

Nebraska Advantage Is Producing Good Results, Says Governor

The Nebraska Advantage Act is generating good things for economic development in the Cornhusker State. According to Governor Dave Heineman, the 2005 economic development law has thus far encouraged 116 companies to consider locating or expanding their facilities in Nebraska. Those companies are expected to invest up to \$4 billion in the state's economy and create more than 10,000 jobs, Heineman said.

"We're off to a great start, but we've got more to do," the governor said in his Aug. 16 remarks at the fall meeting of the Nebraska Chamber of Commerce Executives (NCCE). The Nebraska Advantage Act (LB312) replaced the state business incentives under LB775. Included in the Nebraska Advantage Act are the Nebraska Job Training Advantage — a grant program that businesses can utilize when creating jobs through expansion or relocation. The Nebraska Advantage also contains research and development incentives; the *Nebraska Advantage Microenterprise Tax Credit Act*; and a sales tax exemption on manufacturing machinery, equipment and related services. ■

U.S. Maintains Manufacturing Base

The *Omaha World-Herald* reports that in 2006, manufacturing's share of the U.S. economy did not decline for the first time in a decade, and overall the industry is doing well, with growth in the medical devices, electronics, food, and printing and publishing sectors. Those were among the findings of a nationwide survey of manufacturers and wholesale distributors conducted by RSM McGladrey, a national accounting firm that has an office in Omaha. The plastics, industrial equipment, transportation and building materials industries were down significantly, primarily because of declines in the housing and automotive areas, said Tom Murphy, national executive vice president of manufacturing and wholesale distribution for RSM McGladrey.

The biggest challenge facing manufacturing and distribution businesses locally is finding qualified applicants to fill such positions as welders and engineers, said Eric Kliver, chief financial officer at Omaha Standard, which manufactures truck parts. Strengthening ties with local community colleges and technical schools as a way to find employees is a national trend, Murphy said. The industry needs to develop such strategies to attract young people to fill positions that will be created as baby boomers retire, Murphy said. Rising energy costs also were cited as a problem. Costs and finding new sources of energy will be the biggest challenge to the industry over the next 50 years, Murphy said. ■

Deadline Nearing For Leadership Nebraska Applications

The **State Chamber's Leadership Nebraska** program works to develop and motivate a cross-section of leaders who will use their talents and abilities to inspire others and to foster a new spirit of energy, enthusiasm and vitality throughout the state. Each year, a class of some 35 leaders is selected to participate in the program. Those selected must have demonstrated skills and experience in civic activities, public affairs and in their professional careers. Although

the selected participants will be from different regions, have varied backgrounds and possess diverse talents, they all must have one common characteristic — an abiding interest in Nebraska and its future. **Applications for the 2008 class are due in mid-October.** Sessions begin in late February. For more information, e-mail dmihovk@nechamber.com or call Don Mihovk, executive director, at 402-474-4422. ■

Governor Heineman Launches Nebraska Career Dream Team



On Aug. 22, Governor Dave Heineman helped launch the Nebraska Career Dream Team, which highlights opportunities for young people pursuing a career in advanced manufacturing. Pictured are Behlen Mfg.'s Tony Raimondo and the governor, as Raimondo briefs reporters at the state capitol on Nebraska's 'Dream It. Do It' campaign. Governor Heineman said: "Our young people need to know that manufacturing has evolved beyond the assembly line into a career that offers room for creativity, innovation and entrepreneurship." Raimondo, chairman of the State Chamber's Economic Development Council and the Nebraska Advanced Manufacturing Coalition (NAMC) said, "This campaign is a way to reach out and help young adults, parents and educators understand the important role advanced manufacturing plays in Nebraska's continued competitiveness in the global marketplace." The 2005 Skills Gap Survey reported that 81% of manufacturers were having trouble finding the skilled workers needed to keep their businesses competitive. To learn more about the 'Dream It. Do It' campaign, visit www.dreamit-doit/nebraska.com. (Photo courtesy of the Governor's office.) ■

Congress Faces Busy Fall Schedule

As Congress returns to Capitol Hill following its August recess, lawmakers face a long list of legislative items that await action. Some political observers say that a stepped-up enforcement of federal immigration laws by the Bush administration is certain to again place immigration reform at the top of the legislative agenda. Some believe the administration is trying to force Congress to revive a comprehensive immigration reform proposal that stalled out in the Senate in late June 2007.

Heath Weems, director of education and workforce policy for the National Association of Manufacturers (NAM), said: "We may see more efforts to move the comprehensive immigration reform this fall, so it should make for an interesting session." Piecemeal immigration proposals could be attached to several pending appropriations bills, including those for the departments of Homeland Security, Labor, Education, and Health and Human Services.

Congress could face even more gridlock this fall, according to other sources, who point to several pieces of legislation supported by organized labor and passed by the House of Representatives — but blocked in the Senate. President Bush has stated

clearly that he would veto the labor-related bills approved by the House, such as the Employee Free Choice Act (HR 800) and the Ledbetter Fair Pay Act (HR 2831).

