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Appropriations Committee
March 08, 2017

[LB115 LB281 LB379 LB620]

The Committee on Appropriations met at 1:30 p.m. on Wednesday, March 8, 2017, in Room 1003 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB115, LB281, LB379, and LB620. Senators present: John Stinner, Chairperson; Kate Bolz, Vice Chairperson; Rob Clements; Robert Hilkemann; John Kuehn; Mike McDonnell; Tony Vargas; Dan Watermeier; and Anna Wishart. Senators absent: None.

SENATOR STINNER: Welcome to the Appropriations Committee hearing. My name is John Stinner. I'm from Gering and that's the 48th Legislative District. I serve as Chairman of this committee. I'd like to start off by having members do self-introductions, starting with Senator Clements.

SENATOR CLEMENTS: Hello, I'm Rob Clements from Elmwood. I represent District 2.

SENATOR HILKEMANN: Robert Hilkemann, District 4, west Omaha.

SENATOR STINNER: I'm John Stinner, District 48, all of Scotts Bluff County.

SENATOR WISHART: Senator Anna Wishart, represent District 27 in west Lincoln.

SENATOR VARGAS: Senator Tony Vargas, representing District 7, downtown and south Omaha.

SENATOR STINNER: Other members of the committee will join us. They're, most of them are, in hearings and some of them are just late. Assisting the committee today is Jenni Svehla. She is our committee clerk. And we also have our fiscal analyst, Jeanne Glenn. On the cabinet to your left you'll find green testifier sheets. If you are planning to testify today please fill out a green sign-in sheet and hand it to the page when you come up to testify. If you will not be testifying at the microphone but want to go on record as having a position on a bill heard today, there are white sign-in sheets on the cabinet where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearings. To better facilitate today's proceedings, I ask that you abide by the following procedures. Please silence or turn off your cell phones. The order of testimony will be the introducer, proponents, opponents, neutral, and then closing if it's a bill. When we hear testimony regarding agencies, we will first hear from the representative of the agency or the bill sponsor. We will then hear testimony from anyone who wishes to speak on the agency or that bill. When you come up to testify, please spell your first name and last name for the record

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before you testify. Be concise. It is my request that you limit your testimony to five minutes and we will be using our light system today. Written materials may be distributed to committee members as exhibits only while testimony is being offered. Hand them to the page for distribution to the committee and staff when you come up to testify. We will need 12 copies. If you have written testimony but do not have 12 copies, please raise your hand now so the page can make copies for you. With that, we will begin today's hearings with Agency 72, Department of Economic Development. Good afternoon and welcome.

AGENCY HEARINGS

SENATOR BOLZ: Seeing no testifiers on Agency 52, the State Board of Agriculture, we'll move on to LB115 by Senator Harr. Not seeing Senator Harr, I'm sure the pages will help us track him down and we'll stand at ease for a moment waiting for Senator Harr to make his appearance. [AGENCY 52 LB115]

EASE

SENATOR BOLZ: Hi, Jamison. [LB115]

JAMISON WYATT: Hi. [LB115]

SENATOR BOLZ: Thanks for coming over. And you're here to open on LB115? [LB115]

JAMISON WYATT: Yes. [LB115]

SENATOR BOLZ: Thank you very much. Go ahead. [LB115]

JAMISON WYATT: For the record, my name is Jamison Wyatt, that's J-a-m-i-s-o-n W-y-a-t-t, and I am Senator Harr's legislative aide. I'm here to introduce LB115 on his behalf. He apologizes for his absence. He is actually on another bill in Revenue at the moment. LB115 is legislation to direct the Nebraska Tourism Commission to provide for certain uses of a fund, that fund specifically being the State Visitors Promotion Cash Fund. What we're wanting to do is have \$85,000 of that cash fund essentially earmarked for the use of music festivals in a city of the metropolitan class--Omaha. Just so we're clear, no one asked us to introduce this legislation but, of course, this is the type of music festival which could be used, for example, in the case of like Maha Music Festival. And I guess I think the question that we need to really ultimately ask ourselves is, what is the importance of tourism? The purpose is to get people to Nebraska to spend money. And music festivals are a great way to actually attract people to the state and get

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them to spend money. And in the example that I gave you with Maha example, we've seen that there actually have been large numbers of people attracted from across the state and out of state heading to Omaha to that festival. Those numbers have increased over time. For example, in 2012 the attendance at that music festival was 4,300; this past year the attendance was at 7,600; the year prior, in 2015, there was actually 9,000 individuals attending that music festival. And we see that, again, many of those individuals attending are coming from out of state. For example, this past year 13 percent of the attendees at that festival were from out of state, so. The Tourism Commission has previously granted dollars to music festivals. For example, Maha received a grant of \$21,800 in 2016. And again, we just want to stress again that these music festivals, especially maybe for younger populations, are a great attraction for Nebraska and, right, the Tourism Commission has put money into these types of festivals before and we just want to encourage the commission to continue to support these types of...these activities and festivals. So with that, I will end my introduction. [LB115]

SENATOR BOLZ: Very good, and certainly if Senator Harr wants to keep his closing, we'll give him that opportunity. [LB115]

JAMISON WYATT: Absolutely. Okay? [LB115]

SENATOR BOLZ: I'll thank you for your opening and invite any testifiers on LB115 to testify. Anyone in support of this legislation? Go right ahead. [LB115]

LAUREN MARTIN: (Exhibit 1) Thanks. Well, hi. Thank you for the time. You guys made it easier by clearing out a little bit. Committee, my name is Lauren Martin, L-a-u-r-e-n, Martin, M-a-r-t-i-n, and I'm the executive director of the Maha Music Festival which Jamison just mentioned. For a bit of background, Maha is an annual nonprofit event that takes place in Omaha and is powered each year by more than 300 volunteers and 50 local businesses and institutions. Since 2009, our stages have seen over 100 musicians, both local and national, attracting thousands of attendees from 46 states and counting. On behalf of every individual that supports, enjoys, and believes in Maha, both as a music festival and, more, a community connector, I support LB115 because it drives increased economic impact, supports responsiveness to the needs of our community, and directly increases the appeal of Nebraska to a younger audience. Speaking specifically to economic impact, out-of-state ticket buyers have represented an average of 20 percent of Maha's total attendance. And I know Jamison mentioned 13 percent. That did not include the 6 percent that came from Iowa, so. The economic impact of these general admission ticket purchases in 2016 alone totaled over \$200,000. Furthermore, 22 percent of attendees reported an overnight stay as part of their festival experience. Specific statistics, just so you know, are included in your materials for reference if you want to see some more background on that. By comparison to ongoing investments in infrastructure such as performing art centers

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and sports stadiums, festivals are much better investments due to their comparatively low cost and high malleability. Maha, as an example, is a music festival focused on showcasing and elevating the community that it supports. In the last five years attendance at Maha has more than doubled from about 4,000 in 2012 to a sold-out crowd of 9,000 in 2015. This growth is due primarily to the continued and growing financial support from our local community. But what sets Maha apart from the conventions, annual meetings, and sporting events notable for attracting visitors from outside of Nebraska is the number of attendees ages 18 to 34, which make up more than 50 percent of our audience year over year. The Tourism Commission's current marketing plan specifically identifies this demographic--the millennials--noting that they are soon expected to surpass boomers in overall travel spending. Mr. Ricks, in his earlier testimony, stated that Nebraska is not in consideration for people that are planning their vacations. So what do we have to say to that? Bring on the music festivals. Thank you for your time in allowing Maha's voice to be heard in support of LB115. As we understand this legislation in its current form, it would support music festivals in the Omaha metro area. However, I'd like to go on record as saying that after seeing the benefit Maha brings to our community, we would encourage that this legislation be expanded to impact festivals--the connection, experience, and community that they enhance and represent--across our state. Thank you for your time and consideration. I'm happy to answer any questions you might have. [LB115]

SENATOR BOLZ: Thank you. Any questions? [LB115]

SENATOR HILKEMANN: I'm sorry. I missed the earlier testimony. I was...when is this Maha Festival? When does it occur? [LB115]

LAUREN MARTIN: This year it's August 19. It's usually about the third week in August. [LB115]

SENATOR HILKEMANN: Okay. And where do you hold it? [LB115]

LAUREN MARTIN: It's in Aksarben Village in Omaha,... [LB115]

SENATOR HILKEMANN: Okay. [LB115]

LAUREN MARTIN: ...which is about 67th and Center. [LB115]

SENATOR HILKEMANN: Good. [LB115]

SENATOR BOLZ: Very good. Thank you very much. [LB115]

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LAUREN MARTIN: Thank you. [LB115]

SENATOR BOLZ: Next proponent in favor of LB115. Okay. Anyone in opposition? [LB115]

ANDY POLLOCK: Vice Chair Bolz, members of the Appropriations Committee, again my name is Andy Pollock, A-n-d-y P-o-l-l-o-c-k. Like before, I'm here representing the Nebraska Travel Association, a group that consists of travel-related businesses from across the state. I want to start out by beginning...or...start out by beginning...I want to begin by saying that we very much support music festivals. They are a key tourism attraction. They are key, like the last speaker said, to bringing in and attracting millennials. We certainly support the Maha Festival. It was started or at least co-started by a good friend of mine and so I don't want to leave this committee with the impression that we don't understand and don't appreciate the value of music as an aspect of our culture and the importance of that in attracting visitors within the state and also from outside the state. I'm here mainly just to defend an institution and a practice. The Nebraska Tourism Commission, you heard Mr. Ricks testify earlier, is the agency that is charged with promoting tourism and travel in the state of Nebraska. It does a great job of doing that. You've heard a little bit about its grant programs. Like the previous testifier said, Maha has received grant funding from the commission. Music festivals in Omaha have received around \$50,000 in funding from the commission in the last three years. Total, there's been almost \$105,000 spent for or granted to music festivals and similar music events across the state. It could include concerts as well. So I don't think it's an industry or a part of our tourism culture that's being neglected. There's a process in place. There's a commission in place. And we would ask...we ask, simply, that you respect that process. The Legislature, I think if the Legislature would sign off on a bill like this, it sets a very bad precedent. It sends a message to the state, hey, who's next in line to come ask for \$85,000, \$100,000? And in fact, before we had even talked about this legislation, we saw another bill which will be before you shortly, LB379, in which essentially the city of Red Cloud is looking for an appropriation as well. I know there were discussions among other cities that if this grant...if this was a good idea perhaps they should be pursuing similar requests. If we do that we might as well not have a Tourism Commission. If we do that we might as well not have a grant program. You've entrusted the Tourism Commission with this responsibility. I think it's carried out that responsibility well and I think it will continue to do so, especially under the new leadership. And for those reasons, while I would add again that we appreciate the value of music to Nebraska and our culture, this is not the right vehicle for funding it. With that, I'd urge you to not advance LB115. [LB115]

SENATOR BOLZ: Go ahead, Senator. [LB115]

SENATOR WISHART: Well, thank you, Andy, for being here today. I did want to talk a little bit to the precedent. You know, I do think you make a good point. But with that said, you know,

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this...the Appropriations Committee, we were just looking at the Environmental Trust, for example, yesterday and they have a similar kind of grant program. And we have, as a Legislature, determined that a certain portion of dollars from that grant program will go to a very specific water issue. So we have done this in the past. So, you know, I think we've already...we've already set the precedent in terms of having done it with other organizations. So what we'll have to decide is whether we want to move forward in continuing to do that. So thank you for bringing that up, though. It's a good way for us to think about this. [LB115]

ANDY POLLOCK: I appreciate that and I appreciate the way that you responded to my point too. I don't know the circumstances of the Environmental Trust Grant so I can't speak to that. I would say there may be circumstances where the Legislature should step in and make a specific decision. I don't think what you've heard today or what you see in LB115 would be tantamount to those type of circumstances that would justify the commission or the Legislature stepping in and basically saying this money is going to go for this purpose here. [LB115]

SENATOR BOLZ: I have a similar question. It seems to me that we've had requests for certain types of events over the years, as I served on the Appropriations Committee. I think there was one on Special Olympics. I think there was one related to a golf tournament. Maybe one or two of those has been in the Department of Economic Development, maybe one or two has been in Tourism. Can you just help me pull apart when you think it would be appropriate for the Legislature to respond to a specific request versus when it wouldn't be appropriate? [LB115]

