

GROW NEBRASKA REPORT





2016 GROW NEBRASKA REPORT

GOVERNOR'S NOTE

Fellow Nebraskans,

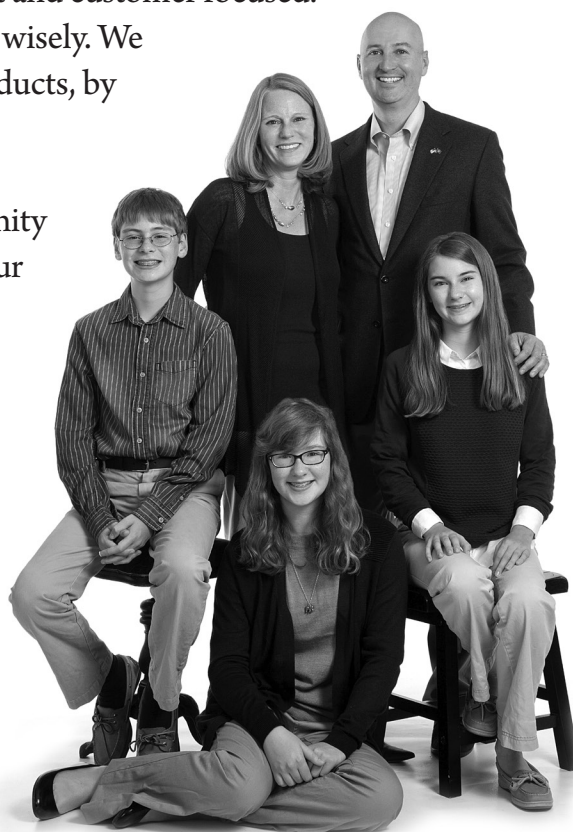
Everywhere I go, I tell people the best thing about Nebraska is our people. You make Nebraska what America ought to be. It is a privilege to serve as your Governor and work on your behalf.

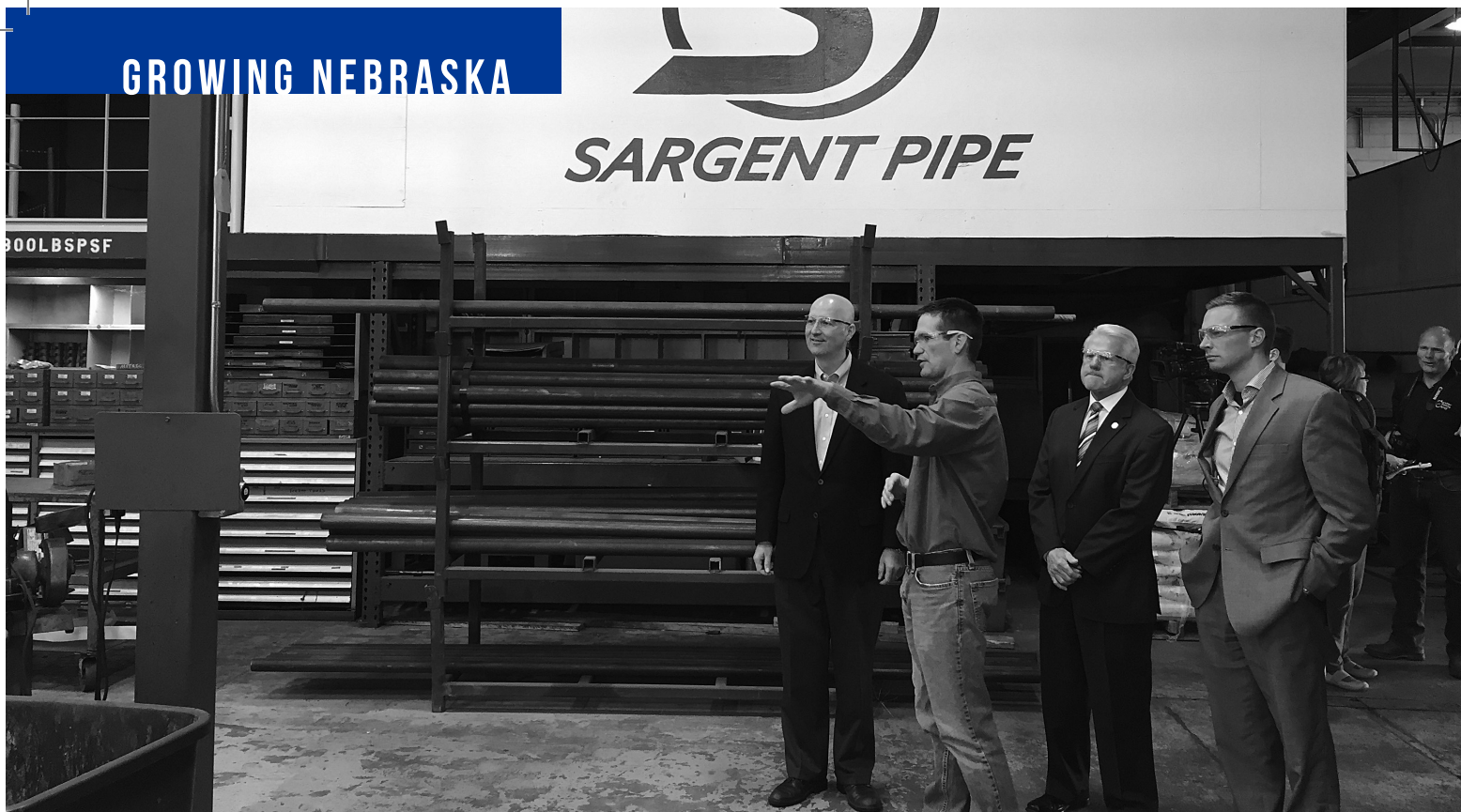
As Governor, I have focused my energies on preserving everything that is great about Nebraska and investing in the future so that our state continues to be the best place in the world to live, work and raise a family. The goal of my administration is to grow Nebraska. Working with our partners in government at the Unicameral Legislature, my administration has been making state government more effective, efficient and customer focused. We've reduced your tax burden and spent taxpayer dollars wisely. We helped create jobs by promoting Nebraska agriculture products, by fostering new business investment and by cutting red tape.