Other pending legislation that could require lengthy debate includes:

- **The State Children's Health Insurance Program (SCHIP) re-authorization.** The Senate has attached an amendment to the bill (HR 976) that would provide up to six months' leave without pay to family members who are providing care to loved ones wounded while serving in the U.S. Armed Services. It would be the first major expansion of the Family and Medical Leave Act (FMLA) since it was enacted in 1993 — and could set the stage for other attempts to expand the law.
- **A mental health parity measure (HR 1424) to require health plan sponsors to provide coverage for mental illness.**
- **The Genetic Information Non-Discrimination Act (HR 493).** This legislation would prohibit employers or health insurers from discriminating against individuals based on genetic information or test results. It passed the House on April 25, 2007, and has backing from the White House. ■

Most Nebraska Businesses See Increase

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their efforts to reduce costs. In addition, 27.5 and 17.9 percent of organizations increased deductible levels and employee co-insurance levels respectively.

On average, employers contribute 9.1 percent of payroll toward the cost of health benefits, which is nearly the same cost to provide all of the following benefits: dental, pension, life, disability and other non-mandated benefits.

The survey also revealed prescription co-pay costs have increased since 2005. In particular, non-formulary co-pays for PPO plans have increased by 4.2 percent over the last three years,

and an even larger increase was seen in POS plans, 12.7 percent. In 2007, nearly all companies offering PPO, Indemnity, HMO and POS plans provided prescription drug coverage. *Compensation Data 2007 – Iowa/Nebraska* contains data on 523 job titles ranging from entry-level to top executives. Information was collected on more than 111,000 employees across the region.

Compdata Surveys has been partnering with the Nebraska Chamber of Commerce & Industry for 12 years to provide accurate, reliable data at affordable prices. For further information about the compensation and benefits surveys, contact Compdata Surveys at (800) 300-9570, or visit www.compdatasurveys.com. ■

Reminder: State Chamber Annual Meeting Set For January 24

An important reminder for our members: the State Chamber's Annual Meeting and Legislative Caucus will be Thursday, Jan. 24, 2008, at The Cornhusker Marriott in Lincoln. Please note this date, which is earlier than usual for the event. Those attending the Annual Meeting and Legislative Caucus will have an opportunity to meet with state lawmakers and policy leaders, while also taking part in briefings on several important legislative issues of concern to the business community. The evening's banquet will feature the traditional passing of the gavel to the new State Chamber Chairman and a tribute to Nebraska's newest Business Hall of Fame inductees. For more information on the 2008 State Chamber Annual Meeting, please call 402-474-4422. ■

Notice: Chamber's Legislative Report To Go Electronic In 2008

When Nebraska's Legislature reconvenes in January, the State Chamber's weekly *Legislative Report* will be delivered by e-mail instead of the U.S. Postal Service. This will ensure a timely delivery of this service, which summarizes state legislative and policy developments that affect the business community. In addition, we will also e-mail the bill status sheet, the bill digest and committee hearing notices.

To ensure you do not miss a single delivery of the *Legislative Report*, please e-mail your organization's name along with the e-mail addresses of recipients to kkoch@nechamber.com. Members who still want to receive hard copies instead of the electronic version must notify State Chamber staff of their preference. ■



State Chamber Views...

Editorial by Barry L. Kennedy

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"Nebraska Economy Depends On Plentiful, Affordable Energy"

Nebraska's economic future and global competitiveness are tied directly to the nation's energy policy. Unfortunately, more than thirty years after the 1970's energy crisis, the United States has failed to implement a long-term, comprehensive plan to create more abundant, affordable energy supplies.

This summer, gasoline prices broke records in many states, including Nebraska. According to the Energy Information Agency (EIA), the nationwide average price for a gallon of gasoline has risen from around \$1.35 in 2002 to about \$3 today. From 1999 to 2005, natural gas prices for industrial users increased 275 percent.

High energy costs are one of the highest hurdles for our business community. Especially hard hit are small business, manufacturing, transportation, retail and agri-business. According to economists, every time oil prices go up 10 percent, the U.S. economy loses between \$26 billion and \$142 billion – and an average of 150,000 jobs are cut by U.S. employers.

"High energy costs are one of the highest hurdles for our business community."

Unfortunately, it seems unlikely there will be dramatic improvement in the energy realm any time soon.

According to the U.S. Department of Energy, America's energy use has increased by more than 30 percent over the last 30 years, as domestic

energy production has increased only 12 percent. By 2020, demand for natural gas is expected to increase 50 percent; 43 percent for electricity; 35 percent for petroleum; and 22 percent for coal.

Nebraska is fortunate to have a booming bio-fuels industry. We have adequate access to natural gas supplies. We are a net-exporter of electricity, and our power rates rank third lowest in the nation for commercial users, according to the EIA. Yet despite these positive factors, Nebraska's employers – and consumers – need a comprehensive energy plan that will allow the private sector to immediately reverse the downward spiral of our outdated energy infrastructure.