ANDY POLLOCK: Well, I think...and we talked about that, Senator Bolz, with respect to some amendments that were discussed on this bill. If...and I could be wrong and if I am, please correct me or accept my apology for being incorrect. But I think in some of those previous instances there it was a special appropriation by the Legislature with a direction, basically with a directed earmark to utilize that money for a specific purpose, might have been Special Olympics. My memory is not going to reach back that far. But in that instance the appropriations is a special appropriation so it would be in addition to the \$852,000 that the commission has in aid right now. There was some discussion about doing that for music festivals and our group was open to discussions on that particular issue if there would be a certain amount earmarked. At first the discussion began with an idea that there would be a special appropriations for that. Our question was, in a budget-light year like this, do we support an additional \$150,000 for music or, you know, do we not for political reasons? In the end, the amendment that I saw earmarked no special new appropriations and so we told the group that approached us with that amendment that we'd be opposed to it too. So I think...I don't want to try to speculate as to what set of circumstances might rise to the level of justifying the Legislature's involvement, but certainly if there would be a special earmarked new appropriation on top of the existing one, I think that makes it a lot easier. [LB115]

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SENATOR BOLZ: Thank you. Thank you. [LB115]

ANDY POLLOCK: Thank you. [LB115]

SENATOR BOLZ: Do we have any other opponents? [LB115]

JOHN RICKS: (Exhibit 2) Good afternoon. My name is John Ricks, R-i-c-k-s, the new executive director of the Nebraska Tourism Commission. I'm here today to oppose LB115 relating to the providing of \$85,000 from the State Visitors Cash Fund for promotional and visitor activities related to music festivals. I'm not going to go through issues that Mr. Pollock did because I don't want to...I respect your time, but there are a couple of points we want to make. First of all, the commission supports efforts to conduct and promote events all across the state, music events across the state, and has Marketing Grant Programs to assist in those endeavors. In fact, festivals across the state have been granted funds from the Tourism Marketing Program for many years. The intent of our grant programs is to assist communities to raise awareness and general interest, visibility and attendance at their events. And it's very important. It's part of the fabric, it's part of that ethos I was talking about before. So whether we're dealing with a music festival, an arts festival, a running or other kind of sporting event, any local community event, county fair, and on and on and on, the grant programs are really designed to support them all. Designating funds outside of existing grant programs is a path I don't think we can simply walk down. I don't think it's difficult to understand, if we open the door outside of the grant programs, that will encourage every other kind of event, attraction, destination, or region in the state to do the same, potentially reducing the funds available that we need to kick-start our upcoming out-of-state marketing efforts to invite people from out of state to visit Nebraska. Plus, we feel it's important for local events or local organizations to have some skin in the game at all times. Our Marketing Grant Programs consist of \$852,000 of funds available to tourism-related organizations across the state and the local match of these organizations that have come up is also extremely, extremely affordable. In fact, this \$852,000 as a percentage of our total Tourism Office, as I mentioned before, is the largest I've ever seen. Plus, the 25 percent match in the Tourism Marketing Grant Programs is, frankly, the most affordable, especially when you consider that that 25 percent that they have to come up with can be further reduced in half by in-kind donations, thus, reducing out-of-pocket cash outlay to only 12.5 cents on a \$1. That's a really, really good deal. Our existing grant programs are great. We're going to keep looking at them to making sure they are quality as we continue into the future and will encourage organizations across the state to participate in them. And it's within these generous grant programs is where the support by the Nebraska Tourism Commission should remain. Thank you, and I'll be happy to answer any questions you may have. [LB115]

SENATOR BOLZ: Thank you. [LB115]

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SENATOR WISHART: Well, thank you for being here again today. So the way that you read this introduced legislation, you're reading that there is no required match, matching funds. [LB115]

JOHN RICKS: Well, there is a required match. It's 25...it's a 25 percent match, and they can come up with it in terms of either cash or in-kind. So, first of all, most co-op marketing programs I've been around are fifty-fifty--we put in a buck; you put in a buck. Those are generous. This one is even more generous than that because they only have to come up with 25 percent. And then of that 25 percent, because they are events, they will have in-kind participation, like we've heard about the hundreds of volunteers that it takes to pull these off. So the actual cash outlay is only 12.5 cents on the dollar. [LB115]

SENATOR WISHART: And I guess just to clarify I'm asking that with this legislation, LB115, are you reading within this legislation that there is a match or...? [LB115]

JOHN RICKS: No, I'm reading that there is...would be no match. [LB115]

SENATOR WISHART: There would. [LB115]

JOHN RICKS: It would be a direct \$85,000 cash outlay out of the fund. [LB115]

SENATOR WISHART: Okay. [LB115]

JOHN RICKS: Yeah. [LB115]

SENATOR WISHART: So if we were to look at adding an additional requirement for matching dollars, would that be something that would potentially change your opposition to this legislation? [LB115]

JOHN RICKS: Then it would just basically fall into the grant program. [LB115]

SENATOR WISHART: Right. [LB115]

JOHN RICKS: So I mean... [LB115]

SENATOR WISHART: But we're specifying that a certain amount is going to go to music festivals. [LB115]

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JOHN RICKS: I don't know. I'd have to... [LB115]

SENATOR WISHART: Okay. [LB115]

JOHN RICKS: ...I'd have to see how it's set up in the wording. But we're really trying to capture everything within those grant programs because that's a large pool of money and we want that all invested properly. [LB115]

SENATOR WISHART: Okay. Thank you. [LB115]

SENATOR VARGAS: Thank you very much,... [LB115]

JOHN RICKS: Yes, sir. [LB115]

SENATOR VARGAS: ...Vice Chair. [LB115]

JOHN RICKS: Uh-huh. [LB115]

SENATOR VARGAS: Questions or a follow-up question: How do you determine...how do you prioritize the grant program, who gets grants? [LB115]

JOHN RICKS: I have not been through a grant cycle yet. My understanding is that there's a committee that's put together and they go through each and every one of them. My understanding is also that not every one is accepted because they have to meet certain requirements in terms of objectives and things. In other places where I've been, they also have to do a follow-up, and it doesn't have to be a big piece of research or anything. It just has to be a follow-up in terms of attendance. I'd like out-of-state attendance and any economic impact information just so we know that they're actually just not taking the money and throwing an event and seeing what happens. But, you know, I know there's a look at everything and that not every one is accepted. [LB115]

SENATOR VARGAS: And I ask because, based on these numbers, there seems to be a tremendous amount of demand. And I just wanted to get a sense of how within the grant program people that are applying are competing against one another... [LB115]

JOHN RICKS: They are. [LB115]

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SENATOR VARGAS: ...and whether or not there is some equity where you are setting aside a certain amount of funds for music festivals,... [LB115]

JOHN RICKS: Oh, I see. [LB115]

SENATOR VARGAS: ...a certain amount for. Because if not, I have questions about who's on the commission and how they're choosing that. Because, as we're hearing from different organizations, it sounds like this is about the first time this happened where people are asking for more funding. There must be a demand. Obviously, we're seeing some data in terms of you put in your marketing priorities that you want to be data driven. [LB115]

JOHN RICKS: Sure. Yeah. Uh-huh. Uh-huh. [LB115]

SENATOR VARGAS: So I'm just trying to get a better understanding of (inaudible). [LB115]

JOHN RICKS: I think that...this is a crazy industry. It's not...there's no tourism store. You just don't go buy a bag of tourism. It's made up of events and attractions of all different kinds and shapes. So from my experience, if the music festivals were given a...or if a segregated amount was established for music festivals to be, you know, disbursed through the grant programs, then we'd see the arts festivals come in and then we'd have craft beer festivals and it would just snowball that way and it would actually, I think, be tougher to administer. I think your comment about who's on the committee and how the decisions are made, we can, you know, certainly look at. [LB115]

SENATOR VARGAS: That's helpful. [LB115]

JOHN RICKS: Yeah. [LB115]

SENATOR VARGAS: And I would venture to say if people are coming and asking for funds that maybe there is a need to figure out how we're prioritizing where the funds are going to and what kind of activities or else they wouldn't be coming to ask for more funds for specific (inaudible). [LB115]

JOHN RICKS: Yeah, I just think it's my unfamiliarity. I've seen the whole list and it's lengthy. I don't know if we've looked at and categorized them so, you know, I can't sit and tell you right now that there's been so much to a music fund, so much to an art festival. I can't personally do that right now, but we can look at it that way. [LB115]

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SENATOR VARGAS: Yeah. And then just calling it out because it seems that that's going to be...if they're asking for it and you're in opposition and I heard somebody else in opposition, and you don't want this to happen then there would need to be something internally that's done to address some of the equity. It seems like an equity conversation that needs to happen in different programs. [LB115]

JOHN RICKS: Yeah. And again, I'd like to point out that with the low matching rate on their end at 25 percent that can be reduced to 12.5 percent, you're always going to have heavy demand. Any community, any destination, any organization that wouldn't get into the...or try to get money out of the program is probably not doing its job very well, because I would because of the affordability of it. [LB115]

SENATOR BOLZ: Seeing no further questions, thank you. [LB115]

JOHN RICKS: Thank you very much. [LB115]

SENATOR BOLZ: Any other opponents? Anyone testifying in a neutral capacity? [LB115]

ANDREW NORMAN: (Exhibit 3) Hello. I'm Andrew Norman, A-n-d-r-e-w N-o-r-m-a-n, native of Imperial Nebraska, live in Omaha. I am the executive director and cofounder of Hear Nebraska. I'm speaking today in a neutral capacity because I haven't had a chance to speak with the Tourism Commission about their stance on this prior to this hearing and, frankly, want to get off on a good foot with that commission with the new leadership. It was really nice to hear what Mr. Ricks had to say. We've kind of found ourselves in an adversarial relationship it felt at times with Tourism in the past, which was unfortunate, and so really, really excited about the new leadership. But I'd like to expand on what my colleague Lauren Martin has said here and express why I believe it's critical to target and reach millennials, specifically young people in general, with a new Nebraska story and why investing tourism dollars into music festivals is a smart, effective, strategic way to do that. Consider when you tell people that you, from outside the state, that you're from Nebraska. What do they say? What do you hear? I often hear football, corn, maybe Larry the Cable Guy. The fact is young people think that Nebraska is old, flat, and boring. It's a place that is antiprogress and anti-inclusivity. If they grew up here they think they have to leave to experience something interesting and experience diverse cultural opportunities. Young people from outside the state, on the other hand, I believe have no idea why they'd come visit at all. Nebraska's popular cultural impression, frankly, sucks. And it limits Nebraska's businesses' ability to attract top talent and contributes to our brain drain, our net loss of 2,300 highly educated people 25 and older each year. Many of us in this room know that this perception is shortsighted. Our music industry alone yields countless, unique, authentically cool reasons for young people to visit this state. But despite what I believe to be earnest efforts, Nebraska has

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traditionally done a poor job of telling that story of evolving our pitch, and I think it's a brand new problem. Hear Nebraska exists to create a new Nebraska narrative through music promotion, events, and education. In 2016 alone, we told Nebraska's music story to more than 150,000 viewers, 33 percent outside the state and 7 percent international, through 500 feature stories, 80 videos, and 6,000 photos. We produced 51 concerts in 16 Nebraska cities that drew more than 16,000 people, including the Good Living Tour, a statewide concert tour we put on with the support of Department of Economic Development. And we directed a combined \$62,000 to 140 different Nebraska artists. In its first year under our operation in 2016, the Lincoln Calling music festival, a three-day event, September 28 through 30 of this year, drew more than 6,000 total attendants from more than 12 states, 27 cities, and the Netherlands. Eighty-four percent of the festival's audience was under 40 and 59 percent was under 30, and that's just scraping the surface of the economic and tourism benefits this festival can provide. To reach our vision of creating Nebraska's version of South by Southwest, we need more investment from the state. And in closing, I believe tourism has a critical role in not only telling the story of Nebraska's music and arts industry nationally but also in making brand ambassadors out of Nebraskans. Heads in beds is important, certainly, but we also need to attract and retain the creative class members who are creating a new authentic original story. We look forward to working with the new leadership at the Nebraska Tourism Commission to do just that. Thank you. [LB115]

SENATOR BOLZ: Thank you. Any questions? [LB115]

SENATOR WISHART: Well, Andrew, thank you so much for being here today. I am born and raised in Lincoln and it's amazing to see the music scene that's blossomed in this town. [LB115]

ANDREW NORMAN: Uh-huh. [LB115]

SENATOR WISHART: I wanted to ask you a little bit about your experience with the Tourism Commission. Have you applied for a grant through the commission and can you tell us about the process of... [LB115]