On behalf of Susanne and I, we thank you for the opportunity to serve you and we look forward to continuing to make our state government work for you.

A stylized, handwritten signature of Pete Ricketts in blue ink.

Pete Ricketts
Governor of Nebraska





CREATING JOBS AND OPPORTUNITIES

1 MILLION NEBRASKA JOBS

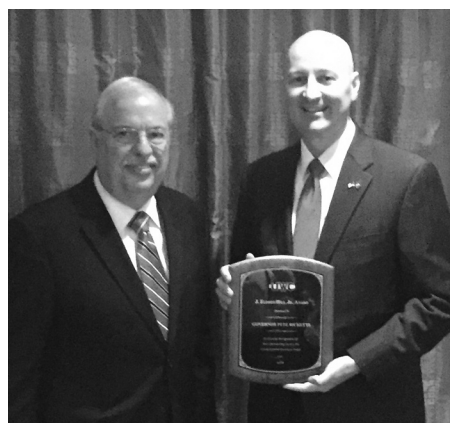
What happens when you lower taxes, control spending, reduce unnecessary regulations and bureaucracy for job creators? In Nebraska, they create jobs.

This June, Governor Ricketts announced that Nebraska's non-farm job count averaged one million jobs for the first time ever. The Governor noted Nebraska's diverse group of industries helped drive this historic employment level in our state along with his commitment to growing Nebraska by supporting employers and making government more efficient and responsive.

To Grow Nebraska, you also need to help workers retrain to compete for new jobs in the fast-moving global economy.

NATIONAL REEMPLOYMENT RECOGNITION

Governor Ricketts was recognized by the National Foundation for Unemployment Compensation and Workers' Compensation (UWC) for his advocacy of Nebraska's unique reemployment program. The UWC presented the Governor with the J. Eldred Hill, Jr. Award for excellence in the public policy arena in service to the employer community. Launched in July 2015, the reemployment program is unique among labor



department programming nationally. All jobseekers receiving unemployment benefits are now required to enroll in an individualized reemployment plan before receiving unemployment benefits. In this program, jobseekers receive one-on-one career counseling and identify goals and objectives and are connected with the training and resources they need to return to the workforce. Not only has this program put Nebraskans back to work, it has cost taxpayers \$6.7 million less than last year, even as national payouts have increased.

