

As lawmakers prepare for the upcoming legislative session, we reflect back on some of the themes covered at our 2019 Fall Policy Symposium in an effort to help policymakers and others prepare for the important economic development discussions that will take place in the State Capitol starting in January.

A key takeaway from the symposium was that a smart business incentive package should be in Nebraska's economic development tool box, but there are many other strategies and tools that the state needs to employ as well. This is particularly true as the state works to deal with the policy implications created by a demographic shift that has more residents moving from rural to urban parts of the state.

### **Getting the most from our incentive programs**

In a presentation about a report his organization did for the Legislature's Economic Development Task Force, Dr. Ken Poole of the Center for Regional Economic Competitiveness (CREC) highlighted steps that Nebraska can take to optimize its incentive programs.

As Nebraska lawmakers work to craft a new tax incentive package, Dr. Poole recommended they consider making the program discretionary rather than creating another statutory program like the Nebraska Advantage Act. Under statutory programs like Nebraska Advantage, companies need only meet the requirements of eligibility to qualify, regardless of whether the companies help advance statewide economic development goals or priorities. Moving to a discretionary program would give state officials more say in where incentive dollars go and this would help ensure incentives are advancing state priorities.

In discussing Nebraska's current incentive programs, Dr. Poole said the state could reduce some of its outstanding tax incentive liability by enacting a buy-back program. Such a program would allow Nebraska to buy back outstanding tax incentives at a reduced price, he said, and this would help limit the budgetary impact of Nebraska Advantage, which will reduce state revenues for several decades.

### **Economic development is much more than just incentives**

Aside from improving Nebraska's business incentives, Dr. Poole discussed several other CREC recommendations, many of which were also referenced during other conversations during the day. For example, CREC recommended that Nebraska increase investments in:

- The Business Innovation Act, which provides grant and loan support to innovative start ups in Nebraska;
- Intern Nebraska, a program that helps match college students with internship opportunities in Nebraska;

- Apprenticeship programs that can help address our state's workforce shortages; and
- Increased access to broadband internet, particularly in rural parts of the state.

### **A more urban Nebraska**

During the first presentation of the day, Dr. Josie Schafer of Center for Public Affairs Research said that while urban is not a word many associate with Nebraska, the data show that the state is becoming increasingly metropolitan. For example, she noted that by 2020, 65% of Nebraskans will live in urban parts of the state. She also showed that since 2010, the state's population has grown 5% but that population has actually decreased in 66 of Nebraska's 93 counties.

### **What urbanization means on the ground**

In a panel discussion following Dr. Schafer's presentation regarding the policy impact of urbanization in Nebraska, Dr. Tawana Grover, superintendent of Grand Island Public Schools, said state support for K-12 education is among the most impactful economic development investments Nebraska can make. This is particularly true in her district and other urban schools that serve high numbers of English Language Learner students and students living in poverty. Ensuring these districts -- which are growing amid the demographic shift -- have the resources they need to educate their students is among the most powerful ways the state can ensure its future workforce is ready to thrive.

Sen. Curt Friesen of Henderson said the outmigration from rural to urban Nebraska has exacerbated our state's high reliance on property taxes to fund K-12 education. As most rural districts receive no state equalization aid, they rely more heavily on property taxes and as more people leave rural Nebraska, those who remain must pick up a larger share of the school funding bill.

As Omaha grows, it faces transportation challenges as more people make use of the city's roads, streets and highways. A key problem that Omaha businesses have identified is a struggle to get workers to the right job regardless of where they live, said Stephen Osberg, who is leading a Greater Omaha Chamber of Commerce effort to develop a transportation strategy for the city. As part of the effort, known as ConnectGO, transportation solutions implemented in other cities will be examined to see if they can help match Omaha workers with the jobs they need, Osberg said.

A key challenge to rural economic development is a shortage of housing and some of the major obstacles to addressing the shortage include a high percentage of aging houses and a lack of contractors, said Judy Petersen, executive director of the Central Nebraska Economic Development District. Lawmakers could help address these challenges by crafting policies that make it easier for developers to purchase lots with aging houses in order to build newer homes on those lots. Increased state investment in

workforce training -- particularly in the trades -- could help increase the number of contractors in rural Nebraska, as well, Petersen said.

Nebraska's increasing urbanization along with an aging rural population are placing greater strain on health providers in greater Nebraska, said Dr. Eleanor Rogan of the University of Nebraska Medical Center College of Public Health. The single most impactful step Nebraska can take to help address rural health challenges is to implement Medicaid expansion, Dr. Rogan said. A major benefit of this would be that it would help offset the financial toll rural hospitals and providers face from having to provide uncompensated care to those without insurance. Lawmakers can also help address the shortage of rural health workers by enacting policies that allow health professionals such as nurse practitioners to use the full extent of their skills to care for patients, Dr. Rogan said.

### **Moving our state forward**

While discussing steps Nebraska can take to create the economy it needs in the future, Dave Rippe, CEO of Queen City Development and the former Director of the Nebraska Department of Economic Development, said embracing diversity is a must.

"If we're just going to settle for tolerance, we're not going to grow as a state," he said. "We need to embrace people who don't look like us."

Cathy Lang, who also previously served as Director of the Nebraska Department of Economic Development and who now directs Nebraska's Business Development Center, said retention is just as important for the state's economic future as attraction. Nebraska is likely to get great return on investment by putting more focus on retaining talented people, she said. And retention, she said, is an effort that needs to start in our K-12 system and never let up from there.

One effective way policymakers can help improve retention is to increase investment in the Intern Nebraska program, said Jason Barelman, director of career services at Wayne State College. Barelman's comments were echoed by others on the panel who noted that investing in internship programs is a good way to help slow brain drain in Nebraska because it helps connect young adults to opportunities in their communities.

While much is often made of Nebraska's low unemployment rate, there are places in the state where unemployment is quite high, said Carmen Tapio, CEO of Northend Teleservices. That includes North Omaha, where Tapio's telemarketing company operates. Tapio told the symposium audience the story of how her company leveraged North Omaha's underutilized workforce to build a thriving business that pays strong wages and puts workers on career paths rather than just providing jobs. Northend's story, Tapio said, is proof that activating underutilized workforces is a viable way to truly move Nebraska's economic development needle.