



A Bureau of Business Research Report
From the University of Nebraska—Lincoln

The Economic Impact of Nebraska Military Assets: An Update for Fiscal Year 2018

Prepared for the Nebraska Commission on Military and Veteran Affairs

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Table of Contents

1. Introduction	7
2017 and 2018 Economic Impact of Nebraska Military Assets	7
2019 Commission Recommendations	7
Preliminary Results and Impact of recent Nebraska Legislation and Regulatory Reform	16
Recent Congressional Actions Related to BRAC	23
The Current Report	24
2. Military Assets and Spending	25
Offutt Air Force Base	25
55 th Wing	25
USSTRATCOM	26
557 th Weather Wing	26
Additional Units on Offutt AFB	26
Nebraska National Guard, Air National Guard, and Nebraska Emergency Management Agency	28
National Guard and NEMA Spending	31
Reserve Components	31
Army Reserve	31
Air Force Reserve	33
U.S. Marine Corps Reserve	33
Navy Reserve	33
U.S. Army Corps of Engineers	33
National Strategic Research Institute	35
3. Department of Defense Military Retiree and Veterans Affairs Spending	36
Military Retirees paid by the DoD	36
U.S. Department of Veterans Affairs	36
GI Bill Spending and Utilization	42
Nebraska Department of Veterans' Affairs	43
4. Economic Impact Analysis	45
Economic Impact Methodology	45
Economic Impact of Military Spending	46
Offutt Air Force Base	46
National Guard	48

Reserve Forces	48
Overall Annual Economic Impact of Nebraska Military Assets.....	50
Economic Impact of Military Retirement Pensions	50
Economic Impact of Veterans Affairs Spending.....	51
Economic Impact of the Army Corp of Engineers.....	53
Economic Impact of GI Bill Benefits for Higher Education.....	53
Summary of Annual Economic Impact.....	54
5. Veterans in the State of Nebraska and Recent Population Trends	55
Settlement of Military Veterans in the State of Nebraska: Impacts on the Labor Force	55
Projected Change in Veteran Populations in Nebraska	57
6. Impact of Tax Policies in Nebraska and Iowa	60
7. Trends in GI Bill Utilization in Nebraska	63
Tuition Assistance Programs.....	65
In-State Tuition and Tuition Assistance Programs for Veterans and Dependents	66
8. Profile of County Veteran Service Officers	68
9. Military Leave Benefits to Employees in Each State	74
10. Review of State Veteran Services Websites	77
Appendix A. About the University of Nebraska-Lincoln Bureau of Business Research	82

Table of Tables

Table 1. The Annual Economic Impact on Military Bases, Military Retirement System Payments and Veterans Affairs Spending on the State of Nebraska, FY 2018	6
Table 2. Total State Funding to Nebraska Army National Guard in Relation to Federal Funding	9
Table 3. Total Military Construction Funds to Nebraska Army National Guard	9
Table 4. Total State and Federal Funding to Nebraska Army National Guard to Support Maintenance and Sustainment of Facilities and Infrastructure.....	10
Table 5. Offutt AFB and USSTRATCOM Military and Civilian Personnel FY 2018	28
Table 6. Offutt AFB and USSTRATCOM Payroll/Benefits and Expenditures FY 2018	28
Table 7. Nebraska National Guard Employment, Fiscal Year 2018.....	30
Table 8. Nebraska National Guard Payroll, Benefits, and Operations, Fiscal Year 2018	31
Table 9. Army Reserve Personnel and Expenses	32
Table 10. Air Force Reserve Personnel and Expenses.....	33
Table 11. U.S. Army Corp of Engineers Nebraska Personnel and Payroll.....	34
Table 12. U.S. Army Corps of Engineers Civil Works Spending in Nebraska, FY 2018	34
Table 13. Nebraska Military Retirees and Pension/Retirement Compensation, FY 2018	36
Table 14. Total VA Spending in Nebraska, FY 2018 (in millions).....	40
Table 15. FY 2018 GI Bill Utilization in Nebraska (Top 25 Most Utilized Schools)	43
Table 16. Nebraska Department of Veterans' Affairs Appropriations, 2017-2019 Biennium	44
Table 17. Direct Employment, Employee Compensation and Output Impact of Offutt Air Force Base.....	47
Table 18. The Annual Economic Impact of Offutt Air Base on Nebraska	47
Table 19. The Annual Economic Impact of the Nebraska National Guard on the State.....	48
Table 20. Direct Employment, Employee Compensation and Output Impact of Nebraska-based Reserve Forces.....	49
Table 21. The Annual Economic Impact of Reserve Forces on Nebraska	49
Table 22. The Overall Economic Impact of Nebraska Military Assets on the State.....	50
Table 23. The Annual Economic Impact of Military Retirement System Payments on the Nebraska Economy.....	51
Table 24. Veterans Affairs Spending in Nebraska Fiscal Year 2018 By Program	51
Table 25. The Annual Economic Impact on Nebraska from Veterans Affairs Spending.....	52
Table 26. The Annual Economic Impact on Nebraska from Veterans Affairs Spending: Employee Compensation and Employment	52

Table 27. The Total Annual Economic Impact of the U.S. Army Corps of Engineers on the Nebraska Economy.....	53
Table 28. The Total Annual Impact of GI Bill benefits on the Nebraska Economy	53
Table 29. The Annual Economic Impact on Military Bases, Military Retirement System Payments and Veterans Affairs Spending on the State of Nebraska, FY 2018	54
Table 30. Veterans as a Percentage of Metropolitan Population 2018.....	55
Table 31. The Economic Impact of Additional DoD Military Retirees and Other Veterans on the Nebraska Economy.....	57
Table 32. Numbers of Paid DoD Retirees in Nebraska and Neighboring States, FY 2010 to FY 2018	59
Table 33. Regression Analysis Examining Impact of Iowa Income Tax Exemption in Changes in Retired DoD Personnel in Nebraska and Iowa.....	62
Table 34. GI Bill Utilization over time in Nebraska, FY 2002 to FY 2018.....	63
Table 35. GI Bill Utilization, Nebraska and Neighboring States, FY 2002 to FY 2018	64
Table 36. State Educational Benefits Mentioned on State Veterans' Websites.....	66
Table 37. Guard and Reserve Leave Time by State, 2019.....	74
Table 38. List of Job Search Tools Available on State Veterans' Websites	77
Table 39. State Veteran Websites that Offer or Link to Veteran Vocational Training and Services	80
Table 40. State Websites Offering Services to Military and Veteran Spouses	80