WORKFORCE DEVELOPMENT

Supporting job creators means creating a customer-friendly approach to government service.



Governor Ricketts championed the importance of workforce development to get Nebraska students into good-paying jobs and ensure our state's employers have the workforce they need. The outcome was the Developing Youth Talent Initiative which fosters partnerships between private industry and public schools that promotes hands-on career exploration and workplace learning for 7th and 8th graders. Next generation workers require advanced skill sets and knowledge to compete in the global economy. Meeting workforce demands requires innovative approaches to develop a youth talent pipeline, and this initiative lays the groundwork for that pipeline.

YAHOO! PRAISES STATE'S BUSINESS-FRIENDLY ENVIRONMENT

Too often, government regulations strangle businesses, thwarting or discouraging new investment and job growth.

Governor Ricketts' administration earned recognition from Yahoo! for its common sense approach to air construction permits. The Nebraska Department of Environmental Quality (NDEQ) became one of



only four state DEQs in the nation to offer end-to-end permits online. The agency launched an online application for general air construction permits to streamline the process for less complex categories of construction applications. This is giving NDEQ staff more time to focus on larger, more complex permit applications. Thanks to the online application process, NDEQ has reduced the time it takes to process air quality permits from months to an average of one day.

Yahoo! was the first applicant to receive coverage through NDEQ's new online application for their emergency engine general construction permit. The permit was part of a \$20 million expansion to increase capacity to power Yahoo! products and services at their data center located in La Vista, Nebraska. At a news conference, Yahoo! credited this expansion in part to the business-friendly environment and customer service of the Ricketts Administration.

HOW NEBRASKA RANKS

In 2015, the Governor's Office unveiled a new website called "How Nebraska Ranks" to highlight where Nebraska stands nationally on a variety of statistics. Here are a few stats showing where Nebraska stands. To view more, visit www.Governor.Nebraska.gov/statistics.

Jobs and Economic Development

- Unemployment rate: 3rd lowest in the nation
- Labor force participation rate: 3rd highest in the nation

Fiscal Strength & Business Climate

- Lowest State Tax Supported Debt Per Capita (*Standard & Poor's*)
- AAA Bond Rating (*Standard & Poor's*)
- 3rd Best State for Business (*Forbes*)
- 3rd among Fastest-Growing States for Tech Jobs in 2015 (*Forbes*)
- 5th Best State for Job Creation (*Gallup*)
- Top 10 State for Business Climate (*U.S. Chamber of Commerce Foundation*)

Health and Welfare

- Top 10 among states in Overall Health (*America's Health Rankings*)
- Top 10 among states in Immunization Coverage (*CDC Vaccines*)
- 7th for Volunteering and Civic Engagement (*Corporation for National and Community Service*)



PROMOTING TRADE

Nebraska has a lot to offer the world—from a great workforce, to agricultural products, quality goods and services and esteemed universities and colleges. That’s why Governor Ricketts has worked to improve trade relationships both domestically and abroad, including leading a trade mission to Asia in 2015 to open up more opportunities in one of our most important markets. Highlights of the new investments secured by the Governor’s trade mission and the efforts of his administration include:

KAWASAKI EXPANDS

After Governor Ricketts met with Kawasaki leaders in Japan, Kawasaki decided to establish a production line to manufacture cargo doors for Boeing’s 777X airplane in Lincoln, Nebraska.

GEIST TECHNOLOGIES EXPANDS

The Governor’s trade delegation to Asia and the Nebraska Department of Economic Development’s Nebraska Center-Japan helped Geist enter the Japanese Market. In June

of 2016, Geist opened a new \$12.5 million facility that provides high-skill job opportunities in Lincoln.

WORLDLAWN EXPANDS

After the Governor met with the president of Beatrice-headquartered global manufacturer Worldlawn, Worldlawn acquired a 275,000-square-foot facility for a major expansion.

PROVIDING TAX RELIEF



PERSONAL PROPERTY TAX RELIEF

In addition to property tax relief, the Governor signed into law an additional tax relief measure that creates an exemption on the first \$10,000 of personal property tax for businesses. With over 167,000 small businesses in Nebraska, this exemption has the potential to help countless small business owners who are helping to grow Nebraska.

ONGOING PROPERTY TAX RELIEF

Property tax relief remains a top priority for Governor Ricketts as he seeks to lower the tax burden for all Nebraskans.