ANDREW NORMAN: Yeah. [LB115]

SENATOR WISHART: ...through the application process? [LB115]

ANDREW NORMAN: Yeah. So we applied last year and were awarded a grant, a tourism grant to support marketing outside of the state for Lincoln Calling music festival. The process seemed pretty straightforward. It felt like there was maybe a little lack of transparency in how decisions were made and, you know, what events I think were chosen. You know, I believe music festivals

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are a little bit nontraditional compared to kind of rodeos, NEBRASKAland Days, some of these kind of longstanding events that I think have been awarded in the past. And so, you know, we were really pleased with that support and really appreciated it. [LB115]

SENATOR BOLZ: Great. Go ahead, Senator Vargas. [LB115]

SENATOR VARGAS: I wanted to thank you for coming. I think one thing that I took away from this is--less of a question, it's more of a thought--is while we're also thinking about tourism from outside the state, we are also thinking about tourism within our state, which means keeping talent. It means improving the quality of life. We do have, I can't remember the percentage now, a large percentage of senators under the age of 40 actually, and for me I know that resonates with me continually improving the quality of life for some of our young, younger individuals in Nebraska. So then they want to stay and invest, so we have some of this "intertourism." So thank you. [LB115]

ANDREW NORMAN: Wonderful. Yeah, I appreciate that. I mean I can't tell you how frequently I see creative class members moving away and it really stinks. We need to do something to keep them here and I think music festivals are one really great way to do that. [LB115]

SENATOR BOLZ: Thank you. [LB115]

ANDREW NORMAN: Thank you. [LB115]

SENATOR BOLZ: Do we have any other neutral testifiers? Jamison, do you have any closing comments? [LB115]

JAMISON WYATT: Just I just checked the Revenue feed. Looks like Senator Harr is still preoccupied. So to try to maybe summarize some of his thoughts, I think it's clear that music festivals are growing in their attraction capacity, and so I think we just mainly want to emphasize that this is maybe a good way to maybe focus some of our attention to help drive the economic engine when it comes to tourism, especially if there's concerns with some technical language, cleanup issues. I think Senator Harr would be more than willing to talk about those and he'd be willing to, again, address some of those issues. And I think also Mr. Norman up here talking about the music festival activities that he's been part of across the entire state, I think we also would be willing to not be so specific with where we want these dollars to go to with the metropolitan-class city but I think we would be willing to broaden that scope as well. So I think with that, I'll just leave it as is. And I can try to answer some questions if you have any, but. [LB115]

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SENATOR BOLZ: I do have just one clarification. [LB115]

JAMISON WYATT: Sure. [LB115]

SENATOR BOLZ: In drafting the bill, was it the intention that there would be a match required or was it the intention that there would be a contract and no match would be required? [LB115]

JAMISON WYATT: So the way it was written, it was just with that contract language. I don't even think that matching requirement...I don't even think we really thought much about that. [LB115]

SENATOR BOLZ: Okay. [LB115]

JAMISON WYATT: So that's something that we may have overlooked, and I think we would again be willing to address it, so. [LB115]

SENATOR BOLZ: Okay. Thank you. [LB115]

JAMISON WYATT: Okay? [LB115]

SENATOR BOLZ: Thanks for pinch-hitting. [LB115]

JAMISON WYATT: Thank you. [LB115]

SENATOR BOLZ: Okay. I think that closes the hearing on LB115 and we'll open the hearing on LB281, Senator Quick, to appropriate funds to the Nebraska Main Street Program. Welcome to the Appropriations Committee, Senator Quick. [LB115 LB281]

SENATOR QUICK: (Exhibits 1, 2, and 3) Thank you, Vice Chair Bolz, and thank you, committee members. My name is Dan Quick. I'm from Grand Island, District 35. My name is spelled D-a-n Q-u-i-c-k. I still remember how to spell it. I'm here today to present before you LB281. LB281 will provide \$100,000 in fiscal year 2017 and 2018, and \$100,000 in fiscal year 2018 and 2019 to support technical assistance in urban and rural downtown revitalization to all Nebraska communities throughout...through the Nebraska Main Street Program. The appropriation would be enhanced by the private funds provided by the Nebraska Main Street Network. The Main Street Program uses a four-pronged approach that helps guide communities to reverse the cycle of disinvestment in their traditional downtown commercial districts, focusing

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on the physical, economic, organizational, and promotional activities in the downtown area. The Main Street Program helps communities not only learn how to improve their downtown buildings but also grows jobs and businesses. Communities also learn how to effectively manage change in their downtown for the long term. This return to vitality is important to increasing community revenue and economic opportunities statewide. I know that Grand Island is a member of the Main Street Program and they have also benefited from that program. The Nebraska Main Street Network has an active board and you will hear from a representative of that board as well as from one of the communities currently participating in the program. We are asking for the funds to once again be placed with the Nebraska State Historical Society as the mission of Main Street Program is directly related to their mission. There will be others behind me who will be able to answer maybe more specific questions, but I'm glad to answer any questions you might have at this time. [LB281]

SENATOR BOLZ: Very good. Thank you, Senator. Any questions for Senator Quick? Okay. [LB281]

SENATOR QUICK: All right. [LB281]

SENATOR BOLZ: Do we have any proponents for the bill? [LB281]

KEVIN ANDERSEN: Good afternoon and thank you very much. My name is Kevin Andersen, K-e-v-i-n A-n-d-e-r-s-e-n. I am here representing the Main Street Network Board of Directors. I am also a city planner by trade with JEO Consulting Group out of our Omaha office. This is my second stint on the board of directors for Nebraska Main Street, the first being when I was a representative of the state Department of Economic Development. Among some of my responsibilities were the direct administration of the Downtown Revitalization Program. So really, I'm here...you have the figures in front of you in terms of return on investment and we have individuals here that will be able to speak to those numbers specifically. In my opinion, the numbers speak for themselves so I want to talk a little bit about the technicalities of the program and the overall benefit to Nebraska communities and Main Street communities specifically. When you think of the term "downtown revitalization," in my experience, the reason it's such a daunting challenge and a difficult process for communities, large and small, to undertake is because it's not a singular investment of capital or funds or private equity, and it's not a process that any single entity can take on by itself as a silo. It's a process that is cyclical, that involves the continual prioritization and reinvestment of funds, of capital, and of time and sweat equity into downtown districts, into specific buildings and infrastructure serving those districts and those communities. And it takes a collaborative process in public-private partnerships of municipalities, of Main Street organizations, chambers of commerce, business owners, and property owners themselves. And I'm here to testify why Main Street helps facilitate that

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process. It's because of that four-point approach in terms of a comprehensive analysis and effort in terms of establishing public-private partnerships and prioritization of limited funding available or limited investment opportunities into our downtown building stock, into our traditional business districts. And again, I just want to emphasize that Main Street is applicable to communities large and small. Whether it's a metropolitan-class specific business district or a small, rural downtown district in communities. And Main Street, in its historic past, has represented and worked with all districts of that nature. But Main Street is an important function because it helps provide the level of technical assistance that it takes to facilitate and collaborate the type of effort for a long-term and sustainable effort for downtown revitalization and reinvestment into our downtown districts. And it's an important concept to help facilitate the types of conversations required and needed to really build that local capacity and build those local champions that can take on that effort on a collaborative process locally. So I guess, if anything, in summary the Main Street Network helps to promote the level of self-help required to take on such a daunting and long-term process. Unlike other capital improvements in communities across the state, it's not a one-and-done effort. It takes a continual and collaborative process to really...and over a long period of time, to really reinforce and to justify that level of investment and effort in downtown communities. So with that, I will kind of yield to other members of our board of directors, of our staff, and Main Street communities that can really help speak to, you know, how the process, how the program has assisted them. So I'd be happy to field any questions. [LB281]

SENATOR BOLZ: Very good. Do we have any questions? Okay. [LB281]

KEVIN ANDERSEN: Thank you. [LB281]

SENATOR BOLZ: Thank you. Any other proponents? [LB281]

JERRY JOHNSON: Thank you. [LB281]

SENATOR BOLZ: Welcome back, Senator. [LB281]

JERRY JOHNSON: Thank you, members of Appropriations Committee and Vice Chair. Jerry Johnson, J-e-r-r-y J-o-h-n-s-o-n. I am a member of the Main Street state board. There is a national organization also that provides us feedback. But I was the one that, when I came in four years ago, introduced this legislation and there was some changes needed, the way the funds were utilized through the system as far as accountability and getting more...a little bit more local support. And so at that point is when it changed from Department of Economic Development, Nebraska Arts Council, and when we connected with the State Historical Society. Our missions run parallel. It's been a good fit. The way those funds go, the money is...goes into their account

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and they go through their processes to monitor how the money is spent. They have their checks and balances. They take their 5 percent off the top in order to administer the...Bob Puschendorf, who just recently retired, is on our advisory board from the Historical Society, and he was doubly sure that what we were doing was what was the challenge for us. So we don't reach out to a lot of the large, you know, Omaha, Lincoln. Grand Island is probably our largest. We focus more on rural communities, smaller communities that cannot maybe afford the...having a full-time staff for Main Street or for economic development for revitalization, so we kind of fill that gap. One of the things that they asked us to do was to get some more...look at more funding and so we came up with the program. Now, you know, we talk about a cooperation co-op. This is truly a...the co-op program. As being involved in cooperatives in the past, I reached out to cooperatives, some of the larger ones that had a lot of small communities under their umbrella, as such. And the co-ops, we've only gone out to three of them because of our limited staff. We have a part-time executive director who will speak and so we can't...I can't go out to all of them because we'd be overloaded with our capability. But what they did, they invested money in Main Street and as they have communities that are interested in participating in Main Street, we draw from those funds in order to pay those fees. So it's a good cooperation with them. It provides us access to some of those communities out there. So I think there's...right now there's 17 senators that have a Main Street Program in their district and that works, you know, with Omaha and Lincoln, take those out or you out, we have a pretty good representation across the state. Main Street can take a different look in every community. Some of them look at downtown and empty buildings revitalization. We have an architect firm that's on our board. We have a city planner, Kevin that was just here. We have an interior decorator. We have a retail person. I got on the board because I definitely believe in rural Nebraska and I've lived in a lot of these towns, smaller towns, and to see what we could do there. I live in Wahoo, and Main Street for Wahoo is a little bit different. We've named ours Access Wahoo. We've got an expressway going around town. We've got a new lake out north of town. We got to figure out how we can maintain Main Street just because we're being bypassed. But it also gives us access to the programs, the technical assistance and training that's available through Main Street. About probably 40 percent of our budget goes for providing technical training, webinars, on-site training for our members that are in Main Street. So it is a well-rounded program. I got on the board because I believe that these smaller communities need to have access to this type of training and technical training. So I'm getting close to my light so I'll wrap it up if there's any questions. [LB281]

SENATOR BOLZ: Thank you. Any questions for the senator? Oh, sorry, go ahead. [LB281]

SENATOR HILKEMANN: Senator, it's good to see you back here. [LB281]

JERRY JOHNSON: Thank you. [LB281]

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SENATOR HILKEMANN: This is a \$100,000 appropriation that's being asked for. What's the total budget of Main Street? [LB281]

JERRY JOHNSON: About a hundred...with fees and that, it's probably \$130,000, \$140,000 total. The cities and the communities provide funds to become part of. We can't charge them a lot because it's small communities. A community, the highest I think is around \$1,800 a year for them, and the smallest for an entry, so everybody can get in, is \$300. So we don't overcharge them. But...so most of it is the technical things that we pay for plus our administrator to go out and reach out to those people. [LB281]

SENATOR HILKEMANN: So this basic...this fund, this program is basically funded by the state then. [LB281]

JERRY JOHNSON: A big percentage of it is and that's the same way it is in other states. This is not new money. It's been...this program has been around 30 or 40 years,... [LB281]

SENATOR HILKEMANN: Right. [LB281]

JERRY JOHNSON: ...and we're not asking for any, you know, additional money. It is a state program though. [LB281]

SENATOR CLEMENTS: Yeah, that was my question, if this is new or how long has this \$100,000 been appropriated in the past. [LB281]

JERRY JOHNSON: I think it's...one year it was cut back and that was because of some issues of, as I related to a little bit, probably six, seven years ago some issues that thought was going to happen and didn't. And so it was cut back some. But then, soon as we made those corrections and got it into...not a discredit to DED but it was a better fit with the Historical Society, and then it was...been fully funded since then. [LB281]