Table of Figures

Figure 1. State and Federal Spending on Nebraska National Guard (in millions).....	8
Figure 2. Nebraska National Guard Locations	29
Figure 3. Army Reserve Locations in State of Nebraska	32
Figure 4. VA Facilities and Locations in the State of Nebraska	38
Figure 5. Number of Veterans Residing in Nebraska Counties (FY 2018).....	39
Figure 6. Number of Veterans per 1,000 Residents (FY 2018).....	40
Figure 7. VA Expenditures per County in the State of Nebraska (FY 2018, in millions).....	41
Figure 8. VA Spending per Veteran per County in the State of Nebraska (FY 2018)	42
Figure 9. Projected Change in Number of Veterans per County in the State of Nebraska (FY 2018 to FY 2025)	57
Figure 10. Changes in Paid Military Retirees for Nebraska and Neighboring States (FY 2005-FY 2018)	58
Figure 11. Number of DoD Retirees in Nebraska and Iowa (FY 2018).....	60
Figure 12. Change in Number of DoD Retirees in Nebraska and Iowa (FY 2013 - FY 2018)	61
Figure 13. Change in GI Bill Utilization, Nebraska and Neighboring States, Indexed to FY 2002	65
Figure 14. Location of CVSOs.....	68
Figure 15. Frequency of Travel for CVSOs to Meet with Veterans	69
Figure 16. Tenure of CVSOs	69
Figure 17. Percentage of Full-Time and Part-Time Employment of CVSOs	70
Figure 18. Salaries for Full-Time and Part-Time CVSOs	70
Figure 19. Technologies Used by CVSOs to Serve Veterans	71
Figure 20. Extent to Which Technology is Accessed Outside the Offices of CVSOs	71
Figure 21. Specific Technologies Accessed Outside the Offices of CVSOs.....	72
Figure 22. Lack of Technology as Potential Hindrance to CVSOs.....	72
Figure 23. How Nebraska Department of Veterans' Affairs Might Better Help CVSOs.....	73

Executive Summary

This report was commissioned by the Nebraska Commission on Military and Veteran Affairs and conducted by the University of Nebraska-Lincoln Bureau of Business Research (BBR). The study is designed to provide detailed information about the status of military assets located in Nebraska, including payroll and operations spending at the various facilities across the state. The report also examines Department of Defense retirement spending and Veterans Affairs spending that takes place in Nebraska. The economic impact is estimated in terms of economic output (business sales), employee compensation (wages and benefits) and employment. The report serves as an update to similar studies that were completed by the BBR on behalf of the Nebraska Commission on Military and Veteran Affairs in 2017 and 2018. These studies demonstrate that military, veteran, and retirement spending have a considerable impact on the state economy.

Economic Impact Estimates

- Spending at military bases and installations in FY 2018 accounted for \$2.34 billion in economic output, \$1.32 billion in employee compensation, and 24,954 jobs generated in Nebraska. These numbers are largely consistent with analyses conducted for FY 2017.
- Retirement and pension spending by Department of Defense (DoD) military retirees in Nebraska in FY 2018 generated 3,021 new jobs in Nebraska (in addition to the 24,954 noted above), resulting in \$123.5 million in compensation to these employees. These numbers are similar to FY 2017 economic impact estimates.
- Estimates show that VA spending in FY 2018 resulted in \$1.72 billion in economic output and the employment of 13,757 workers with a total salary of \$676.6 million. These numbers are consistent with estimates produced for FY 2017.
- Army Corps of Engineers spending in FY 2018 resulted in \$160.0 million in economic output, 1,532 jobs, and \$97.6 million in employee compensation. These estimates are slightly lower than estimates produced for FY 2017.
- GI Bill spending in the state in FY 2018 resulted in 426 jobs, \$20.0 million in salary, and \$40.3 million in economic output. These numbers are down slightly from estimates computed in the FY 2017 report.

Table 1. The Annual Economic Impact on Military Bases, Military Retirement System Payments and Veterans Affairs Spending on the State of Nebraska, FY 2018

Source of Impact	Output (Million \$)	Employee Compensation (Millions \$)	Employment (Jobs)
Military Bases	\$2,341.6	\$1,318.0	24,954
Military Retirement System Payments	\$401.3	\$123.5	3,021
Veterans Affairs Spending	\$1,723.8	\$676.6	13,757
Army Corps of Engineers	\$160.0	\$97.6	1,532
GI Bill Benefits	\$40.3	\$20.0	426

Source: BBR calculations using IMPLAN

1. Introduction

Through its fulfillment of critical missions across the globe and in the United States, the Armed Forces of the United States provide support to local economies throughout the country. Military spending in support of military installations is an integral part of the health of the economies in areas near or around military bases, as installations purchase goods and services from local vendors. Like other states, Nebraska benefits greatly from federal military spending that takes place within its borders. Such spending includes operations and operations support spending; salary paid to Active, Guard, and Reserve personnel; veteran compensation; and military retiree pension payments. The effects of military spending can be felt throughout Nebraska, as military installations and veterans are found in every region of the state.

Military spending has been the focus of increased attention at the state and local levels, with many recent reports illustrating the importance of military spending upon local and state economies. For example, the U.S. Department of Defense, Office of Economic Adjustment reports that defense spending in Nebraska contributed 1.2% of state GDP.¹

2017 and 2018 Economic Impact of Nebraska Military Assets

In 2017 and 2018, the Nebraska Commission on Military and Veteran Affairs contracted with the University of Nebraska-Lincoln Bureau of Business Research (BBR) to conduct a review of U.S. Department of Defense and U.S. Department of Veterans Affairs assets, as well as to estimate the impact of military and veteran spending in the State of Nebraska in FY 2016 and FY 2017. The current report builds upon the body of work created through the 2017² and 2018³ reports. Additionally, the 2008 Base Realignment and Closure (BRAC) Task Force and its subsequent report provide substantive context and background to the body of work presented in this report.⁴

2019 Commission Recommendations

For 2019, the Commission continues to put forth six recommendations that have their roots in the 2008 BRAC Task Force Report, were validated in 2017, and in some cases expanded in 2018. The six recommendations, as well as any subsequent progress toward implementing each recommendation, are presented below.

1. Recommend the state increase appropriation to ensure full commitment of federal dollars for infrastructure needs of National Guard bases.