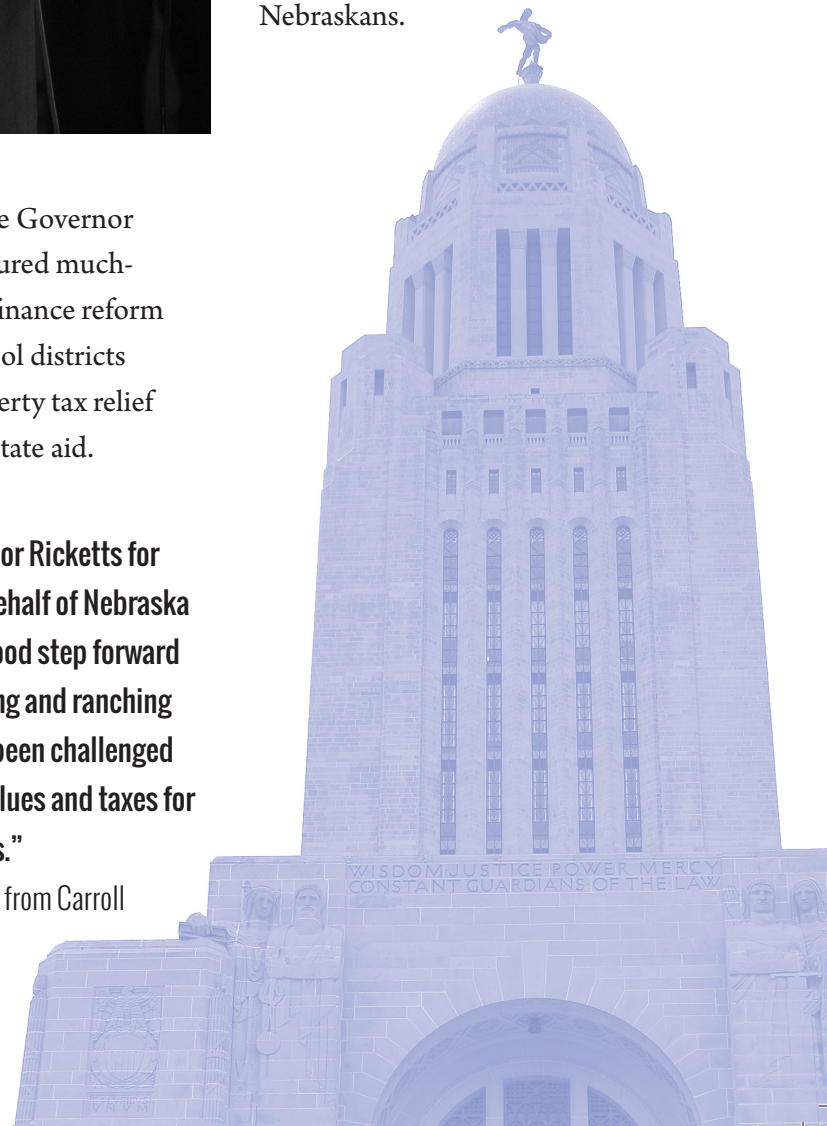
The number one request from Nebraska citizens in all corners of the state is to provide relief for high property taxes. From the first day of his administration, Governor Ricketts has made reducing property taxes a top priority.

- In 2015, Governor Ricketts worked with the Legislature to provide \$408 million in direct property tax relief to Nebraskans. During the 2016 legislative session, Governor Ricketts once again collaborated with senators to deliver an additional \$20 million in direct property tax relief for Nebraska's farm and ranch families.

- Additionally, the Governor successfully secured much-needed school finance reform that allows school districts to provide property tax relief without losing state aid.

"Thank you to Governor Ricketts for working so hard on behalf of Nebraska taxpayers. This is a good step forward for Nebraska's farming and ranching community that has been challenged with high property values and taxes for the past several years."

-Roger Brandt, a farmer from Carroll



CONTROLLING STATE SPENDING

CONTROLLING SPENDING LED TO TAX RELIEF

Controlling spending has been key to allowing the Governor and the Legislature to provide property tax relief, and will be key to future tax relief efforts. The state must continue to focus on providing additional tax relief in the context of the budget.