SENATOR CLEMENTS: Thank you. And one more, if I can remember what I was going to ask. Is this a matching grant type fund or how does it work? [LB281]

JERRY JOHNSON: No. No, we don't...this fund here, Main Street does not have money to give to communities. We have...we can show them how to fill out the grants. We can help them get grants. And so they do that on their own. [LB281]

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SENATOR CLEMENTS: Oh. [LB281]

JERRY JOHNSON: So, no, we don't have grant money available. The only grant money would be granted from a parent co-op that would give money to Main Street in the form of a grant to that community so they could participate. [LB281]

SENATOR CLEMENTS: Okay. [LB281]

JERRY JOHNSON: But that's all local money. [LB281]

SENATOR CLEMENTS: All right. Thank you. [LB281]

SENATOR BOLZ: This is a comment maybe, and maybe we can follow up after the mike but it...off the mike. But it seems like, because this has a track record and it is, while it's one-time expenditures, it's an ongoing initiative. It seems that maybe there would be a better way for us to set up the Main Street Program so that the request for appropriation wasn't required through a bill every year. So maybe that's a follow-up question for us to work on later. [LB281]

JERRY JOHNSON: Well, it would definitely help because if we have inquiries, you know, they know it's an appropriation every year, and if there was a better way so we could have more continuity, I think we'd have a stronger program because there's fear of it going away. Yeah. [LB281]

SENATOR BOLZ: Sure. [LB281]

JERRY JOHNSON: We would appreciate that. (Laugh) [LB281]

SENATOR BOLZ: Yeah. Maybe some folks in the body can help us figure out the best strategy for the program. [LB281]

JERRY JOHNSON: Thank you. [LB281]

SENATOR BOLZ: Okay. Thank you. [LB281]

JERRY JOHNSON: Okay. [LB281]

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SENATOR BOLZ: Any other proponents? [LB281]

MICHAEL SOTHAN: (Exhibit 4) Hello. My name is Michael Sothan, M-i-c-h-a-e-l S-o-t-h-a-n. I'm with Main Street Beatrice, one of our local Main Street communities here in the state of Nebraska. And as they said before, we are an independent nonprofit, Main Street Beatrice is. And so we have our own board of directors, our own budget, and mission, which is to serve the downtown area of Beatrice. But like a lot of our other sister Main Street Programs here in the state of Nebraska and also across the nation, you know, we definitely are working towards making our communities a stronger place for really trying to encourage that sense of place, trying to help with the recruitment of young talent and everything back to our communities, really trying to help with business development and just a lot of other different things--increasing the property values in our communities, increasing entrepreneurship, sales tax receipts. Those are all different parts of I guess kind of the end goal of our program. And bills like LB281 certainly do help us with this mission of trying to see economic development, historic preservation, community involvement in our communities, and especially in our downtowns, as this does help, as I mentioned before, with very specific training, whether that's for entrepreneurs that are looking at getting started with a business to maybe with technical assistance on properties and trying to increase the aesthetic appearance and the value of those properties, and just a whole course of different things. A lot of it is very specific to each one of our communities. Main Street Beatrice, we've got a downtown that serves 165 small businesses in downtown Beatrice, so we have a very large core of businesses there. We're probably the largest collection of small businesses anywhere in southeast Nebraska, outside of Lincoln and Omaha, and we're just one of those. There's, I think, 23 different Main Street communities, as they mentioned, as large as Grand Island and as small as Taylor, Nebraska. And so for all of us, we're all able to get together and really have been able to benefit from the assistance that bills like LB281 here help us out with but also the additional assistance through the Nebraska Main Street Network, the National Main Street Center, and our own efforts. It really does come together to make a wonderful addition to our communities and I really do think it makes a terrific impact on both rural and larger communities for small business development, historic preservation, just really trying to keep our communities vibrant. So that's kind of one thing that I wanted to come here today and just definitely express our appreciation for the appropriations in the past, as it certainly has made a difference. I know last year downtown Beatrice was able to add a net of 13 new businesses and so we were, you know, really seeing some great things happening, a lot of younger business owners who were really excited about the opportunities that we have down there in Beatrice right now. And over the last 20 years--Main Street Beatrice has been in place for about 20 years now--we've been able to see about \$10 leveraged for every \$1 that the Main Street Program has put into our community. And a large amount of that \$1 side is actually from Main Street Beatrice, not through necessarily the National or Nebraska Main Street Program. So we definitely have seen a very good leverage for our return on our dollars. We are seeing great things happening in our downtown and I think many of the others across the nation certainly are

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as well. And so I do appreciate your guys' support in the past and again hope you will support LB281. But I guess with that, I will open myself up to any of your questions. [LB281]

SENATOR BOLZ: Very good. Any questions? Thank you. [LB281]

MICHAEL SOTHAN: All right. Thank you again. [LB281]

ELIZABETH CHASE: Good afternoon, Vice Chairman Bolz and members of the Appropriations Committee. My name is Elizabeth Chase, E-l-i-z-a-b-e-t-h C-h-a-s-e. I'm the executive director of the Nebraska Main Street Network. I'm here to answer any questions you have. I think the other speakers pretty much laid out the program and the successes that it's had. I see it as an impact on local government revenue. The activities and actions that are taking place in these communities are having a positive impact, especially in these tough, tough economic times. So with that, I won't take up any more of your time. Any other questions? [LB281]

SENATOR BOLZ: Seeing none, oh, seeing one. Go ahead. [LB281]

SENATOR HILKEMANN: You're up? Okay. You're the executive director. [LB281]

ELIZABETH CHASE: Correct. [LB281]

SENATOR HILKEMANN: Full-time position? [LB281]

ELIZABETH CHASE: Part-time position, three-quarters time. [LB281]

SENATOR HILKEMANN: Okay. And you're located where? [LB281]

ELIZABETH CHASE: We are here in Lincoln and we are located at the Southeast Community College Entrepreneurship Center, and so we partner with Southeast Community College to deliver a lot of our programming. [LB281]

SENATOR HILKEMANN: And then you make the decisions on the granting of (inaudible) these different programs? [LB281]

ELIZABETH CHASE: We don't grant any money to the programs, the local programs themselves, but we provide technical assistance. So it's between the board and myself and our

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committees and subcommittees that make the decision on community needs and where we can address those needs. [LB281]

SENATOR HILKEMANN: How much money are you able to generate from the private sector to help support these Main Street Programs? [LB281]

ELIZABETH CHASE: From the private sector it's between \$30,000 and \$40,000 a year. [LB281]

SENATOR HILKEMANN: Total for all across the state. [LB281]

ELIZABETH CHASE: Uh-huh. [LB281]

SENATOR HILKEMANN: Okay. [LB281]

SENATOR VARGAS: Actually, my question is in the same area. For the \$100,000 that's appropriated, so obviously it's clear it's not used for directly giving to the city or the Main Street,... [LB281]

ELIZABETH CHASE: Correct. [LB281]

SENATOR VARGAS: ...so where is that money going? What's the breakdown versus salary, operating costs? [LB281]

ELIZABETH CHASE: Yeah, it's the...a lot of that money is going towards the time and effort that it takes to deliver those...that programming and those direct technical hands-on services to the communities. [LB281]

SENATOR VARGAS: And who's...are you doing that (inaudible)? [LB281]

ELIZABETH CHASE: I'm doing some of that. We also have some consultants that have specific technical training. You know, they can provide certain areas of need for communities that we can't provide in-house. These are folks from all over the country as well as inside Nebraska that are able to deliver those to our communities. [LB281]

SENATOR VARGAS: So what percentage of this \$100K goes to consultants, technical assistance? [LB281]

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ELIZABETH CHASE: I would say maybe...well, not consultants but for the overall programming it's probably about 60 percent. [LB281]

SENATOR VARGAS: And then for consultants, people that are not... [LB281]

ELIZABETH CHASE: Consultants is probably a lot lower percentage. [LB281]

SENATOR VARGAS: And you said this is a volunteer board that is... [LB281]

ELIZABETH CHASE: We have an all-volunteer board, correct, and we also have an advisory committee made up of state agency folks from the Department of Economic Development, Nebraska State Historical Society, UNL College of Architecture, and the Nebraska Department of Roads. [LB281]

SENATOR VARGAS: That's great. Thank you very much. [LB281]

ELIZABETH CHASE: You're welcome. [LB281]

SENATOR BOLZ: Okay. Now seeing none, thank you very much. [LB281]

ELIZABETH CHASE: Great. Thank you. [LB281]

SENATOR BOLZ: Any further proponents? Do I have any opponents? Anyone in a neutral capacity? Very good. That closes the hearing on LB281. Thank you, Senator Quick. Do you have any...sorry. I'm sorry. Do you want a chance to close? [LB281]

SENATOR QUICK: I might just (inaudible). I know this program has benefited Grand Island. I know a lot of the downtown buildings, you know, there's been...over the years people have left them. They've been abandoned, more or less, and I think it's really helped revitalize some of those. They've actually renovated some of the buildings and putting apartments into them. I know the old Masonic Temple, it has retail on the bottom floor and now they're putting apartments above it. And I think it's probably somewhat like what they've done in downtown Lincoln, maybe in Omaha and some of those districts where old buildings are...and maybe they have some historic value. I know our old labor temple, they're putting apartments in there right now, working on that. So I just hope that maybe you'll consider supporting this bill and I'll leave it at that. So thank you. [LB281]

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SENATOR BOLZ: Any final questions for Senator Quick? Okay. Now that closes the hearing on LB281. Our next hearing is LB379 which, again, is our friend Senator Harr, who may still be in Revenue. We'll stand at ease until...ah, there he is. Hi, Senator Harr. Good afternoon, Senator Harr. [LB281 LB379]

SENATOR HARR: Thank you, Madam Vice Chair. My name is Burke Harr, H-a-r-r. I represent Legislative District 8 which is parts of central Omaha. Sorry I missed my earlier one because I was in Revenue. I just got done with the hearing. I am here now on LB379, which creates the Willa Cather Historical Building Cash Fund and provides for a transfer of funds. As many of you are aware, we in this great state just celebrated our sesquicentennial. And as a result, the Journal Star did a list of most prominent Nebraskans. And lo and behold, Willa Cather was named the most notable Nebraskan. The centurion of the publication of her book My Antonia will be celebrated next year as well. And I think it's vital that we invest in our literary history, especially literary history of this notable Nebraskan, Willa Cather. LB379 creates a cash fund to preserve and restore two particular properties in Red Cloud, the Cather childhood home and the Antonia farmstead which was featured significantly if anyone saw the movie My Antonia. The properties are owned by the Historical Society and managed by the Willa Cather Foundation. LB379 transfers \$300,000 from the State Visitors Promotion Cash Fund into the Willa Cather Historical Building Cash Fund. Red Cloud, of course, is an important tourist destination in south-central Nebraska. There is a matching requirement in LB379 so that we can have public-private partnership. It requires nonstate funds or private funds be used before the funds in the Cather Cash Fund can be expended. I'm not trying to bypass the tourism process here. It's just that while tourism grants...we say, hey, they can be granted for anything. We give them broad discretion. When you apply for the grant itself, they want it for marketing and for certain (inaudible), but they don't want it for capital expenses. And so it's kind of putting the cart before the horse. You can't promote something if it's...or you shouldn't promote something if it's in shoddy shape. So what we're looking to is how can we take something and incentivize so that it is a tourist-worthy property that our State Historical Society owns at this point? And maybe we decide to sell it back to the foundation, but that's for another day. But how do we do that so that we can promote this so that we can have more fairs, so that we can have more events down there, Willa Cather readings? This is a destination. It is something we should be very proud of, and it's something we should preserve. And this is a way we can do it. It's a, as I say, it's a public-private partnership. Miss Ashley Olson from the...the executive director of the Willa Cather Foundation will follow and will be able to answer specific questions related to details of the property itself. But with that, I would entertain any questions you may have. [LB379]

SENATOR BOLZ: Any questions for Senator Harr? [LB379]

SENATOR HARR: Thank you. [LB379]

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SENATOR BOLZ: Any proponents for the legislation? [LB379]