¹ U.S. Department of Defense, Office of Economic Adjustment. (March 2019). Defense Spending by State Fiscal Year 2017, Revised Version. Available:

<http://www.oea.gov/sites/default/files/DSBS/FY2017%20Defense%20Spending%20by%20State%20Report.pdf>

² Nebraska Commission on Military and Veteran Affairs. (November 2017). Available:

[https://nebraskalegislature.gov/FloorDocs/105/PDF/Agencies/Veterans Affairs Department Of/610_20171120-163741.pdf](https://nebraskalegislature.gov/FloorDocs/105/PDF/Agencies/Veterans%20Affairs%20Department%20Of/610_20171120-163741.pdf)

³ Nebraska Commission on Military and Veteran Affairs. (November 2018). Available:

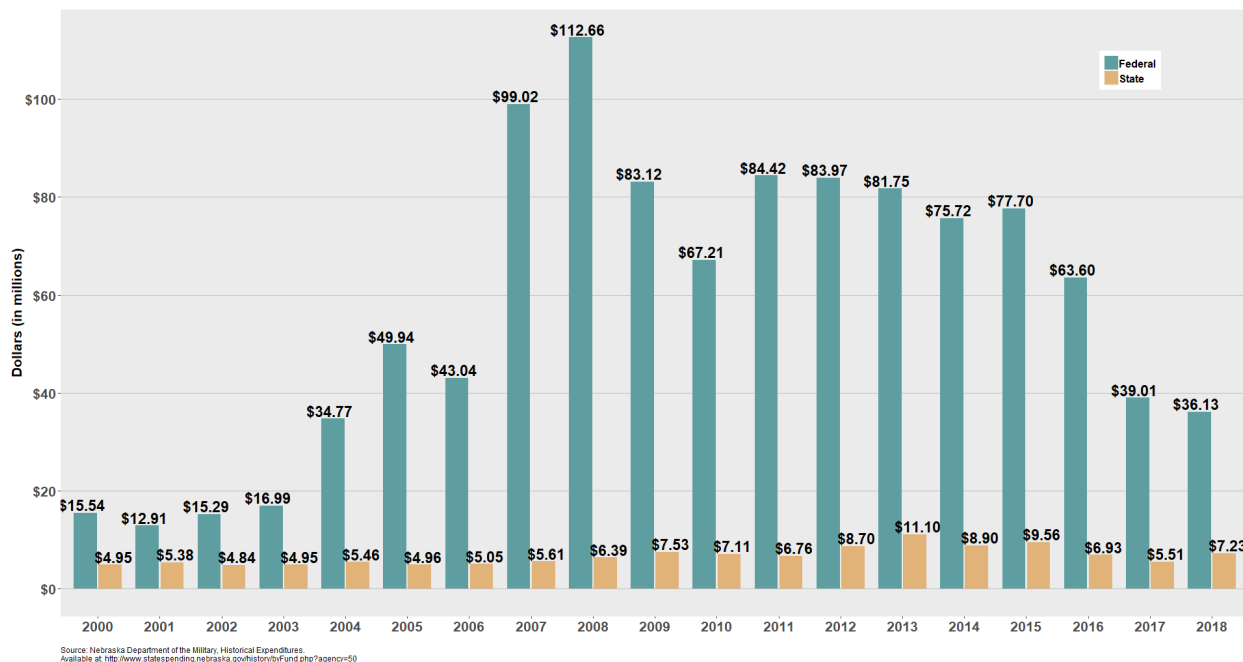
[https://nebraskalegislature.gov/FloorDocs/105/PDF/Agencies/Veterans Affairs Department Of/610_20181115-103419.pdf](https://nebraskalegislature.gov/FloorDocs/105/PDF/Agencies/Veterans%20Affairs%20Department%20Of/610_20181115-103419.pdf)

⁴ Nebraska Base Realignment and Closure (BRAC) Task Force. (December 2008). Report of the Nebraska Base Realignment and Closure (BRAC) Task Force. Available: <http://govdocs.nebraska.gov/epubs/L3745/B036-2008.pdf>

While the National Guard is approximately 97% federally funded, the recommendation for the state to increase its appropriation to ensure full commitment of federal dollars for infrastructure need of the Nebraska National Guard is still valid. The Nebraska National Guard will continue to maximize resources and leverage partnerships when feasible.

As of the 2008 BRAC Task Force Report, Nebraska had not been fully utilizing funds available from the federal government. More specifically, the Task Force noted that the under-appropriation of state funds in support of military operations in the state had resulted in an inability to obtain federal funds with strict matching requirements. Consequently, the state returned thousands of dollars to the DoD. Since the 2008 report, when federal funding for the Nebraska National Guard reached its peak (see Figure 1), the state has maintained consistent levels of funding for the Nebraska Military Department. State funding reached a peak of \$11.1 million in 2013, with a gradual tapering to near-previous levels in 2014-2016. The increases from 2012-2013 are likely due, in part, to the funding for the new Joint Force Headquarters Building at the National Guard base in Lincoln.

Figure 1. State and Federal Spending on Nebraska National Guard (in millions)



The Department of Defense provides the Nebraska Army National Guard (NEARNG) federal funds to support operations, maintenance/sustainment, and modernization of facilities. These funds are matched up to 50% with State funds based upon the type and use of the facility. From fiscal year 2008 to 2017, federal funds have increased \$4,292,573 (48%) while State funds have increased \$298,700 (22%). Throughout the last 10 years, the highest percent the State has matched to the federal funds is 19.8%. For FY 2018, the State cost share of the fully funded facilities maintenance program was 23.8% with a funding gap of \$2,000,000. While the NEARNG has some flexibility with the utilization of the allocated

federal funds, the facilities, mainly Readiness Centers (Armories) that require a higher percent of State funding, are not able to be sustained or modernized to an appropriate level. Federal funds not utilized on state/federal split facilities can be executed at facilities that are entirely federally funded, thereby retaining federal funds in the state.

Table 2. Total State Funding to Nebraska Army National Guard in Relation to Federal Funding											
	Fiscal Year										
Fund	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
544-007	\$227,557	\$266,367	\$432,100	\$1,226,247	\$1,429,823	\$1,793,454	\$2,011,100	\$1,684,521	\$1,625,476	\$1,500,943	\$1,438,134
544-081	\$283,450	\$227,765	\$472,074	\$131,400	\$159,250	\$186,165	\$227,179	\$493,447	\$125,275	\$142,182	\$101,087
544-008	\$833,418	\$840,006	\$339,384	\$321,964							
Total	\$1,344,425	\$1,334,138	\$1,243,558	\$1,679,611	\$1,589,073	\$1,979,619	\$2,238,279	\$2,177,968	\$1,750,751	\$1,643,125	\$1,539,221
Federal Funds Available to Match – MCA Appendix 1 Facilities Program (FP)											
	\$8,851,527	\$6,733,586	\$6,799,114	\$10,494,991	\$10,314,206	\$12,176,694	\$14,730,895	\$13,022,825	\$13,121,704	\$13,144,100	
Percent Match of State to Federal Funds											
	15.2%	19.8%	18.3%	16.0%	15.4%	16.3%	15.2%	16.7%	13.3%	12.5%	

Facility modernization and new facility construction for the NEARNG is challenging due to the lack of State matching funds. Over the last 10 years, the State has provided funding (\$3.8 million) for the construction of the Joint Force Headquarters and Nebraska Emergency Management with approximately 40% of those proceeds coming from the sale of the NEARNG Military Road property. The NEARNG has received initial federal approval for fiscal year 2018 design with construction of two new facilities in 2020. The Bellevue/Offutt Readiness Center is currently programmed for \$143,000 State and \$2,383,740 federal design funds. The programmed North Platte Readiness Center (\$12 million) requires a 25% State match share, but was postponed due to State budget issues. The NEARNG was able to secure authorization for design and construction of an equipment Facility Maintenance Shop (FMS—which requires no state match) in North Platte, programed at \$9.3 million, in-lieu of the Readiness Center.