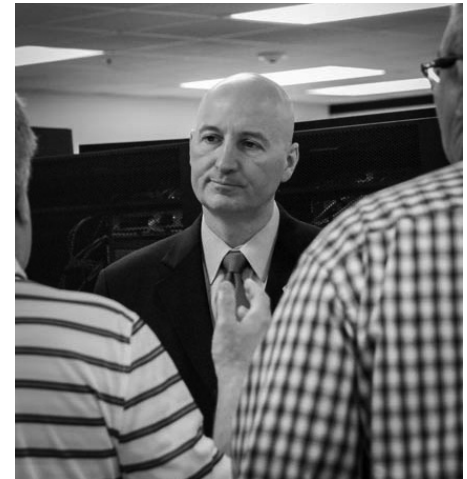
CUT THE RATE OF GROWTH IN SPENDING

In Governor Ricketts' first budget, he worked with the Legislature to cut the rate of growth in state spending by nearly half from 6.5 percent in the last administration's budget to 3.6 percent in this budget. This budget allowed the state to fund the essential services of government, while still providing much-needed property tax relief.

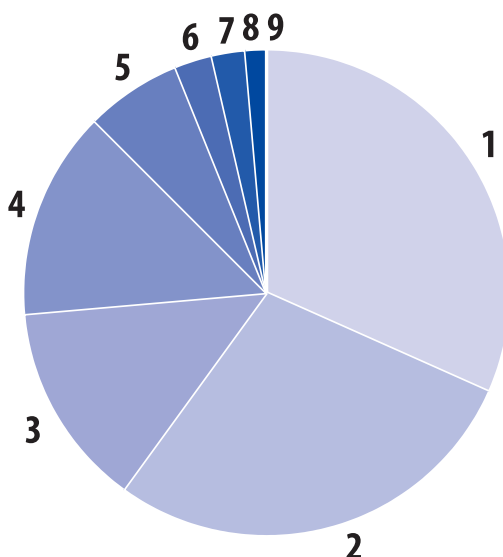
As the Governor and his administration plan for the next two-year budget, he has told his cabinet controlling the growth of government spending and providing property tax relief are top priorities.

BUILDING A MORE EFFICIENT AND EFFECTIVE GOVERNMENT

In 2016, the Governor and the Department of Administrative Services announced the creation of the Center for Operational Excellence (COE). The hub is training agency directors and staff in how to build a customer-friendly culture, streamline operations, and more efficiently allocate resources. Building upon successes, such as the turnaround at the Department



of Health and Human Services under CEO Courtney Phillips, these activities will help state agencies find ways to do more with existing resources, and to make the best use of your hard-earned taxpayer dollars.



OVERVIEW OF THE NEBRASKA STATE BUDGET

1. Medicaid & Other State Aid to Individuals (Medicaid: 61% of category)	\$1,401,243,736	31.76%
2. State Aid to Schools	\$1,241,325,759	28.14%
3. University of Nebraska	\$601,466,732	13.63%
4. Operations - Governor's Cabinet Agencies	\$615,213,756	13.95%
5. Operations - Non-Code Agencies	\$282,669,728	6.41%
6. State Aid to Local Governments	\$112,697,570	2.55%
7. State Aid to Community Colleges	\$100,828,308	2.29%
8. State Colleges	\$55,745,248	1.26%
9. Agency Construction	\$500,000	0.01%
	\$4,411,690,837	

SUPPORTING OUR FARM ECONOMY



Agriculture is Nebraska's number one industry, it drives our economy, and is the heart and soul of what we do. Just as with his plan to support job creators, Governor Ricketts recognizes that growing agriculture is a key strategy for keeping our state a great place to live, work, and raise a family for the next generation. These strategies include:

CUTTING RED TAPE

Governor Ricketts and his team worked with the Department of Motor Vehicles, the State Patrol, and

the Nebraska Cattlemen to eliminate needless regulations on farm vehicles that were making it unnecessarily difficult for farm families to feed the world. To cut this red tape, the Governor and his team launched a new designation that exempts operators of vehicles utilized in agricultural operations from being required to obtain a Commercial Driver's License (CDL). Nebraska joins several states that have adopted the covered farm vehicle designation including Georgia, Iowa, Kansas, and North Dakota among others.

