the position of responding to that which the Legislature and the Governor chooses to make the priority. And when you do so, we are in a response mode to make it happen. And so I think there's always the debate between function and form and those sorts of things, and it's...there's no absolute answer as to what is absolutely right and absolutely wrong. It's a matter of kind of balancing the values of historic preservation, access to the public, those sorts of things. We do not ignore any requirement with regard to the law, and we work in every respect to be...to accommodate fire and life safety issues, ADA issues, and balancing those within the context of having a national historic landmark and all the things that that implies as well. [LB797]

SENATOR CONRAD: Right. Would our building capture the imagination of so many in the design world or tourists or what have you if it was not constructed with some of the beautiful art and enhancements and frescos and whether it be on the floor or the Rotunda or the out...the exterior of the building? I mean, would our Capitol be our Capitol without some of those enhancements? [LB797]

ROBERT RIPLEY: Well, you're asking that of an obviously biased opinion here. [LB797]

SENATOR CONRAD: (Laugh) Fair enough. [LB797]

ROBERT RIPLEY: However, saying that, we hear responses--and I should have the tour staff here--from people who make it a point of touring to capitols throughout the country... [LB797]

SENATOR CONRAD: Right. Yes. [LB797]

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ROBERT RIPLEY: ...to seeing all 50 of the state capitols. And we hear a remarkable number of responses from people saying...comparing our building to others. And we have never come away disappointed with their responses, let me put it that way. [LB797]

SENATOR CONRAD: That's very helpful. Thank you. [LB797]

ROBERT RIPLEY: Um-hum. [LB797]

SENATOR HARMS: Thank you, Senator Conrad. Are there any other questions? Senator Kintner. [LB797]

SENATOR KINTNER: You know, I'm not surprised you are a neutral testimony. You're the least controversial guy that resides in this building. And I want to follow up a little bit on what... [LB797]

ROBERT RIPLEY: That's a thank-you, I believe. [LB797]

SENATOR KINTNER: I need to take lessons from you. (Laugh) I would like to follow up on what Senator Conrad has been talking about. You know, we...I think it's well documented that we're holding our heating and air conditioning together with rubber bands and chewing gum at this point. And what are the other needs in this...you know, to keep snow from going in her office, to keep water from pouring down, to keep people from tripping on torn carpeting? What are the needs right now in the Capitol? [LB797]

ROBERT RIPLEY: I think...and this is not fountain related. But in a broad possible sense--and this is not promoting or discouraging anyone--the most critical infrastructure needs that we have in the building are really wrapped up in the proposal that's generically called the heating, ventilating, and air conditioning project. The issues of windows that leak snow, it's been going on, I regret to say, for probably the 30 years that I've worked in this building. And that is part of that project. We need an emergency backup generator system. That is part of that project. So we have encompassed a great number of physical infrastructure needs in this building into this one package, primarily because to do the HVAC project we eventually have to vacate every square foot of this building in order to make the changes. If you're going to displace and disrupt that much of the function of government, we sure as heck are going to do everything we possibly can while those people are out of their office, to do all of those improvements; to not displace people twice but to do it once and to do it comprehensively. And so many of the things in terms of basic infrastructure needs are really encapsulated in that overall proposal called HVAC. [LB797]

SENATOR KINTNER: Well, that's good. I'm glad to hear that. We'll take care of it all in one shot. I guess it's...you know, it's the least painful way to do it. In terms of, you know,

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we're redoing two senator offices a year, I think we're allocating \$200,000-and-some to do that, or per budget. This doesn't do anything to speed that up, does it? [LB797]

ROBERT RIPLEY: It...this project...now, when you speak of that, are you speaking of the HVAC project? [LB797]

SENATOR KINTNER: No, you know, just how you...I think we did two offices on the second floor this year. [LB797]

ROBERT RIPLEY: Um-hum. [LB797]

SENATOR KINTNER: And, you know, the senators moved out. We redid the whole thing. Well, at the rate we're doing, we won't do those offices again for 25 more years. [LB797]

ROBERT RIPLEY: Well, and the truth is, in terms of senator offices, all senator offices, office suites that are currently occupied, were renovated initially in 1989 through 1992. And we, in fact, going back and re-renovating some of those spaces because of what we've learned since 1989, and that is that we cannot continue to cover 13-15 coats of paint perpetually without eventually the paint wanting to come off the wall all by itself. And so what we do today when we renovate--we'll use the senator office example--we are going in and we are taking all of the paint off after 85-90 years of accumulation, all the way to bare plaster. So the renovation of a senator office today is not the same as what we renovated in 1989. We have since learned from the experience, painfully, only to see the work we've done start peeling off the walls. So it's a far more thorough process and we have refined the whole process for renovation in this building. We're simply doing it in small incremental steps. Where most of the space in the building has been renovated since 1989--not all; there are still a few spots. We're just now starting to renovate the last two justices of the Supreme Court. Their offices haven't been renovated since the building was constructed. So we're getting to them as well, but we're doing it all through this very thorough contemporary process. I'm sorry. I hope I'm not getting too far afield. [LB797]