Table 3. Total Military Construction Funds to Nebraska Army National Guard										
	Fiscal Year									
Fund	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
State of NE**	\$ --	\$ --	\$ --	\$ --	\$3,812,099	\$ --	\$ --	\$ --	\$ --	\$ --
Federal MILCON		\$9,133,688	\$9,392,000	\$14,091,632	\$32,911,963	\$9,678,257	\$31,064,000			
**\$1,503,500 Proceeds from sale of Military Road Facility										
Total State Construction Funds for NE Army National Guard FY08 through FY17: \$3,812,099 (NEARNG JFHQ with NEMA)										
Total Federal MILCON Funds for NE Army National Guard FY08 through FY17: \$106,271,540										
Projected Readiness Center at Bellevue (Offutt AFB)					Project Maintenance Shop in North Platte					
	FY18 Design	FY20 Construction			FY18 Design	FY20 Construction				
State of NE	\$143,000	\$ --			\$ --	\$ --				
Federal MILCON	\$2,383,740	\$29,000,000			\$825,000	\$9,300,000				

The Department of Defense provides the Nebraska Air National Guard (NEANG) federal funds to support maintenance and sustainment of facilities and infrastructure. These funds are matched up to 25% with State funds for the sole purpose of salaries and benefits of state employees, utility payments, and day-to-day preventative maintenance. From fiscal year 2008 to 2017, federal funds have increased significantly while State funds have plateaued. Throughout the last 10 years, the State match on average to the federal funds is 20%. The NEANG does not have the ability to use federal funds for which there are not

state matching funds for other programs as Appendix 21 of the Master Cooperative Agreement restricts the use of federal resources solely to the agreement.

Table 4. Total State and Federal Funding to Nebraska Army National Guard to Support Maintenance and Sustainment of Facilities and Infrastructure

State Fund	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
544-02	\$315,000	\$320,000	\$395,565	\$358,433	\$424,772	\$323,870	\$320,565	\$352,738	\$320,565	\$305,000
544-03	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
544-05	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$15,367
Total	\$315,000	\$320,000	\$395,565	\$358,433	\$424,772	\$323,870	\$320,565	\$352,738	\$320,565	\$320,367
Federal Funds										
	\$945,000	\$960,000	\$1,171,381	\$1,152,926	\$1,028,000	\$1,067,300	\$1,148,200	\$1,183,800	\$1,120,200	\$1,245,900
Amount of Federal Dollars Returned										
	\$ --	\$ --	\$ --	\$77,626	\$ --	\$95,689	\$186,505	\$125,589	\$158,505	\$284,799
Percent Match to Federal Funds										
	25%	25%	25%	18%	25%	16%	17%	16%	11%	23%

In addition, the federal government provides 100% funding for repair and modernization of facilities and infrastructure. The repair and modernization federal funding levels provided to the NEANG have increased sharply from \$1,065,873 between 2006-2010, to \$30 million between 2011-2016, and over \$24 million in 2017 alone. The increase in repair and modernization funding is due to rising maintenance costs and an increase in space requirements for the training and administration of the National Guard.

2. Provide support to local subdivisions in their efforts to improve military installations.

The recommendation to provide support to local subdivisions in their efforts to improve military installations is valid.

In March 2016, the Critical Infrastructure Facilities Cash Fund was established by Legislative Bill (LB) 957 Section 21, to be used by the Nebraska Department of Natural Resources to provide a grant to a Natural Resource District (NRD) to offset costs related to soil and water improvements intended to protect critical infrastructure facilities within the NRD which includes military installations, transportation routes, and wastewater treatment facilities.⁵ The Critical Infrastructure Facilities Cash Fund is intended to help fund efforts to protect and enhance critical infrastructure facilities within an NRD's boundary including military installations, transportation routes, and wastewater treatment facilities.

A total of \$13.7 million was transferred from the General Fund into the Critical Infrastructure Facilities Fund in FY15-16, and a \$13.7 million cash fund appropriation was approved for FY15-16. Unused appropriations were carried forward into the current budget. The remaining balance in the Critical Infrastructure Facilities Fund is approximately \$11.9 million as of October 2019.⁶ The Nebraska Department of Natural Resources accepted an application from the Papio-Missouri River Natural Resources District (Papio NRD) for a grant to help fund a project to extend and upgrade levees near Offutt Air Force

⁵ LB 957, Section 21. (March 30, 2016). Available:

<http://www.nebraskalegisature.gov/FloorDocs/104/PDF/Slip/LB957.pdf>

⁶ Tim Freed. Nebraska Department of Natural Resources. (October 2, 2019). Email correspondence.

Base.⁷ After a multi-year process, the Papio NRD received the necessary federal permits to begin construction. The Papio NRD was on track to begin levee improvements in March of 2019. Unfortunately, in March 2019, the State of Nebraska experienced unprecedented flooding which delayed the project. In August 2019, the Papio NRD and U.S. Army Corps of Engineers agreed to complete post flood repairs, levee modifications, and levee upgrades at the same time. By reaching this cooperative agreement, the Papio NRD has been able to begin levee upgrades immediately instead of waiting until post flood repairs were completed by the U.S. Army Corps of Engineers. In mid-September 2019, flood repairs and the planned work on the levee rehabilitation and upgrades started simultaneously.⁸ This cooperative effort should save time and expense to the Papio NRD and U.S. Army Corps of Engineers.⁹

Camp Ashland, a National Guard training facility, and Offutt Air Force Base, home to the 55th Wing, 557th Weather Wing, and U.S. Strategic Command, experienced extensive damage due to the March 2019 flood. Nebraska's congressional delegation has actively pursued resources for Camp Ashland and Offutt AFB. Of note, the current draft of the FY20 National Defense Authorization Act notes that, "Flooding damage at Offutt Air Force Base and the Nebraska National Guard's Camp Ashland has put at risk essential missions, training, and tasking for highly valuable elements of Air Force's intelligence, surveillance, and reconnaissance enterprise as well as highly critical components of the Army National Guard's training regimen." Additionally, "The committee is committed to ensuring that the United States Strategic Command, the 55th Wing, and the Nebraska National Guard receive the necessary funding to return Offutt Air Force Base and Camp Ashland to full mission capability."