COMBATING OVERREACH BY THE FEDERAL GOVERNMENT

Sometimes the best thing state leaders can do for farmers is push back against the federal government when it proposes job-killing over-regulation. Governor Ricketts, Attorney General Doug Peterson, and agriculture leaders banded together to push back on the Obama Administration's Waters of the U.S. (WOTUS) rule. Thanks to their collaboration and leadership, a coalition of states secured a stay against WOTUS, preventing



a massive expansion of the Environmental Protection Agency's (EPA) authority. This power grab by the EPA would have given the EPA authority to potentially regulate bodies of water as small as a pond or a ditch. Nebraska continues to fight the EPA's overreach in the courts.



PROMOTING AGRICULTURAL TRADE

On his first trade mission to Asia in September 2015, Governor Ricketts saw firsthand how the Trans-Pacific Partnership (TPP) can help grow our trade relationships with many of our Pacific-rim trading partners. Governor Ricketts and the Nebraska Farm Bureau worked together to highlight the positive impact the Trans-Pacific Partnership would have on Nebraska's counties. A study shows that TPP would increase Nebraska's agricultural cash receipts by \$378 million annually.

PROTECTING THE RFS WITH THE GOVERNORS' BIOFUELS COALITION

Another example of federal overreach that would hurt farmers, ranchers and the agriculture industry has been the federal government's plans to slash renewable fuel standards (RFS). In January 2016, Governor Ricketts was appointed vice chair of the Governors' Biofuels Coalition and he has led two efforts against the EPA's plans. The Governor testified at an EPA hearing that strong renewable fuel standards mean more jobs here at home, greater energy security, and a cleaner environment."

INVESTING IN VALUE-ADDED AGRICULTURE

One of the key ways Nebraska can grow agriculture is through value-added agriculture. Over the last year, Nebraska has welcomed investments from companies like Hendrix ISA and Costco, who are investing in egg hatcheries and chicken processing facilities. Costco's project alone could mean a \$200 million investment with a \$1.2 billion impact. Investments like these will help open up new opportunities for the next generation of Nebraska farm and agribusiness owners.



PROMOTING NEBRASKA BEEF



Nebraska's beef is the finest in the world, that's why Governor Ricketts has promoted it across the country and around the globe. From New York City to Japan, Governor Ricketts, the Nebraska Department of Agriculture and Nebraska's agricultural leaders and beef producers tirelessly promoted Nebraska's beef products.

DOMESTIC MARKETS

In 2015, the Nebraska Department of Agriculture, Nebraska Ag leaders and Beef Producers joined Governor Ricketts on a visit to New York City to promote Nebraska Beef to restaurants and specialty groceries.



OPENING INTERNATIONAL MARKETS FOR NEBRASKA BEEF

In the last year, Nebraska beef has gained or regained access to Israel, South Africa, and Saudi Arabia. The Ricketts administration has



advocated for removing trade barriers in Vietnam, Peru, and Columbia and promoted our state food products as high quality, safe and healthy.

BUILDING NEBRASKA



EFFICIENCY LEADS TO \$3 MILLION IN NEW ROADS FUNDING FOR LOCAL GOVERNMENT

Roads and infrastructure are economic development tools to grow Nebraska. Without safe, efficient, congestion free roads and bridges and a solid infrastructure, businesses can't deliver goods and services and Nebraska communities can't thrive. Governor Ricketts' Department of Roads increased efficiency and achieved cost savings by increasing the federal swap rate, which made \$3 million in additional roads funds available to counties and cities.

TRANSPORTATION INFRASTRUCTURE BANK TO BUILD NEBRASKA

Working with Senator Lydia Brasch who prioritized the bill, Governor Ricketts championed the Transportation Infrastructure Bank which includes \$450 million in targeted infrastructure funding in three key areas: accelerated construction of the state's expressway system; repairs to bridges maintained by local governments; and infrastructure projects that connect new and expanding businesses to our infrastructure system. The Governor also cut red tape and eased new road's standards for local government by allowing them to make repairs



without investing in sweeping changes to existing infrastructure.

"Thanks to the leadership of Governor Ricketts, Nebraska will finally see significant progress towards completion of our state's expressway system. I designated this legislation as my priority for the session because infrastructure funding is one of the top concerns I hear. This bill builds on the work of Senator Deb Fischer's Build Nebraska Act, and together they will provide the resources Nebraska needs to work through our infrastructure priorities for years to come."