ASHLEY OLSON: (Exhibit 1) Good afternoon, Vice Chair Bolz and members of the Appropriations Committee. My name is Ashley Olson, A-s-h-l-e-y O-l-s-o-n, executive director of the Cather Foundation, and I'm here today in support of LB379. In the last nine years, I've been fortunate to meet hundreds of people from across the globe who travel to Nebraska solely to visit the Cather state historic sites in Red Cloud and Webster County. On average, we welcome visitors from 40 states and 5 countries on an annual basis. By strengthening the tourism assets and amenities in Red Cloud through a collaborative partnership currently being implemented, the Center for Rural Entrepreneurship has estimated growth of our tourism industry in Webster County will generate 77 new jobs, \$3.5 million in total visitor spending, and \$5.8 million in economic impact. Development of the Cather historic sites is an integral part of moving forward with this valuable initiative. The Cather Foundation is a nonprofit organization dedicated to promoting Cather's legacy through education, preservation, and the arts. The Cather state historic sites are comprised of six buildings that were acquired and fully restored by the Cather Foundation beginning in 1955 and gifted to the Historical Society in 1978. Following this property transfer, our organization shifted focus toward expanding our educational programming and other endeavors, while the Historical Society established a presence in Red Cloud to operate the Cather historic sites. By 1994, our organizations entered into an agreement whereby the Cather Foundation assumed management and operation of the historic sites. This partnership has been greatly beneficial to our organizations and to the operation of the sites. Over the years, the Historical Society has been able to access funds from the state of Nebraska's 309 Task Force to complete roofing projects and other improvements required to protect these sites from the natural elements. For an annual management fee, the Cather Foundation conducts routine maintenance, pays ongoing operational expenses, manages museum and archival collections, and employs staff to care for the properties and provide guided tours. While this management allocation was initially set as high as \$98,000 annually, recurring budget cuts to the Historical Society, which you heard about earlier, have resulted in a current management allocation to the Cather Foundation of \$75,000 annually toward actual operational costs of approximately \$135,000. While this annual shortfall has always posed a challenge, so far we've been able to cover the deficit with other funds and without an additional burden to the budget of the Historical Society or the state of Nebraska. Having provided context and background regarding ownership and management, I'd like to address LB379 and what it would enable us to do. As you know, the bill proposes to create the Willa Cather Historical Building Cash Fund for the purpose of restoring the Cather House and the Antonia farmstead. Year after year, these two properties in particular speak with special power to our visitors and pull them into Cather's life and work. The Cather House is 1 of only 20 national historic landmarks in Nebraska. Willa Cather lived in this house during a time that later proved to be critical in her development as a writer; and it figures prominently in her novels and stories, making the house the most important Nebraska building associated with her life and literary career. Restoration was initially completed by the Cather

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Foundation in 1967; and despite occasional improvements since then, time has inevitably taken a toll on this beloved Nebraska treasure. Perhaps most importantly, and very unfortunately, the evocative wallpaper that Cather chose and hung herself in her attic bedroom is in perilous condition--discoloring, detaching from the wall, and visibly deteriorating with the passing of each year. A 2001 historic structure report outlines recommendations for a complete restoration of the house. The estimated cost after adjusting for inflation and incorporating a conservative estimate for developing design and construction documents is \$355,000. The Antonia farmstead was the home of John and Annie Pavelka and their family. It provided the setting for a large portion of Cather's most famous work, My Antonia. Annie Pavelka was the prototype for the heroine of the novel and the site's significance to Czech-American cultural heritage is considerably enhanced through Cather's use of the site in her writings. While considerable improvements have been made to keep the home watertight and in good repair, its interior has declined to the point that regular tours are no longer provided and there is currently no meaningful interpretation or historical markers on the property to indicate its significance. While the site itself is located in greater Webster County, its country setting is the impelling motivation to visiting the site, especially to out-of-state or international visitors. A 2007 study estimated restoration would cost \$265,000 after adjusting for inflation and incorporating an estimate to develop design and construction documents. Over the course of many years, major restoration of these historic properties has been deferred due to funding limitations and other crucial projects taking precedent. While both of these buildings have been on our minds for years, other more immediate priorities have prevented us from moving ahead with capital improvements, as has the fact that restoration costs will run very high. While we understand the challenges the Appropriations Committee and the Nebraska Legislature are facing as a result of the state budget deficit, we encourage you to advance LB379 for the following reasons. First, having recently completed a large fund-raising effort to create the National Willa Cather Center, the Cather Foundation is willing to meet the significant fund-raising obligation imposed by the terms of the bill, meaning an initial pledge of state resources would serve as a catalyst for additional private investment. Second, the historic sites are without question some of Nebraska's most important cultural and historic assets. As current stewards of these special places, it's essential that we do all we can to preserve and interpret them for future generations of readers, students, scholars, and tourists. Third, the proposed cash transfer may be the most viable method toward funding preservation of these sites, as grant programs offered by the Tourism Commission are currently limited to marketing of events and attractions. While these are valuable programs that we've been fortunate to utilize in the past, they do not offer assistance with the improvement of existing attractions, meaning we are unable to pursue funding for this particular endeavor. Furthermore, we've learned over the years that it is very difficult to raise funds from private sources for state-owned properties without matching funds from the state of Nebraska. And finally, Cather is widely recognized as one of the greatest American writers. Her beloved novel, My Antonia, celebrates its 100th publication anniversary in 2018 and was recently paired with F. Scott Fitzgerald's The Great Gatsby as one of the greatest novels of the twentieth century. This

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important publication anniversary will no doubt bring additional visitors to the sites next year. It would be especially meaningful for interpretive improvements at the farmstead to be made by this time and for larger preservation efforts of both properties to be planned or set in motion. We ask for your support as we strive to work alongside the Historical Society and other partners to ensure that visitors have a unique and meaningful experience when they arrive in Nebraska to take in the largest collection of nationally designated historic sites dedicated to an author. Thank you. [LB379]

SENATOR BOLZ: Thank you. Any questions from the committee? [LB379]

SENATOR WISHART: Can you talk to us a little...first of all, thank you for being here. Can you talk to us a little bit about what are the costs that we will incur if we don't do these renovations and preservations? I mean, do we, as we continue to let a building deteriorate, what are the continued costs that we will see? [LB379]

ASHLEY OLSON: Well, I think it's hard to speculate on that. I look at it from an economic development perspective as much as anything. The numbers I spoke to early in my testimony about the potential economic impact of continued development I think is what we're giving up by not investing in these attractions and making them available to people. [LB379]

SENATOR BOLZ: Go ahead, Senator. [LB379]

SENATOR CLEMENTS: Oh, go ahead. [LB379]

SENATOR BOLZ: Go ahead of him. [LB379]

SENATOR CLEMENTS: I have a few questions. [LB379]

SENATOR BOLZ: Go ahead. Okay, whoever wants to go first. [LB379]

SENATOR CLEMENTS: I'll go ahead. Hello. For some of you, we have met recently and I am from Elmwood, Nebraska, and I'm president of the Bess Streeter Aldrich Foundation, which is another author in the Nebraska Hall of Fame. I was wondering, the \$55,238, is this a new type of expense or do you know if the Legislature has done this in the past? [LB379]

ASHLEY OLSON: I'm not familiar with the \$55,238. I think it may be a fiscal note attached to this bill. [LB379]

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SENATOR CLEMENTS: Oh, yeah, it's in the fiscal note. Do you know what that might be used for? [LB379]

ASHLEY OLSON: I do not. (Inaudible). [LB379]

SENATOR CLEMENTS: Okay, I'll have to ask the Fiscal Office. [LB379]

ASHLEY OLSON: Sure. [LB379]

SENATOR CLEMENTS: I think you've outlined generally the restorations that are being done. And I was just noting in your financial summary cash and investments of \$3,798,000. Is it not possible to use some of those funds? [LB379]

ASHLEY OLSON: Those funds are permanently endowed for the operation of the Cather Foundation. So what they aid us to do is employ our staff and put on our programs that we have on an annual basis. They also help us subsidize the deficit that I spoke to earlier, the funding deficit between the actual costs of keeping these properties open and maintaining them and paying the operational expenses on a regular basis. [LB379]

SENATOR CLEMENTS: So they're not spendable money, just the income from those is spendable. Is that right? [LB379]

ASHLEY OLSON: That's correct. The income is about \$60,000 a year. [LB379]

SENATOR CLEMENTS: Have you spoken with the Historical Society about acquiring these buildings back into the foundation from the state? [LB379]

ASHLEY OLSON: That has been a topic that's come up recently. It's a conversation we look forward to continuing. I think it's probably something that would over the long term be advantageous to both the state of Nebraska, the Historical Society, as well as the Cather Foundation. What we will have to navigate is how we make that financially feasible for the Foundation to do that. We would like to be in a position to accept responsibility for caring for these sites over the long term, but we also need to make strategic decisions about what that means for our long-term financial obligations. [LB379]

SENATOR CLEMENTS: Yeah. I'd only comment that if you did that, that would eliminate the need for this appropriation. That's all I have. [LB379]

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SENATOR HILKEMANN: Yeah, I think that, Senator, you've already kind of touched upon what I was looking at (inaudible). I see your assets here. If I understand you correctly, your concern is that you're part of the Historical Society. Is that correct? [LB379]

ASHLEY OLSON: We... [LB379]

SENATOR HILKEMANN: You're owned by them. [LB379]

ASHLEY OLSON: The buildings themselves are owned by the Historical Society, yes. We are a private foundation that works alongside the Historical Society to manage those assets. [LB379]

SENATOR HILKEMANN: So all right. Okay. Okay, I get it. [LB379]

SENATOR VARGAS: So this is just, from my understanding, so this fiscal note, these expenditures are based, since it is owned by the Historical Society, buildings, (inaudible) requiring additional staff, certain amount FTE to be able to do some of this work or upkeep. [LB379]

ASHLEY OLSON: That would be my assumption. I think that they could probably...I shouldn't speak on their behalf. [LB379]

SENATOR VARGAS: Okay. [LB379]

SENATOR CLEMENTS: I think we should ask the fiscal analyst to explain. Were you involved in setting this number? [LB379]

SCOTT DANIGOLE: The \$55,000 number? [LB379]

SENATOR BOLZ: I think we can certainly ask the fiscal...is that protocol? Do we do this in hearings? [LB379]

SCOTT DANIGOLE: Typically, fiscal analysts don't testify. [LB379]

SENATOR BOLZ: Maybe that's a question for the posthearing deliberations... [LB379]

SENATOR CLEMENTS: Okay, excuse me. [LB379]

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SENATOR BOLZ: ...if the committee members would be so inclined to hold those questions. Do we have any further questions for the testifier? Okay. Thank you very much. [LB379]

ASHLEY OLSON: Thank you. [LB379]

SENATOR BOLZ: Our next proponent, please. [LB379]

ANDREW JEWELL: (Exhibit 2) Hello. Thank you for having me. I'm Andrew Jewell, A-n-d-r-e-w J-e-w-e-l-l, and I am here in support of LB379. I'm a professor at the University of Nebraska-Lincoln and a Cather scholar, and my profession has given me the good fortune to witness the value of Willa Cather's life and work to readers around the world. Many of us know her value to the history of this state, and just last week, as was mentioned, the Lincoln Journal Star listed her as the number one "Notable Nebraskan" in our 150-year history. But she is also widely admired as one of the greatest literary artists in the history of our country and is the winner of the Pulitzer Prize and many other awards. Her works have been translated into over 40 languages, and students of the English language in France are currently studying her novel My Antonia as part of their curriculum. Perhaps even more importantly, her novels have never gone out of print since they were first published nearly a century ago, and her works continue to be read and cherished by everyday people. She represents our state and its culture and history to people all over the world, and many of them decide, after experiencing Nebraska through her works, that they want to come here and see it for themselves. Thanks to the decades-long effort of the Cather Foundation and the Nebraska State Historical Society, we are extremely lucky to have something unique and powerful for people to see when they come to Nebraska to better understand the works of Willa Cather. The Cather historical properties are among the most important literary landmarks in the nation. Though the Cather childhood home and the Pavelka farmstead are important because of their historical association with Cather's family and friends, their real power on visitors often comes from the remarkable connection to her art. When I first stepped into Cather's childhood home 17 years ago, I had an experience I'd never had before: I felt like I was walking into a story. Cather took her memories of her childhood home and the Antonia farmstead and converted those memories into literature. Students and readers are able to understand her work in a different and better way when they can walk into the places she wrote about. I, like so many others, keep coming back to Red Cloud again and again for the unique experience it can offer. As a member of the Cather Foundation Board of Governors, a scholar, and a teacher, I've seen what these Cather historical properties mean to people and how they motivate people to come to south-central Nebraska. I am also aware that the properties are in real need of renovation, of preservation, and of improved interpretation. As we prepare for the opening of the National Willa Cather Center and the statewide celebrations honoring the 100th anniversary of My Antonia in 2018, the time is right to invest in the preservation of these historic properties. These transferred funds will provide needed resources and the leverage to raise matching private donations and, together, Nebraskans can preserve these properties and all they