Another way to support local subdivisions in their efforts to improve the military value of military installations is to provide assistance when they compete for federal grants. For example, the DoD's Office of Economic Adjustment's "Community Economic Adjustment Assistance for Responding to Threats to the Resilience of a Military Installation" program may be useful for assessing the resilience of Offutt AFB.¹⁰

These tools, the Critical Infrastructure Facilities Cash Fund and potential grants, provide mechanisms and opportunities to support local subdivisions in their efforts to improve the military value of military installations.

3. Recommend land use planning legislation to ensure governmental entities and developers coordinate when building near military bases, including a requirement that local subdivisions conduct a feasibility study to address encroachment issues.

⁷ A Legislator's Guide to Nebraska State Agencies. Nebraska Legislative Fiscal Office. (December 2016). Available: <http://www.nebraskalegislature.gov/pdf/reports/fiscal/2016legguide.pdf>

⁸ John Winkler. Papio-Missouri River Natural Resources District. (October 2, 2019). Email correspondence.

⁹ Ibid.

¹⁰ DoD Office of Economic Adjustment, CFDA 12.003. (August 4, 2019). Available: https://beta.sam.gov/fal/1ca4fc7cfb8c4e2e9f1a0b2a81a0d1db/view?keywords=CFDA%2012.003&sort=-relevance&index=&is_active=true&page=1

As noted in 2017 and 2018, given the approval of Legislative Bill (LB) 279 in February 2010, the recommendation for land use planning legislation to ensure governmental entities and developers coordinate when building near military bases, including a requirement that local subdivisions conduct a feasibility study to address encroachment issues, has been partially realized.

In February 2010, Governor Dave Heinemann approved LB 279, an act relating to land-use planning. The act requires notification to military installations regarding development of real property.¹¹ Senator Bill Avery introduced LB 279 to require municipalities and counties to provide notification to a military installation “which is located within its jurisdiction regarding any development of property which may affect the military installation.”¹² To this end, the recommendation to ensure coordination between government entities and developers has been realized.

Regarding the specific 2008 recommendation to levy a requirement that local subdivisions conduct a feasibility study to address encroachment issues, LB 279 did not modify Nebraska Revised Statute 15-1103, which notes “the planning director shall be responsible for preparing the comprehensive plan and amendments and extensions thereto and for submitting such plans and modifications to the city planning commission for its consideration and action.”¹³ Arguably, a comprehensive plan would address encroachment issues.

The Department of the Air Force requires Accident Potential Zones, Noise Pollution Land Use Zones, and general zoning encroachment protection to an installation. In 2017, the Nebraska Air National Guard (NEANG) acquired an additional 16 acres of land to the lease with the Lincoln Airport Authority (LAA). This land addition provided a buffer on the north end of the installation while providing for future expansion of the NEANG. All adjacent property surrounding the NEANG installation is owned by the LAA and zoned for aviation use. Encroachment issues to the installation are mitigated by natural and manmade barriers in addition to current land use zoning.

In April 2018, Governor Pete Ricketts approved Legislative Bill (LB) 901, introduced by Senator Bruce Bostelman. Typically, a permit is required “before erecting/building any structure exceeding a height of 150 feet above the surface of the ground at the point of installation, unless erected under the authority of a license or permit issued by a federal agency.”¹⁴ LB 901 protects Nebraska National Guard flight training areas by amending state statutes related to permitting decisions made by the Division of Aeronautics of the Nebraska Department of Transportation (NDOT).¹⁵ The Nebraska Department of Transportation’s

¹¹ LB 279. (February 11, 2010). Available: <http://nebraskalegislature.gov/FloorDocs/101/PDF/Slip/LB279.pdf>

¹² LB 279, Introducer’s Statement of Intent. (February 12, 2009). Available:

<http://nebraskalegislature.gov/FloorDocs/101/PDF/Sl/LB279.pdf>

¹³ Nebraska Revised Statute 15-1103. Available: <http://nebraskalegislature.gov/laws/statutes.php?statute=15-1103>

¹⁴ Division of Aeronautics. Nebraska Department of Transportation. Available:

<http://www.aero.nebraska.gov/permittobuild.html>

¹⁵ LB 901. (April 17, 2018). Available: <https://nebraskalegislature.gov/FloorDocs/105/PDF/Slip/LB901.pdf>

Division of Aeronautics has fully implemented LB 901.¹⁶ As of September 2019, there have been no reported issues regarding encroachment at Nebraska National Guard flight training areas.

The State of Nebraska may need to continue to review and address encroachment issues related to the military in the future. In October 2019, Department of Defense and Air Force officials asked the North Dakota lawmakers and regulatory officials to “consider new rules aimed at preventing conflicts between wind turbines and helicopters that provide security at launch facilities” and missile alert facilities in nuclear missile fields.¹⁷ The 90th Missile Wing based at Francis E. Warren AFB, Wyoming, deploys Minuteman III missiles in western Nebraska.¹⁸

4. Recommend colleges and universities offer courses that support military missions. Additionally, Nebraska colleges and universities should engage in partnership with the Department of Defense when feasible.

As noted in the 2008 BRAC Task Force Report, “Offering courses that correspond with military needs would potentially increase the value of that installation and the missions that rely on personnel with specific educational training such as foreign languages”¹⁹ thereby benefiting the State of Nebraska. The University of Nebraska-Lincoln has made significant progress in the development of its National Security Studies program, which offers courses that support military missions.²⁰ Additionally, the U.S. Strategic Command’s Deterrence and Assurance Academic Alliance (DA3) is “an academic community of interest focused on research and analysis of deterrence, assurance, and associated strategic level national security themes in a rapidly changing, multi-domain global threat environment.”²¹ As of October 2019, Bellevue University, Creighton University, the University of Nebraska Lincoln, the University of Nebraska Kearney, and the University of Nebraska Omaha continue to participate in DA3.²² Finally, the National Strategic Research Institute (NSRI) at the University of Nebraska continues to be a critical node at the intersection of mission-essential academic research and development capabilities for the Department of Defense.²³

¹⁶ Nebraska Department of Transportation. (2019). Available: <https://dot.nebraska.gov/aeronautics/towers-tall-structures/>

¹⁷ Associated Press. “Military wants more rules for turbines near nuclear missiles.” (October 2019). Available: <https://www.airforcetimes.com/news/your-air-force/2019/10/29/military-wants-more-rules-for-turbines-near-nuclear-missiles/>

¹⁸ 90th Missile Wing Fact Sheet. (2018). Available: <https://www.warren.af.mil/About-Us/Fact-Sheets/Display/Article/331275/90th-missile-wing/>

¹⁹ Nebraska Base Realignment and Closure (BRAC) Task Force. (2008). Report of the Nebraska Base Realignment and Closure (BRAC) Task Force. Available: <http://govdocs.nebraska.gov/epubs/L3745/B036-2008.pdf>

²⁰ National Security Studies program, University of Nebraska-Lincoln. (2019). Available: <https://nationalsecurity.unl.edu/>

²¹ USSTRATCOM Deterrence and Assurance Academic Alliance purpose. (2019). Available: <http://www.stratcom.mil/Academic-Alliance/>

²² USSTRATCOM Deterrence and Assurance Academic Alliance members. (2019). Available: <http://www.stratcom.mil/Academic-Alliance/Members/>

²³ National Strategic Research Institute at the University of Nebraska. (2019). Available: <https://nsri.nebraska.edu/>

5. Review and recommend legislation or regulatory reform to support military personnel and families including employment and educational opportunities.