-State Sen. Lydia Brasch

"These common sense changes not only modernize our state's roads and bridge standards, but will also help your hard-earned taxpayer dollars go further as state and local government partner together to build the 21st-century infrastructure Nebraska needs to continue to grow." -Gov. Pete Ricketts

TAKING CARE OF OUR PEOPLE

Believing the people who depend on the Department of Health and Human Services are customers, Governor Ricketts recruited a top executive, Courtney Phillips, with a customer-focused commitment to serving Nebraska citizens. Great strides have been made in her first year on the job.

GOVERNOR, DHHS UNVEIL FIRST-EVER AGENCY BUSINESS PLAN

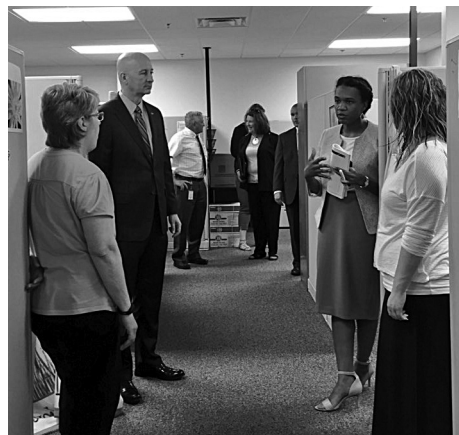
Under Phillips' leadership, she brought business principles to leading the agency and developed and released the DHHS business plan, a first for the agency.

"DHHS touches the lives of countless Nebraskans every day as they serve some of our most vulnerable citizens. This business plan will result in improved services and better service from DHHS as they help Nebraskans live better lives." -Gov. Pete Ricketts

AGENCY SUCCESSES ARE HELPING PEOPLE LIVE BETTER LIVES

Among the agency's achievement under Governor Ricketts and Phillips:

- Call wait times at the agency's call center for public benefits, ACCESSNebraska, have dropped from an average of almost 24 minutes in August 2014 to less than five minutes today.



"This is really important for me and my family. I'm so thankful and grateful for the help." -Ms. Tiangwa

- The state's child welfare system, formerly plagued with mismanagement, exceeded all six federal standards in 2015. Three years ago HHS met only two standards.

- The public health division achieved national accreditation through the Public Health Accreditation Board, a significant achievement only a small percentage of public health agencies have earned nationally.
- Due to the previous administration's poor performance in SNAP application process, Nebraska was in danger of losing \$17 million in federal funding which would have had to be replaced with general fund dollars. Processing is now operating at the highest rate ever recorded in Nebraska, 95 percent, and the federal funding is no longer in danger.

GOVERNOR RICKETTS' TEAM

WORKING TO MAKE GOVERNMENT WORK FOR YOU.



Administrative Services
Byron Diamond



Administrative Services - Budget Division
Gerry Oligmueller



Aeronautics
Ronnie Mitchell



Agriculture
Greg Ibach



Banking
Mark Quandahl



Chief Information Officer
Ed Toner



Corrections
Scott Frakes



Crime Commission
Darrell Fisher



Economic Development
Courtney Dentlinger



Energy
David Bracht



Environmental Quality
Jim Macy



Fire Marshal
Jim Heine



Governor's Chief Human Resources Officer
Jason Jackson



Governor's Chief of Staff
Matt Miltenberger



Governor's Policy Research Director
Lauren Kintner



Governor's Public Relations Director
Taylor Gage



Governor's Special Advisor for External Affairs
Jessica Flanagan



HHS - Behavioral Health
Sheri Dawson



HHS - Chief Executive Officer
Courtney Phillips



HHS - Children and Family Services
Doug Weinberg



HHS - Developmental Disabilities
Courtney Miller



HHS - Medicaid & Long-Term Care
Calder Lynch



HHS - Veterans' Homes
John Hilgert



Insurance
Bruce Ramge



Labor
John Albin



Military
Maj. Gen. Daryl Bohac



Motor Vehicles
Rhonda Lahm



Natural Resources
Jeff Fassett



Revenue
Tony Fulton



Roads
Kyle Schneweis



State Patrol
Bradley Rice



Veterans' Affairs
John Hilgert



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