SENATOR KINTNER: No, that's great information to have. I really appreciate that. Now I understand a little bit better what you're doing. Okay, well, that's good enough. I got a little bit of an idea. I think we can move forward... [LB797]

ROBERT RIPLEY: Very good. [LB797]

SENATOR KINTNER: ...and with some confidence that we're going to do something besides tread water. So thank you for coming today. [LB797]

ROBERT RIPLEY: Absolutely. [LB797]

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SENATOR HARMS: Thank you, Senator Kintner. Do we have any other questions? Mr. Ripley, thank you very much for your testimony. [LB797]

ROBERT RIPLEY: Thank you, Senators. [LB797]

SENATOR HARMS: Do we have anyone else who would like to speak in a neutral capacity? Seeing none, Senator Nelson, would you like to close? [LB797]

SENATOR NELSON: Senator Harms and members of the committee, first of all, I want to thank those who...the proponents who came--Sara Kay, Senator Wickersham, Suzanne Wise, Bob Ripley--for the good information that they gave to us today. I just...a couple of comments. Just for your information, in 1976, we became a registered national historic monument...or landmark, rather. And if you go to the north end of the Great Hall, there you will find a plaque put there by the Nebraska State Capitol Commission in 1934. And it says "It is difficult for Nebraska to realize what it has done, but the people of your nation and all nations know and they look to you for careful preservation of what has become a jewel among historical monuments." We've been talking a great deal about preservation and priorities. To the credit of this Legislature and the state of Nebraska, we spend a great deal of money already on preservation. The exterior renovation took ten years at a cost of \$56 million. HVAC and all that that entails, it's going to take considerably more than that. This is money that's going to be spent by taxpayers. It has to be if we want this building to exist for another 80 or 100 or 120 years. But at the same time, we've got to think of the aesthetic values, and that's got to be part of our consideration. And I just want to remind you, to the best of my knowledge it hasn't changed: On new capital construction, for instance, 1 percent of the money is set aside for artwork and design and cultural things, statues, things that will enhance the appearance of that building. And I think we have to look at it this way. And let me give you a little history again in addition to what Bob Ripley did. He said that \$200,000 was set aside back in 1932. And incidentally, that was a time when my grandfather, twice, almost lost the farm. I mean, things were after the 1929 bust and you got into 1932, there was so much anguish that they weren't sure that they even wanted to finish the tower of the Capitol. But the commission stood firm. They built the tower. But they only spent \$9,800,000. They set aside \$200,000 that was unused. If you look back at what that cost was there, what would it cost now? If they had done it then for maybe \$100,000, it would have been done. Now we're talking about \$2 million to \$3 million after all this period of time, and it simply has never reached a priority status. And it never will reach a priority status, probably, because we always have other things that the money can be spent for. But I just want to tell you this: We are fairly well off now. We have a sizable reserve fund and you've helped build that up. This is probably not \$2.5 million. It might be able to be able to do it for \$2.1 million or something like that, and that's spread over three years. Let's get this done. I mean, yes, there's going to be pushback. But I think if we don't do it now, it's never going to happen, because

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things...that's just the way it works. And I think we have to take...think in terms here of the next three years. We have an opportunity to get this done at a fairly reasonable expense. I mean, if you're going to stack up this cost over three years with what we're going to face in the next ten years. So I would just urge you to give your careful consideration to this. I know we talk about wants and needs. The needs far outpace some of the wants that we'd like to do. I think we've done a good job with our Capitol from the standpoint of people coming. We have hoards of children that come through. Probably some of them, I'm guessing, have never really seen a live fountain operating. And this is not one that casts money...or rather, not money (laugh), but casts water way up in the air. We're not looking at that. I think it's interesting that it's a bubbling type of fountain. It's a cooling type, and it can be construed...or it will let water flow over the side of the fountain and down into a drain where it will be recirculated. The fountains are cast of bronze. There has to be a lining inside that will protect the bronze, and there also has to be a cover. So it does run into some expense. There will also be some landscaping that needs to be done. The sidewalks were in pretty good shape. They are a flagstone of some sort. But 40 percent of those would have to be removed to put the fountain in. And so we might as well redo those at the same time, and that's part of the expense and the landscaping. But it will be a finished project. So with that, I think I've covered all the loose ends here that I could hear. I appreciate all your good questions and your comments and your thoughtfulness, and just ask that you will mull this over carefully and decide what's best for the people of the state of Nebraska. Thank you. [LB797]

SENATOR HARMS: (See also Exhibit 17) Thank you, Senator Nelson. Do we have any final questions? Seeing none, this completes our hearing for LB797 and thank everyone for coming. This completes our day. Thank you. [LB797]