The recommendation to review and recommend legislation or regulatory reform to support military personnel and families including employment and educational opportunities is still valid.

In 2019, the Department of Defense provided consistent guidance to State policymakers. The DoD continued to emphasize the provisions of a February 23, 2018 memorandum to the National Governors Association from the Secretaries of the Army, Navy, and Air Force which stated that “we will encourage leadership to consider the quality of schools near bases and whether reciprocity of professional licenses is available for military families when evaluating future basing or mission alternatives.”²⁴ Additionally, the Defense State Liaison Office (DSLO) continues to provide state policymakers with “reliable information and research, knowledge of policies and processes, and assistance with legislation-all to support service members and their families.”²⁵ Those responsible for legislation and regulatory reform should carefully consider this guidance.

In 2019 the Nebraska Legislature placed LB 450 on Final Reading.²⁶ As noted in the committee statement, LB 450 “would expand the tuition assistance benefits available to members of the Nebraska National Guard. It would increase the credit available at state-supported education institutions from partial tuition (75% of resident tuition) to complete credit (100% of resident tuition). The bill would also extend such benefits to include degrees obtained beyond an initial baccalaureate degree, making it possible to obtain assistance for graduate and professional degrees.”²⁷ The Commission on Military and Veteran Affairs recommends the Legislature pass LB 450 on Final Reading and the Governor sign it into law.

6. Provide tax relief to retired military personnel to encourage military retirees to live and work in Nebraska.

Nebraska provided partial tax relief to retired military personnel to encourage military retirees to live and work in Nebraska through the passage of LB 987 in 2014. A Nebraskan can elect to exclude military retirement benefits from Nebraska taxable income through two options. Option 1 provides exemptions for 40% of military retirement benefit income for seven consecutive years beginning with the year in which the election is made. Option 2

²⁴ Secretary of the Army, Secretary of the Navy, Secretary of the Air Force. (2018). Available: <https://media.defense.gov/2018/Feb/23/2001881660/-1/-1/1/Military-Family-School-Consideration-and-Professional-Licensure-Reciprocity.PDF>

²⁵ Defense State Liaison Office. (2019). Available: <https://statepolicy.militaryonesource.mil/>

²⁶ LB 450, Final Reading. (March 5, 2019). Available: <https://nebraskalegislature.gov/FloorDocs/106/PDF/Final/LB450.pdf>

²⁷ LB 450, Committee Statement (January 30, 2019). Available: <https://nebraskalegislature.gov/FloorDocs/106/PDF/CS/LB450.pdf>

provides exemptions for 15% of military retirement benefit income for all taxable years beginning with the year in which the retiree turns 67 years of age.²⁸

The Nebraska Department of Revenue preliminary data for tax year 2018 indicates 526 returns leading to \$9,237,155 of deducted income using the partial exemption via the Form 1040N-MIL. While this is the amount deducted and not the amount of lost tax revenue, one can estimate the impact to the General Fund. Presuming that all of the filers were in the top state income tax bracket of 6.84%, the maximum impact to the general fund would equal 6.84% of the total amount deducted. For 2018, this impact would equal \$631,821. For tax year 2017, 466 returns filed the Form 1040N-MIL leading to \$7,698,543 of deducted income. For tax year 2016, 336 returns filed the Form 1040N-MIL leading to \$5,467,797 of deducted income. For tax year 2015, 191 returns filed the Form 1040N-MIL leading to \$3,036,953 of deducted income. Again, presuming that all of the filers were in the top state income tax bracket of 6.84%, the impact to the general fund would equal \$526,580, \$373,997, and \$207,728 for tax years 2017, 2016, and 2015 respectively.²⁹ In total, the impact to the general fund for the first four years of the partial exemption policy appears to be \$1,108,305. The estimated fiscal impact to the general fund for the first four years of the partial exemption policy was \$3,818,000.³⁰ Additional research and analysis would be required to discern exactly how and why the estimated fiscal impact was significantly higher than the actual impact (the actual impact being a number less than or equal to \$1,108,305). One possible explanation could have been limited awareness of the partial exemption once it was implemented. Another possible explanation could have been the complexity associated with the tax treatment of Veterans Administration offsets associated with retired military pay. For additional insight regarding the military retirement system, see the “Statistical Report on the Military Retirement System” published by the DoD’s Office of the Actuary.³¹

In 2019, Senator Brewer, at the request of the Governor, introduced LB 153 which would change provisions relating to the taxation of military retirement benefits.³² Specifically, LB 153 is designed to exempt 50% of military retirement pay from Nebraska income tax. In essence this bill would simplify and expand Nebraska’s current exemption. LB 153 was prioritized by Senator Lowe and placed on General File May 16th, 2019. The Commission on Military and Veteran Affairs recommends the Legislature pass LB 153 and the Governor sign it into law.

²⁸ Nebraska Department of Revenue. (2019). Available: http://www.revenue.nebraska.gov/tax/current/fill-in/f_1040n_mil.pdf

²⁹ Nebraska Department of Revenue. (2019). Email correspondence.

³⁰ LB 987, Fiscal Note. (March 20, 2014). Available: https://nebraskalegislature.gov/FloorDocs/103/PDF/FN/LB987_20140321-135055.pdf

³¹ Statistical Report on the Military Retirement System, DoD Office of the Actuary. (May 2019). Available: https://actuary.defense.gov/Portals/15/Documents/MRS_StatRpt_2018%20v5.pdf?ver=2019-05-14-220629-787

³² LB 153 as introduced. (January 11, 2019). Available: <https://nebraskalegislature.gov/FloorDocs/106/PDF/Intro/LB153.pdf>

In 2019, Senator Clements introduced LB 263 which would also change provisions relating to the taxation of military retirement benefits.³³ Legislative Bill 263 would amend Nebraska's current exemption to fix an unintentional oversight which affects income tax liability for many Nebraska National Guard and Reserve retirees. As noted earlier, the current exemption allows military retirees two different options where they may elect to exclude a percentage of military retirement pay from income tax liability. The first option allows for 40% of military retirement income to be excluded for seven years from the time of election, and the second option allows for 15% of military retirement income to be excluded from all taxable years beginning with the year the military retiree turns 67 years old. Because military retirees must make this election within two years from their date of retirement, the majority of National Guard and Reserve members cannot take advantage of the first option (forty percent for seven years) due to the fact that they do not begin to receive their retirement income until they reach the age of 60 (with some exceptions). LB 263 would allow National Guard and Reserve retirees the ability to take advantage of either one of the income tax deduction options. A hearing for LB 263 was held after the hearing for LB 153 in the Revenue Committee on February 7, 2019. The benefits of passing LB 153 would negate the need for the passage of LB 263.