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mean to the history and culture of our great state. Thank you very much. Any questions?
[LB379]

SENATOR KUEHN: Just as a comment: Good to see you, Dr. Jewell,... [LB379]

ANDREW JEWELL: Good to see you. [LB379]

SENATOR KUEHN: ...a proud Hastings College alumni. [LB379]

ANDREW JEWELL: That's right. Go Bronco. [LB379]

SENATOR KUEHN: I do have one quick question for you, though, in terms of the...as someone who is a scholar, both a literary and historical side with these facilities. Obviously, we heard from Ms. Olson regarding the operation side of it. And just to kind of address the issue of the \$55,000, talk to me about what you foresee as a scholar in terms of the magnitude of the restoration project of these two properties. [LB379]

ANDREW JEWELL: There are...the preservation is really important, right? Already these properties have remarkable meaning for readers and people interested in Cather and her legacy and work. But there is a lot of opportunity for increased interpretation as well to enhance that meaning for new visitors to the site. There are a lot of ideas out there floating around and we need the resources in order to make them happen. But there's no quite experience like it. I mean, you can read all sorts of things and be moved by that literature; but then to step into those places that were only in that literature and to understand the layout of the space in which the story took place and to see how people were interacting, it's a kind of experience that only embodying that space can make happen. And we need to save these places in order to make that continue to happen into the future. [LB379]

SENATOR KUEHN: And I don't know if you've had a chance to see or look at the fiscal note... [LB379]

ANDREW JEWELL: I haven't. [LB379]

SENATOR KUEHN: ...but one of the questions that Senator Clements was asking earlier, the Historical Society is saying they need a quarter of an FTE maintenance manager and a third of an FTE maintenance specialist to supervise the historical renovation. And I'm looking at that thinking supervision, and I'm doing math thinking that's like 12.5 weeks for a supervisor and, you know, more than that for a specialist. Is...really? I mean is that what? [LB379]

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ANDREW JEWELL: It's...I can't speak to that fiscal note. I'm only hearing about it now. But I will say that it's a big job ahead of us, you know, to do that work. And I can't really speak to those numbers and wouldn't want to try to do that. [LB379]

SENATOR KUEHN: Okay. Something I think we need to look into a little bit more, so I appreciate that. Thank you. [LB379]

ANDREW JEWELL: Sure. [LB379]

SENATOR BOLZ: Thank you. [LB379]

ANDREW JEWELL: Thank you. [LB379]

CHARLES JOHANNINGSMEIER: (Exhibit 3) Good afternoon, Vice Chair Bolz and other members of the Appropriations Committee. My name is Charles Johanningsmeier, C-h-a-r-l-e-s J-o-h-a-n-n-i-n-g-s-m-e-i-e-r, and I'm here to speak in support of LB379. I am a professor of American Literature at UNO. I'm not speaking on their behalf at all today, but I am speaking as an educator. I have been a professor of American Literature at UNO for 18 years. And I have spent a great deal of my time promoting Willa Cather and her works among an ever-widening range of constituencies, mainly because I know that she is one of the most important American writers of the twentieth century, and someone I and all other Nebraskans can be justly proud of. In fact, it was in large part because I knew of her significance that I wrote to Senator Harr last June asking him if he knew of any way to support desperately needed renovations to the Cather childhood home and the Pavelka farm. And in fact one of my field trips I had taken my UNO students down there; and because of the poor condition of the Pavelka farm, they could not go inside and they also could not go down in the root cellar. And if you've ever read the novel, it's a very important part of the novel. The steps were in poor condition and unsafe so I wrote to Senator Harr. My promotion of Willa Cather has taken many forms. For instance, I have taught sessions in Red Cloud of a program called Road Scholars, and that's a program where sizable groups of people from all over the country actually come to pay and stay for a week in Red Cloud and hear from scholars and staff members of the foundation about an author they have heard of and admired for a long time and, of course, visit all the historical sites there. And through my work at UNO, of course, I have had many more opportunities to promote Cather, her works, and visits to Red Cloud. For instance, I encourage all my secondary education majors who are earning endorsements in English and language arts to someday teach one or more of Cather's excellent short stories and novels. And as the dual enrollment coordinator for the English department, I do the same with dozens of current high school teachers, both in the metropolitan Omaha area and throughout the state. And finally, I teach one of the most popular graduate seminars we offer at UNO, which is exclusively devoted to Willa Cather's life and

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literature. Each time I teach this course, the highlight is definitely our trip to Red Cloud, either as a very long day trip--it's 3.5 hours each way from Omaha--or as an overnight, during which we get to stay in the second home of Cather's parents as well as in other historic buildings such as the Burlington depot. As an educator, I can tell you that Red Cloud and its vicinity constitutes one of the most unique literary heritage sites in the country, a place where there are enough original buildings left from when Cather lived there to make students feel as if they can vividly envision particular scenes from her fictions and better understand what she was trying to say about growing up in a small Nebraska town. Students, I can tell you, are overwhelmingly positive about these trips. Touring the Cather childhood home, the Pavelka farm, even just getting to stand outside and see what Annie Pavelka would have seen, *Antonia*, and all these other sites throughout Webster County makes her literary works come alive for them in a way they can't get just from reading these works. One of my graduate students, in fact, from Bridgeport was so moved by her experience during this trip that about two years after her visit she named her first child Willa. Now that, I think, is impact of a field trip. But the most compelling reason I can think of to support this bill comes from a very bright high school junior from Lexington I've met named Julia Briones-Avila, who, as a result of my suggestion that she try reading something by Cather, wrote to me last fall: "I read two of Willa Cather's novels this summer, *My Antonia* and *One of Ours*. They were compelling, utterly amazing. My favorite has to be *My Antonia*, and I think it is because it is meticulously interwoven with the American dream. As a first generation Mexican-American, that is something I've grown up talking about, living, and striving to achieve, so I was able to make a strong text-to-self connection throughout the entire novel." It is especially for just such young people, I believe, that we need to commit the resources necessary to make sure that we preserve our Nebraska historical heritage. If we want future generations of Nebraskans to feel proud of their state, its history, and its early immigrants and to see it as a place they want to stay in to live, work, and raise families, we simply must properly maintain sites such as Cather's childhood home and the Pavelka farm for them to visit and to learn from. I, thus, strongly encourage you to support LB379. I know for certain that if you do, thousands of people here in Nebraska, as well as from around the country and from around the world, will thank you for it. And I thank you for it. [LB379]

SENATOR STINNER: Thank you. Any questions? Seeing none, thank you very much. [LB379]

CHARLES JOHANNINGSMEIER: Okay. Thank you. [LB379]

SENATOR STINNER: Additional proponents. Any additional proponents? Seeing none, any opponents? [LB379]

ANDY POLLOCK: Chairman Stinner, again my name is Andy Pollock, A-n-d-y P-o-l-l-o-c-k. I am a registered lobbyist appearing today on behalf of the Nebraska Travel Association. And I'm

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here on another bill that I'd love to be supporting but out of matter of principle just cannot. The Travel Association opposes LB379 and asks you not to advance it, not because we don't believe heartily in the importance of Willa Cather and literature to Nebraska to attracting people from out of state and from within the state, but because this just isn't the right means to do it. I would say that I'd like to commend Senator Harr for introducing this bill for starting an important conversation. I happen to be a fan of Willa Cather as well, as well as Bess Streeter Aldrich; been to Red Cloud to visit the facilities; can attest to the fact that there are improvements that need to be made. But again, this is not the right vehicle for doing so. I want to just briefly talk about that and talk for a minute about the bigger picture as well. It's our belief that the grant program in place at the Nebraska Tourism Commission is working, might work better--and I'll talk about that in a minute more--but that this is a bypass of that system and in effect would put the Legislature in the place of the Nebraska Tourism Commission. We have a commission, we have a grant program, and we ought to respect and let that program work. I want to talk about that program a little bit, though. And it would address some of the questions, Senator Vargas, that you asked on LB115. And I won't get into depth, but I have not been a defender of the Tourism Commission's grant program in the past in terms of the actual administration of that program; sent a letter to the commission last April, I think shortly after the Legislature adjourned but shortly before the audit report was released, and asked the commission strongly in specific terms to move forward with a rule and regulation making for purposes of fleshing out their grant program. I've had conversations with Senator Stinner about this, with Jeanne Glenn about this. There is some work that needs to be done to make sure that the grant program is meeting the needs and the priorities of communities all across the state, including Red Cloud. The commission shortly thereafter was hit with the audit. They've been scrambling to pick up the pieces. We talked about that a little bit during their budget. I think they made great strides. Just recently, I would say in the last couple weeks, they issued a first draft of rules and regulations. It's not one that's been formally noticed yet, but they've invited the industry. I think to their credit they've invited the industry to weigh in. And I think those rules and regs would be another way to further the conversation that Senator Harr has begun here. I would respectfully ask the committee not to advance this bill but to keep their eyes and ears open for what happens with that grant process. And we will certainly be involved in that process, in the grant rule and reg process I should say. With that, I'd conclude. [LB379]

SENATOR STINNER: Any questions? Seeing none, thank you. [LB379]

ANDY POLLOCK: Thank you. [LB379]

SENATOR STINNER: Any additional opponents? [LB379]

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JOHN RICKS: (Exhibit 4) Good afternoon, again. John Ricks, R-i-c-k-s, new executive director of the Nebraska Tourism Commission. Tourism is a hot topic today. I like that. Especially being in a new position, there's a lot of interest and a lot of different programs. And I think that from your standpoint you can see the diversity of interests and everything else that are related to tourism and that's exciting. There will be, I'll call them arm-wrestling matches that we may have, we'll figure this all out because it is a high-interest industry and obviously good reason why it's the third largest industry in the state. Obviously, the Tourism Commission respects and supports efforts to protect and preserve historic building sites across the state and the legacy of great authors and great people throughout Nebraska. I'm here today to oppose LB379 relating to the transfer of that money from the Promotion Fund to the Historical Building Cash Fund. I have not met Senator Harr yet and I agree with him that...and I mentioned it before that the monies in state-level tourism offices have for years been dedicated to marketing and promotion. That's just the way it's been. I mentioned also before that there has been some movement, even though limited--the state of Oregon has had some work in it--that is starting to work within the brick and mortar arena. But understand this industry has worked for the 30 years I've been in it just to gain recognition for being an economic driver at all. And only in the last decade has it really started to gain traction. And in this case, my understanding is under statute that I've read, the State Visitors Promotion Cash Fund was created and "The commission shall use the proceeds of the fund to generally promote, encourage, and attract visitors to and within the State of Nebraska." Therefore, the charge of the commission is to market the state as a tourism destination. And getting involved at this time in any kind of bricks and mortar is beyond the scope of the commission and the Visitors Promotion Fund. So with that, I'd be happy to try to answer any questions that you may have. [LB379]

SENATOR STINNER: Any questions? Seeing none, thank you. [LB379]

JOHN RICKS: All right. Thank you very much. [LB379]

SENATOR STINNER: Any additional people in the opposition? Seeing none, anybody in the neutral capacity? [LB379]

TREVOR JONES: Hello. Trevor Jones, T-r-e-v-o-r J-o-n-e-s, director and CEO of the Nebraska State Historical Society. I thought I would come in, in a neutral capacity and answer any questions on the fiscal note that was raised earlier. So we put in a fiscal note because as long as this is a state property we have to abide by state rules and regulations in terms of how this proposed project would be bid and reviewed and make sure that the oversight was there on our end. As Ms. Olson said, the Cather childhood home is a national historic landmark which puts it at the very top for historic status in the United States so there are a lot of oversight that would have to be done for a project of that scope. The other piece that we would have to work on with

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that project is we also have historic collections that are in the building that would have to be secured and overseen during the construction process. And so having a site that's, you know, several miles, several hours away from my staff here in Lincoln would require, you know, significant investment of our time and resources to make sure the project was done correctly and in accordance with state law. [LB379]

SENATOR STINNER: Thank you. Questions? Senator Kuehn. [LB379]