Our country currently imports around 60 percent of its crude oil – expected to climb to as high as 70 percent in the next dozen years. Three decades have elapsed since the United States last built a new oil refinery or nuclear power plant.

Nebraska's employers – and consumers – need a forward-looking energy plan that will allow the private sector to immediately reverse the downward spiral of the nation's outdated energy infrastructure.

Earlier this year, the National Association of Manufacturers (NAM) released a comprehensive strategy to confront our energy challenge. It is a rational approach that includes: setting goals for energy efficiency; raising the energy intelligence of the public; strengthening research and development; streamlining existing regulations; increasing electricity generation; and diversifying and increasing domestic energy supplies.

Unfortunately, Congress seems to

be moving in the opposite direction of NAM's recommendations.

In early August, the House of Representatives passed an energy package to limit access to valuable domestic oil and gas supplies, and discourage new energy production. The House energy bill would also require privately-owned utilities to generate at least 15 percent of their electricity from renewable energy sources by 2020. A similar provision was stripped out of the Senate version of the new energy bill, which is now in conference.

Meanwhile, the Senate is expected to consider legislation to reduce greenhouse gas emissions. One version of the bill, introduced by Sens. Joe Lieberman (I-CT) and John McCain (R-AZ), would require companies to report their yearly greenhouse gas emissions and purchase carbon credits if they emit more than allowed.

According to a government report, the Lieberman-McCain bill would cut U.S. economic output by more than half a trillion dollars over two decades. Gasoline prices would go up 41 cents by 2030. The price of coal – the most plentiful fuel for electricity generation – would increase 245 percent and wreak havoc with electricity prices.

A market-based energy bill should produce a wider domestic energy portfolio that creates more jobs and economic growth. Likewise, a bill to reduce emissions that is based on sound science would have limited repercussions on U.S. businesses. Regretfully, the bills being considered on Capitol Hill could very well do more harm than good.

The State Chamber is working with its national affiliates – NAM and the U.S. Chamber – to ensure that legislation before Congress does not further restrict our access to domestic energy supplies. At this critical juncture, it is imperative that Washington provides real leadership on the energy challenge – not feel-good politics. ■

THE EXECUTIVE

THE STATE CHAMBER

Nebraska Chamber of Commerce & Industry

September 2007

Legislative Forums Coming To Your Area

The Nebraska Chamber of Commerce & Industry needs to hear from you this fall as we visit 31 Nebraska communities for our annual Legislative Forums. The Forums will be held Oct. 8-12; Oct. 15-18; Oct. 22-24; Oct. 31; and Nov. 6-7.

This is your opportunity to tell State Chamber staff what is on your mind regarding state policies and key business issues. The Forums also provide a great opportunity to visit with your state senator, since members of the Legislature will be invited to Forums in their district. The programs will focus on business-related legislation passed by the Legislature earlier this year, as well as providing a preview of the 2008 session.

A Forum schedule is enclosed with this issue of THE EXECUTIVE. State Chamber leaders and staff members will be present to discuss issues and answer your questions. There have been some minor changes to the preliminary schedule we printed in the last edition of THE EXECUTIVE, so please check dates and locations carefully.

In the next session of the Legislature, infrastructure, taxes, aid to education and other issues will require hours of debate. Term limits will also continue to play a key role. After the 2006 election, almost half the Unicameral was freshmen legislators. There will be at least 15 new senators elected in 2008. These Forums present a good opportunity to invite people from your legislative district who may be interested in running for state senator.

State Chamber members should also use these Forums as another opportunity to acquaint themselves with their current state senator and

make sure that he or she knows their position on key business issues. Studies have shown that employees believe that their employer is a credible source of political information – especially on issues that affect your ability to grow and provide jobs within your community. These Fall Forums are a great opportunity to give employees a firsthand look at the legislative process, learn the issues, and meet their elected representatives.

For more information on the State Chamber Fall Forums, please call the State Chamber office at (402) 474-4422. ■

Most Nebraska Businesses See Increase In Health Care Costs in 2007

More than 70 percent of businesses in Nebraska and Iowa saw an increase in the cost of their employees' health coverage, according to a recent study. The *Compensation Data 2007 – Iowa/Nebraska* annual survey of 221 employers found that 71.6 percent of companies in both states had a health insurance premium increase. When compared to 2006, this number has decreased from 78.1 percent. The average premium increase was 13 percent. Health insurance premium increases have fluctuated between 11 and 13 percent for the last four years. In

2006, the average premium increase in Nebraska and Iowa was 12.1 percent compared to 11.7 percent in 2005.

To contain rising costs, Iowa and Nebraska organizations utilized a variety of methods. The most highly used was a coordination of benefits at 76 percent in 2007, while wellness programs were employed by 71.6 percent. Utilization review was also prevalent, as 59 percent of organizations used it to contain costs. The results showed 38 percent of Iowa and Nebraska companies increased the employee portion of the premium in

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