Preliminary Results and Impact of recent Nebraska Legislation and Regulatory Reform

2019 Legislation

LB 6 changed residency provisions relating to persons on active duty and their dependents for college tuition purposes.³⁴ Specifically, this bill allows spouses and dependents of active duty service members to continue to qualify for in-state tuition so long as the active duty service member was assigned a permanent duty station in Nebraska at the time of their admission and that they remain continuously enrolled at the institution. As of September 2019, there is no clear methodology for measuring the impact of this legislation.

LB 12 provided a license fee exemption for service members and their spouses under the Nebraska Real Estate License Act.³⁵ Specifically, this bill allows active duty military members or their spouses to be licensed realtors in Nebraska without having to pay the licensing fee, provided they have a valid realtor's license in another state. The Nebraska Real Estate Commission has implemented the law, including changes to its website, application form, and instructions.³⁶ As of September 2019, no one has applied or used the exemptions.³⁷

LB 112 provided a waiver of certain occupational licensing fees as prescribed.³⁸ Notably, this bill waives "first year licensing fees for occupations under the Uniform Credentialing Act for individuals who are

³³ LB 263 as introduced. (January 15, 2019). Available:

<https://nebraskalegislature.gov/FloorDocs/106/PDF/Intro/LB263.pdf>

³⁴ LB 6. (May 8, 2019). Available: <https://nebraskalegislature.gov/FloorDocs/106/PDF/Slip/LB6.pdf>

³⁵ LB 12. (March 6, 2019). Available: <https://nebraskalegislature.gov/FloorDocs/106/PDF/Slip/LB12.pdf>

³⁶ Nebraska Real Estate Commission. (2019). Available: <https://nrec.nebraska.gov/licensing-forms/veterans.html>

³⁷ Greg Lemon, Nebraska Real Estate Commission. (2019). Email correspondence.

³⁸ LB 112 (March 21, 2019). Available: <https://nebraskalegislature.gov/FloorDocs/106/PDF/Slip/LB112.pdf>

identified as low income, part of a military family or a person between the ages of 18 and 25.”³⁹ Given that this act becomes operative on January 1, 2020, no fees have been waived for military families under the provisions of this act to date.

LB 115 changed provisions related to enrollment of children of members of the military.⁴⁰ It established the right for military families with orders to Nebraska to preliminarily enroll in a school district. As of October 2019, there is no clear methodology for tracking preliminary enrollments across Nebraska.

LB 122 changed postsecondary residency requirements for veterans, family members, and other qualified persons receiving USDVA vocational rehabilitation.⁴¹

LB 138 provides for the issuance of six additional Military Honor license plates, the creation of a Support Our Troops license plate, requires the Department of Labor to have a veterans’ program coordinator, and tasks the Department of Veterans’ Affairs to develop a website with a job-search tool.⁴² As of October 2019, the Nebraska Department of Labor has designated a veterans’ program coordinator. The Nebraska Department of Veterans’ Affairs has started the development of a website. Planning for the changes in license plates has begun.

LB 152 states rights of Nebraska National Guard members and provide confidentiality of members’ residential addresses.⁴³ LB 152 extends the ability to have residential addresses withheld to members of the Nebraska National Guard who participate with state, county, or local government in a law enforcement function prescribed by that government.

LB 156 provides for the operation of former military vehicles.⁴⁴ As of September 2019, several former military vehicle titles have been issued.

LB 192 changed provisions relating to veteran designations on operators’ licenses and state identification cards starting January 1, 2021.⁴⁵ The bill allows the words "Reserve-Veteran" to be placed on the front of an operator license or state identification card of an individual who served in the Army, Air Force, Navy, Marine Corps, or Coast Guard reserves but was not called to active duty. The words "Guard-Veteran" would be allowed to be placed on the front of an operator license or state identification card of an individual who served in the National Guard but was not called to active duty. The bill would also allow the word "Veteran" to be placed on the front of an operator license or state identification card of an individual who served as a commissioned officer in the U.S. Public Health Service or National Oceanic and Atmospheric Administration. The provisions in LB 192 would not determine veteran status for any other purpose.

³⁹ LB 112, Introductory Statement of Intent. (February 6, 2019). Available: <https://nebraskalegislature.gov/FloorDocs/106/PDF/SI/LB112.pdf>

⁴⁰ LB 115 (March 7, 2019). Available: <https://nebraskalegislature.gov/FloorDocs/106/PDF/Slip/LB115.pdf>

⁴¹ LB 122 (March 7, 2019). Available: <https://www.nebraskalegislature.gov/FloorDocs/106/PDF/Slip/LB122.pdf>

⁴² LB 138 (May 8, 2019). Available: <https://www.nebraskalegislature.gov/FloorDocs/106/PDF/Slip/LB138.pdf>

⁴³ LB 152 (March 12, 2019). Available: <https://www.nebraskalegislature.gov/FloorDocs/106/PDF/Slip/LB152.pdf>

⁴⁴ LB 156 (March 21, 2019). Available: <https://www.nebraskalegislature.gov/FloorDocs/106/PDF/Slip/LB156.pdf>

⁴⁵ LB 192 (March 12, 2019). Available: <https://www.nebraskalegislature.gov/FloorDocs/106/PDF/Slip/LB192.pdf>

LB 223 provides a state-sponsored insurance program for members of the Nebraska National Guard.⁴⁶ State Sponsored Life Insurance (SSLI) is a program that provides group term life insurance exclusively for National Guard members and their dependents. The program is derived from the Veterans' Insurance Act of 1974, Public Law 93-289, to encourage persons to join and remain in the National Guard. Nebraska's program is comprised of a combination of six voluntary group life policies available to the military members of the Nebraska National Guard and is designed to help meet the needs of its members. LB 223 provides further guidance within state law on the state-sponsored life insurance program, ensuring National Guard members maintain the opportunity to access information and enroll in the program. LB 223 directs the Adjutant General to allow the availability of the state-sponsored life insurance program to all National Guard members, provide an opportunity to purchase state-sponsored life insurance program products, and allow education briefings about the state-sponsored life insurance program for members.