SENATOR KUEHN: Thank you, Mr. Chairman. I guess I want to follow up on that because this is, I guess, part of my concern is we're looking at two buildings which were given to the state, I think, in trust and care to maintain, preserve, and protect. That obligation was not followed through. They've fallen into disrepair, and I realize that's not under your watch. The foundation is now looking for alternative funding sources outside of the Historical Society--whether the Tourism Commission fund is the right source or not--and matching that with private funds that they look at and manage. They are, for all intents and purposes, acting under contract as the custodians of these properties. And we're looking at hitting them 55 grand for six-tenths FTE. And I understand the supervision and all of that. My concern is, just in terms of a broader management of the Historical Society, it seems to me that this is an opportunity to look at how we preserve and protect these buildings, whether that is contracting with individuals on-site who can do that supervision or, you know, given our revenue situation, you know, a \$55,000 fiscal note is a big deal for us this session. But it seems to me as I look at it that that is...I think it's unreasonable given that these are Historical Society owned buildings that the Cather Foundation is looking at alternative revenue sources that do not come out of Historical Society's budget and investing the time and resources to preserve. So not so much as a question as maybe a comment that whatever the fate of this particular piece of legislation is I would certainly like to see the Historical Society maybe with some more creative, innovative thinking about how they can partner with some of their custodial organizations like the Cather (inaudible) Foundation to ensure that this kind of renovation can occur in a cost-effective manner while still preserving the historical integrity. Here endeth my lesson. [LB379]

SENATOR STINNER: Senator Bolz. [LB379]

SENATOR BOLZ: I...just a quick question regarding the fiscal note. I understand that some of the fiscal note is related to the transition and the bidding process. How much of the fiscal note would be ongoing operating, if any? [LB379]

TREVOR JONES: None. [LB379]

SENATOR BOLZ: Okay. [LB379]

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TREVOR JONES: Without a full project scope, we don't know what the additional operating costs would be for the long term for this project, but I would say that that is a concern for us. For example, the Pavelka house right now doesn't have any water or power or anything. So if those things were being added to it, those would be additional ongoing expenses that we have not yet calculated. [LB379]

SENATOR BOLZ: So I could think of this in three pieces: the request of \$300,000 for the property; the \$55,000 for the bidding and the transition; and then you would expect an additional cost in terms of ongoing operations even though that remains undefined? [LB379]

TREVOR JONES: Correct. [LB379]

SENATOR BOLZ: Okay. Thank you. [LB379]

SENATOR STINNER: Any additional questions? Senator Clements. [LB379]

SENATOR CLEMENTS: The \$300,000 Willa Cather Historical Building Cash Fund, is this a new fund or has it been done before? [LB379]

TREVOR JONES: Senator, I've only been here seven months so I can't tell you if there's a historical precedent, but I do not believe there is one. [LB379]

SENATOR CLEMENTS: Okay. Do you know of any other buildings that have a cash fund of that sort? [LB379]

TREVOR JONES: We do not have any other buildings that have a cash fund. [LB379]

SENATOR CLEMENTS: Is the Historical Society wanting to acquire any other Cather buildings? [LB379]

TREVOR JONES: No. [LB379]

SENATOR CLEMENTS: Well, I know I said earlier I happen to be president of the Bess Streeter Aldrich Foundation who has a similar house in Elmwood. And I was just wondering if you were interested in acquiring that building. (Laughter) [LB379]

SENATOR HILKEMANN: (Inaudible). [LB379]

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TREVOR JONES: Senator, we operate, you know, we have almost 30 buildings all the way across the state, historic buildings; and maintaining and keeping them up is a massive struggle for us. So unless you've got a great fat endowment that comes with it, we're not interested. [LB379]

SENATOR CLEMENTS: And then I wanted to know if the Society has considered transferring these two houses back to the Cather Foundation. [LB379]

TREVOR JONES: Yes. I think that these are discussions that we need to have that are ongoing and, quite honestly, not just with this site because this is a small portion of what we do. We operate seven historic sites throughout the state. And I think we need to look more holistically and also strategically about where the state's investment is best spent with those facilities and with those individual buildings and how we can do a better job thinking about what the product mix basically is for those areas. [LB379]

SENATOR CLEMENTS: All right. Thank you. [LB379]

TREVOR JONES: You're welcome. [LB379]

SENATOR STINNER: Thank you. Any additional questions? Seeing none, thank you. Any additional testifiers in the neutral capacity? Seeing none, would you like to close, Senator? [LB379]

SENATOR HARR: (Exhibit 5) Please. And thank you, Chairman Stinner, members of the Appropriations Committee. Let me first start off by talking about this is not Mari Sandoz. This is Willa Cather, okay, (laughter) a prominent author. Sorry, he's on a foundation. You know, this isn't Bess Streeter Aldrich's house. This is not livable in. You would not have wanted to spend your youth in this home, okay? This is not habitable let alone museum quality. And this is the most notable citizen in the state of Nebraska and it's in disrepair. You heard the head of the Historical Society say, well, if you guys fix it, then we got to take care of it. Well, that's a cost. That tells you what kind of state it's in. Right? You have...and I'm going to complain about fiscal notes again. This fiscal note and the purpose of fiscal notes is to say what the cost is, okay? Period. We have an analysis done by the Nebraska Tourism Commission and it says where this money is going to come from. Quite frankly, irrelevant. That's not the purpose of a fiscal note. I'm glad he came in and testified where the money is coming from, but that's not the purpose of a fiscal note. You want to come and talk about that, come and talk about it. And then to have it be put in our official fiscal note, again, not the purpose of a fiscal note. It's to tell us what the cost is so that you guys can figure out, and other committees, the cost. Okay. I've just...we've gotten a little lax here on what fiscal notes are and how they're supposed to operate. I heard this is not the

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right vehicle to do it. Well, find me another vehicle. I kept looking for another vehicle. And so what do we have? We have the Tourism Commission come in and say, hey, we still want your money. Okay? Don't get me wrong, we want your money. We just don't want you to tell us how to spend your money. All right. We cool with that? All right, then I'm done with my testimony. That's not the purpose. Appropriations is here to tell us how to spend our money. This is the taxpayers' money. This is the state's money. This is not the Tourism money. You are the ones who were elected to decide how to spend this money. This is something of not just state, this is national historic. This is one of, as you heard, one of our best authors of the twentieth century. I can't imagine another state letting an author at that level home going into disrepair. I think it's incumbent upon us to find a way. You know, we have a Historical Society who owns the property who has not taken care of it. You have an outside foundation willing to come in. I always hear about how great public-private partnerships are and we need to encourage them. Here is a public-private partnership. They're willing to come in and take over this property and to make sure...help resurrect this property to take it to a museum standard so it can become a tourism destination, so we can have more money. Sure, maybe it's not marketing; but you can't market until you have something to market. We have an idea and we have an old home that we have in disrepair. No one wants to see that. What they want to see is what she saw that day, maybe a little patina, but still in museum shape. That's what we're trying to do here today. With that, I would entertain any questions with this caveat. My favorite book is A Lost Lady of hers. [LB379]

SENATOR STINNER: Senator Wishart. [LB379]

SENATOR WISHART: Senator, thank you for bringing this bill today. I think it would be helpful for me to know what are the continued costs if we don't invest in the repairs today. [LB379]

SENATOR HARR: Well, see, that's the beauty of it. We just let it dilapidate and fall on itself and then there's no cost. But I don't think we want to give up on history like that. I think we want to preserve our history. That's one, you know, you go to Europe and they have buildings from the Middle Ages and before and they preserve their history. I think we should be doing the same. You know, who knows what tourism dollars we lose down the road. It is becoming...it already is somewhat of a tourism destination. It could become a bigger and better tourism destination, but we got to invest a little. And right now we're in a time where all we look is cut, cut, cut, cut, where can we cut? I think we need to also look at where can we invest and this is an investment in the state. [LB379]

SENATOR STINNER: Senator Bolz. [LB379]

SENATOR BOLZ: Senator Harr, have you looked at the statute of the State Visitors Promotion Cash Fund, just the establishing statute? The comment from John Ricks was that the

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commission's cash fund was created so that the commission shall use the proceeds of the fund to generally promote, encourage, and attract visitors to and within the state of Nebraska. [LB379]

SENATOR HARR: Yeah. [LB379]

SENATOR BOLZ: And his contention is that this purpose wouldn't fall underneath the cash fund's purpose. But it seems to me that many things could fall under the category of attracting visitors to the state of Nebraska. [LB379]

SENATOR HARR: And encouraging, yeah. [LB379]

SENATOR BOLZ: And I just wondered if there was anything that you understood about the cash fund that would limit or promote this usage. [LB379]

SENATOR HARR: Yeah. Do I think it falls under that? Yes. By resurrecting this building, you can promote tourism. You can encourage tourism. You can have it come. If there's nothing to visit, what are you encouraging? So we need to preserve this so that we can encourage it. [LB379]

SENATOR STINNER: Additional questions? Thank you, Senator. [LB379]

SENATOR HARR: Thank you. [LB379]

SENATOR STINNER: (Exhibit 6) We do have a letter of support from Red Cloud Heritage Tourism Development. That concludes the testimony on LB379. We now open the hearing for LB620, Nebraska Developing Youth Talent Initiative. Senator Wayne. [LB379 LB620]

SENATOR WAYNE: Good afternoon. I had to double-check to see if it was good evening already. Name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e. I am the District 13 representative for the state Legislature that represents north Omaha and northeast Douglas County. This is kind of a simple bill but as...after I won my election and being on the school board, I wanted to find a way to connect more with employers and strictly around construction trades in particular, but to do more to activate our students to be involved. And unlike in the education world, I think sometimes employees know what they need to train their...employers know what's best to train their employees. And so I began to research different government programs that are already out there currently working and I ran across the Nebraska Developing Youth Talent Initiative that the Governor actually is a big proponent of. And after looking at what they did already in a couple two years with some manufacturing facilities in Omaha and actually across the country, one

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in...across the state, one in Hastings, I thought it would be a great idea if we can increase funding in that realm but also make sure that we provide training in some construction trades, particularly construction trades. Because if you look at the Omaha area, and I'm looking at Omaha in particular, we got over \$2 billion worth of construction going on in the next five years and that is a great way for us to start a job program to make sure students are getting involved. And it isn't just so much the skilled labor on the ground level but all the way from engineers above. And if you look at Omaha Public Schools, we've been able to do some great things. One, we have an engineering program at Omaha North--oh, hopefully we don't need that--engineering program at Omaha North, where kids are walking out with some of the top engineering skills in the country, going to Iowa State and other big engineering firms. But on the flip side of that, we also just launched our career academy at Benson High School, which is currently under renovation right now, with our last 2014 (inaudible) Senator Vargas was on, a part of to get back into the more construction trades. If you're familiar with Omaha, we used to have the old Tech High that was geared at teaching hands-on skills. We still have most of Tech High still around, which people don't know, in the back of that building. But we wanted to enhance it. And we already have a program with IBEW at Benson High School where they're teaching kids electrician. When we had the Google plant across the river, there was at one point over 500 electricians that were brought in from out of state of Iowa and Nebraska to help finish that project. And there's going to be more. With the decommission of Fort Calhoun, with the bond work in the sewer separation project, with the current OPS bond, UNMC just had a \$390 million project, there are all types of construction moving forward. And we...I thought this was a great vehicle to build the employer side of working with schools and teaching kids and getting them excited about trades and funding that opportunity. So that's the basis of where we came from with this program and why we're here today. So with that, I'll answer any questions. [LB620]

SENATOR STINNER: Thank you. Additional questions? Senator Bolz. [LB620]

SENATOR BOLZ: Thank you, Senator Wayne, and welcome to Appropriations. If I'm remembering correctly, this, the Developing Youth Initiative... Youth Talent Initiative, was the Governor's initiative in 2015, though it started out with a \$250,000 investment. Can you tell me about the outcomes of the program so far and the return on investment in the initiative so far? [LB620]

SENATOR WAYNE: Well, that's a...all I know is kind of what's been in the press and that's why we added a--which we need to probably flesh out--added a reporting mechanism that we report back so we can define. This came particularly after the performance audit that was done. I think anytime that we start tying money to private investor...or not...private companies' employers, we should develop some better outcomes. So what I put in here was generally we need to develop a report back to the Legislature. But from all the companies, it's more anecdotal, and that's the problem. From all the companies that have been involved, like the one in Omaha, it's been a

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good program. Kids are getting involved. They're picking up ideas of going into different types of careers. But besides the anecdotal--can't say the word because I'm tired--evidence, I think we need more objective and concrete, and that's why I added a reporting requirement to report back to the Legislature on how this money is being used and what the outcomes are. I still think we need to define what those outcomes are, but that's something that I would like to work with the committee on and get done. [LB620]

SENATOR BOLZ: Thank you. [LB620]

SENATOR STINNER: Additional questions? Senator Vargas. [LB620]

SENATOR VARGAS: Welcome to Appropriations also. I wanted to follow up. In the legislation, I believe it's lines 8 through 9, that the Department of Economic Development selects two industry partners or industry consortium each fiscal year from the manufacturing, construction trades, and information technology sectors. Can you tell me about how...if there's any intention on how this process, this selection process will be? And I bring it up because I imagine there's competing interests for different...in the different organizations wanting to be the one that are highlighted each year. [LB620]

SENATOR WAYNE: So right now it's a grant process where a partnership between schools and employers come together and apply to the Department of Economic...or the Economic Department and develop...sorry, Economic Development Department, and from there it's a selection. So it will be the same. The only additional requirement that we're adding to that requirement is besides looking at the application and seeing what's good, and right now there's deadlines on the Web site and the grant application. We're saying if we want to focus on construction, and part of this was also...there was a lot of talk after the general election about infrastructure building. Trump talked about it more than once about how we're going to start doing more with the infrastructure. You look at the Legislature. We had a gas tax that's going, designed to help roads and build roads. We thought it was critical that we add a construction element that one of those people have...one of those companies or partners have to be certified with the DOL because those certified programs really are the ones that train our next generation of skilled labor out there in the work force. And so because of all that construction that we're looking forward to, I thought it was necessary, and the people that I talked to, that it was necessary to add that extra piece of "certified by the Department of Labor" to make sure we tie in some of that construction piece. [LB620]

SENATOR VARGAS: Great. And I just asked because I'm thinking about selection process. I don't know if there's more detail needed afterwards. But just another question in regards to the...how is this...is this...I know there's local efforts to do these partnerships in cities and towns,

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right, but what does this look like in other states? Are other states leveraging these types of programs? [LB620]

SENATOR WAYNE: Other states are doing multiple different things. If you look at particularly Iowa, they have a wide range of projects where employers, school districts, and students can come together with funding and learn how to develop the skill sets and certifications that are necessary. We're growing there and I think this is a conversation as a body we need to start having more; that, for example, in a different industry in Omaha, UNMC, there's 250 nurses at UNMC that we can employ tomorrow, that they need. But how do we take these employers and match them up with the students? And other states are doing some pretty innovative things around these grant types of programs. And although this is only a million dollars, I think it's a start of a bigger conversation of how do we tie education, economic development into the same realm to make sure we're matching employers with the potential employees. Because in true economic development, we're not going to go out and recruit 500 more Googles or 500 more Union Pacifics. It's going to be increasing wages over the next couple years. We have jobs. We're just not filling them to the highest capacity, particularly in east Omaha. And so by using this ability to provide grants to employers with schools, we're connecting them directly and we're building that partnership that should be happening where it's the school, employer, and students working together to fill that pipeline. So other states like Iowa have a grant program. Florida has a huge grant program where they're doing a lot around economic development. They have funds that are just available for the Governor to write checks to make sure that certain things can happen in Florida, their economic policies. For example, if a project has to occur and they need \$50,000 to get them over the hump, the Governor can write a \$50,000 check on the condition that they're certified employees or are certified training and other things. It's happening in Chicago where actually a company from Omaha set up an entire school where Chicago Legislature...I mean the Illinois Legislature in Chicago put money in with the public school to create a short-term program to fill all their construction requirements. And it was a local company out of Omaha who was a part of that to create a temporary school to fill that gap. And that's what I think this type of program can be. [LB620]

SENATOR VARGAS: Thank you very much. [LB620]

SENATOR STINNER: Additional questions? Seeing none, thank you. Additional proponents. [LB620]

CHRIS CALLIHAN: It's amazing how fast the room empties. [LB620]

SENATOR STINNER: Good afternoon. [LB620]

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CHRIS CALLIHAN: Good afternoon. Thank you for letting me come and testify in front of the Appropriations Committee today. My name is Chris Callihan, that's C-h-r-i-s C-a-l-l-i-h-a-n. I am a business rep and organizer for IBEW Local 265 here in Lincoln. I'm coming to talk to you today about my local and about the training lines that we have with our partner contractors. Currently, IBEW 265 and our partnering contractors interact with a lot of high schools that we can and try to. To give you some examples, we do some career fairs. We do a statewide mailing to those different high schools, trying to target their instructors that facilitate skilled trades or trade classes or their guidance counselors. We also participated in a Nebraska Construction Career Day in 2016. It was at six to seven different locations throughout Nebraska: Scottsbluff, North Platte, Hastings, Norfolk, Milford, just to name a few, Metro in Omaha. So we also have been working with some of Lincoln, LPS's, schools. To give you an example, our training director, Roy, is, and a few others, including myself, have gone out to Lincoln High School and helped the instructor there actually go facilitating a kind of trades class. When they got to the electrical portion of it, we went out and helped them facilitate, showing the students on-the-job type direct--this is from the field: how to wire from a panel to a light switch, from the light switch to an outlet, to a light fixture, that type of stuff, just showing them, exposing them to the very basics of the actual trade craft. I think that how this could really help is to help introduce. Right now we've got somewhat the network with LPS a little bit. This morning I actually met with, me, Roy, and another person in the trade, from a different trade actually, met with all the guidance counselors with...for LPS, for the high schools. Tomorrow I have a meeting with all the guidance counselors with junior high. This would help create and bridge that gap with a lot of the high schools, junior highs outside of Omaha and Lincoln as well. Scottsbluff has got a career academy that's being built right now or part of their new high school. Grand Island has had one for two or three years. I think this is a really growing trend. It's a good thing. Those treaties, those classes should never have went away. I went through one myself and that's where I got exposed to a trade to some degree. So I think it's a way for us to do that. Any way we can actually have that conversation with that guidance counselor and the interaction with the student, I think that's a key focal point. It was one thing I really enjoyed about doing the Nebraska Construction Career Days is they actually brought us out students from junior highs and high schools and interacted with them. We showed them vendors. We showed them different things that we do in the skill set trade, how we use math to do pipe bending, all that type of stuff to kind of give them a light exposure that there is a lot of reward and a lot of great career path in these trades. But I think that would help us introduce and bridge that gap. Getting...I guess there's tons of different directions we can go, you know, with this. I think that's the one thing nice about this bill, the way Senator Wayne is going through it within the way it's already established is it kind of leaves it open for interpretation on how the schools, how the partners can actually facilitate and put something together. Collaboration is going to be the key. Anytime we can increase that conversation and collaboration between the two has got to be a win. And the people that are going to win the most is going to be those students, giving them a sense of direction, finding that career path that is going to challenge them and encourage them to grow and actually give them a

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rewarding career and a lifetime for them and their families. With that, I'd take any questions. I would like to thank Senator Wayne for introducing this bill. I think it's a good bill. So any questions? [LB620]

SENATOR STINNER: Thank you. Questions? Seeing none, thank you very much. [LB620]

CHRIS CALLIHAN: Thank you. [LB620]

SENATOR STINNER: Any additional proponents? Seeing none, any opponents? Seeing none, anybody in the neutral capacity? Seeing none, Senator Wayne. [LB620]

SENATOR WAYNE: I do recognize that I'm the last one and I'm probably keeping you guys from going home, so I will make this fairly brief. I think one of the most important things we can do as a body is make sure we develop our next generational work force. And looking across this state, it's beyond just a public education issue. And using Economic Development Department as a tool of connecting kids to certain trades and certain industries I think will give us a different analytical look at what we're doing in our society, particularly in Nebraska. And that's why I think it's important that we put some money behind this, also establish the guidelines for reporting back to make sure we can see over the next three to five years where are students going and what we can do as a policy body and what employers can do to make sure we connect with kids and students to make sure that they are successful in all these different types of industries. But the fact of the matter is we're going to still continue to build. We're going to redo our roads. We're going to still need plumbers. We're going to still need electricians. We're going to need processing facilities, whether it's for my other bill, hemp, that all you guys are going to support. The point of it is we're going to need technicians and that is critical in all these different industries but particularly the three that we're looking at here today. And with that, I would just ask for your support on this bill. [LB620]

SENATOR STINNER: Senator Clements. [LB620]

SENATOR CLEMENTS: This initiative is new to me but is one of the reasons you're proposing this because public schools have eliminated industrial arts classes? [LB620]

SENATOR WAYNE: Yes. Yes, in a certain way. That was a big deal for Senator Vargas and I on the Omaha Public School Board because we heard directly from the Omaha Chambers and we saw statistics of the number of jobs and gaps that we can't fill. When the nuclear power plant was getting turned back on, literally, we had electricians and laborers from across the country staying at hotels because we couldn't fill those jobs. It wasn't that we didn't have the manpower here. It

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goes back to we removed a lot of basic entry-level classes inside of OPS. We removed to a large extent Tech High School. And so we have to come up with new ways to meet students where they are and, more importantly, to meet employers where they are. Some of the problems we have in public education is we try to tell employers what their demand is. We're going to create these type of kids for you. We're going to send them to college and you're going to have to be able to use them. And oftentimes we're not sitting down with employers saying, what's best for you? And I think what's beneficial about this program is it's bringing in the employers to solve that problem, saying, what do you need, what training do you need to make sure it happens, and how do we get kids there, and building that relationship. And for a million dollars across the state to be able to start having those conversations I think is critical. [LB620]

SENATOR CLEMENTS: Thank you. [LB620]

SENATOR STINNER: Senator Hilkemann. [LB620]

SENATOR HILKEMANN: Senator, how do you compare this program that you're proposing to the one that's already going on or that they're putting together at Metro Community College? [LB620]

SENATOR WAYNE: It's completely different in the sense that they're targeting kids out of high school already. We're starting to target 7th and 8th graders and to put them on a different track. [LB620]

SENATOR HILKEMANN: Okay. [LB620]

SENATOR WAYNE: So, theoretically, a kid could be interested in...let's use Benson as an example, we start targeting kids, showing them real-life experiences, and then they go to Benson High School and get in our IBEW program, electrician program. So their junior and senior year they're actually taking classes, dual enrolled at Benson and Metro. So when they walk out, they already have an associate degree from Metro and if they decide to go the union route, they've already had years of experience and training to get where they need to be to start a career. So they walk out job-ready to go. So it will actually work in conjunction. The problem is, and this is what I just said a second ago, we as the educators on board policy, we try to tell the business community what they need all the time at the 7th...6th, 7th, and 8th grade level. And we're trying to say through this program is they need to be a part of the solution. We're going to bring them in. We're going to create a partnership. We're going to help fund that partnership and we're going to expose these kids. And in four to five years let's see what the numbers say. It could not work or it could work. For right now we sometimes leave the business community at the front door of most of our public education facilities. [LB620]

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SENATOR HILKEMANN: And how does...and I know you mentioned earlier your program that you have already at the old Tech School. This would be in addition to that or would it affect that, that program that you have going on at Tech? [LB620]

SENATOR WAYNE: It might not affect it at all, and OPS might not be a recipient. It could be Hastings school district where a local business there applies for this particular grant through the Department of Economic Development and they create a 6th, 7th, and 8th program there that could later feed into a high school program. But it may affect it; it may not affect it. But the key is not, in this program, there's not necessarily high school students. It's a couple grades below that, getting them exposed. [LB620]

SENATOR HILKEMANN: Okay. [LB620]

SENATOR WAYNE: And the reality is if we already missed that 8th year grab of getting the kid exposed and stuff, it costs three to four times more to get that kid reexposed to certain fields. [LB620]

SENATOR HILKEMANN: Okay. [LB620]

SENATOR WAYNE: So we're trying to do it earlier. [LB620]

SENATOR STINNER: Thank you. Any additional questions? Seeing none, thank you. [LB620]

SENATOR WAYNE: Thank you. [LB620]

SENATOR STINNER: (Exhibits 1, 2, and 3) I do have three letters of support. One is from North Central States Regional Council of Carpenters. I have another one from the Omaha Joint Electrical Apprenticeship and Training Committee. And the third one is from the Associated General Contractors of America, Nebraska Chapter. And that concludes our hearing on LB620. [LB620]

SENATOR WAYNE: Thank you. [LB620]

SENATOR STINNER: Thank you. And concludes us for the day. [LB620]