LB 486 adopts the Veteran and Active Duty Supportive Postsecondary Institution Act.⁴⁷ This Act creates a state designation for college and university campuses in Nebraska that offer at least five out of eight specific criteria in regard to their veteran and active duty students.⁴⁸ In October 2019, the University of Nebraska-Lincoln was designated as Veteran and Active Duty Supportive per the Veteran and Active Duty Supportive Postsecondary Institution Act (Nebraska Revised Statutes 85-2701 to 85-2705).

LB 575 requires school district policies regarding the provision of information to and access by military recruiters.⁴⁹ It adds language to the statute in order to provide equal access to secondary education institutions (High Schools) to military recruiters that is enjoyed by all other post-secondary recruiters who visit High Schools and speak with students about opportunities after graduation. As of October 2019, there is no clear methodology for measuring the impact of this legislation.

2018 Legislation

LB 96 expanded the enumerated list of activities that are eligible for assistance from the Department of Economic Development's Site and Building Development Fund.⁵⁰ Specifically, LB 96 adds "Public and private sector initiatives that will improve the military value of military installations by making necessary improvements to buildings and infrastructure" as activities eligible for assistance from the fund. As of September 2019, the current balance of the Site and Building Development Fund is approximately \$9.8 million recognizing that most, if not all, of the funding is either under contract or awaiting a location decision by a business. A more informative metric is cash flowing into the fund from a portion of the documentary tax stamp which can then be allocated to support projects. Approximately \$2.8 million is available to support qualified projects in FY19-20. As of September 2019, no entities have requested access to the Site and Building Development Fund for initiatives to improve the military value of military installations.⁵¹

⁴⁶ LB 223. (March 12, 2019). Available: <https://www.nebraskalegislature.gov/FloorDocs/106/PDF/Slip/LB223.pdf>

⁴⁷ LB 486 (March 21, 2019). Available: <https://www.nebraskalegislature.gov/FloorDocs/106/PDF/Slip/LB486.pdf>

⁴⁸ Nebraska Revised Statute 85-2703. (September 1, 2019). Available: <https://nebraskalegislature.gov/laws/statutes.php?statute=85-2703>

⁴⁹ LB 575 (March 21, 2019). Available: <https://www.nebraskalegislature.gov/FloorDocs/106/PDF/Slip/LB575.pdf>

⁵⁰ LB 96. (February 14, 2018). Available: <https://nebraskalegislature.gov/FloorDocs/105/PDF/Slip/LB96.pdf>

⁵¹ Dave Dearthmont, Nebraska Department of Economic Development. (2019). Email correspondence.

LB 901 protects Nebraska National Guard flight training areas by amending state statutes related to permitting decisions made by the Division of Aeronautics of the Nebraska Department of Transportation (NDOT).⁵² Typically, a permit is required “before erecting/building any structure exceeding a height of 150 feet above the surface of the ground at the point of installation, unless erected under the authority of a license or permit issued by a federal agency.” The Nebraska Department of Transportation’s Division of Aeronautics has fully implemented LB 901.⁵³ As of September 2019, there have been no reported issues regarding encroachment at Nebraska National Guard flight training areas.

LB 682 provides consumer protection and civil relief for service members, typically a right of early termination to service contracts (internet, television, phone services).⁵⁴ As of October 2019, there have been no reports of these protections not working.

LB 685 provides a funding priority for special-needs military dependents under the Developmental Disabilities Act.⁵⁵ As of November 2019, the Department of Health and Human Services’ Division of Developmental Disabilities has yet to receive a request for prioritized funding as outlined in LB 685.⁵⁶

LB 731 adopted the Physical Therapy Licensure Compact.⁵⁷ As of October 2019, Nebraska has enacted legislation and is “issuing and accepting compact privileges.”⁵⁸ Compact implementation by the Board of Physical Therapy is complete.

LB 1034 adopted the Emergency Medical Service Personnel Licensure Interstate Compact and the Psychology Interjurisdictional Compact.⁵⁹ As of October 2019, full implementation of the “Recognition of EMS Personnel Licensure Interstate CompAct” or “REPLICA” is expected to occur in May 2020.⁶⁰ As of October 2019, implementation of the Psychology Interjurisdictional Compact is ongoing.

2018 Regulatory Reform

In 2018, Governor Ricketts “approved revisions to Rule 21, allowing military spouses to receive a three-year teaching permit in Nebraska with a valid out-of-state license.”⁶¹ As of September 2019, eight Military Teaching Permits⁶² have been issued to qualified military spouses since March 24, 2018.⁶³ Also in March 2018, the Nebraska Supreme Court “instituted a rule that provides special consideration for

⁵² LB 901. (April 17, 2018). Available: <https://nebraskalegislature.gov/FloorDocs/105/PDF/Slip/LB96.pdf>

⁵³ Nebraska Department of Transportation. (2019). Available: <https://dot.nebraska.gov/aeronautics/towers-tall-structures/>

⁵⁴ LB 682. (April 11, 2018). Available: <https://nebraskalegislature.gov/FloorDocs/105/PDF/Slip/LB682.pdf>

⁵⁵ LB 685. (April 4, 2018). Available: <https://nebraskalegislature.gov/FloorDocs/105/PDF/Slip/LB685.pdf>

⁵⁶ Bryson Bartels, Nebraska Department of Health and Human Services. (2019). Email correspondence.

⁵⁷ LB 731. (April 19, 2018). Available: <https://nebraskalegislature.gov/FloorDocs/105/PDF/Slip/LB731.pdf>

⁵⁸ Phone call, Physical Therapy Compact Commission. (2019). Available: <http://ptcompact.org/>

⁵⁹ LB 1034. (April 23, 2018). Available: <https://nebraskalegislature.gov/FloorDocs/105/PDF/Slip/LB1034.pdf>

⁶⁰ Phone call, DHHS Program Manager. (2019). Available: <http://dhhs.ne.gov/Pages/EHS-REPLICA.aspx>

⁶¹ Office of Governor Ricketts. (2018). Available: <https://governor.nebraska.gov/press/gov-ricketts approves-teacher%E2%80%99s-license-flexibility-military-families>

⁶² Nebraska Department of Education. (2019). Military Path to Certification. Available: <https://www.education.ne.gov/tcert/>

⁶³ Clayton Waddle, Nebraska Department of Education. (2019). Email correspondence.

attorneys who are military spouses seeking to join the Nebraska practicing bar.”⁶⁴ The rule creates “Class 1-D” motion applicants at a reduced fee.⁶⁵ As of September 2019, 3 of 3 Class 1-D applications have been successfully admitted to practice law in Nebraska and one application is pending.⁶⁶

2017 Legislation

LB 88 amended state statutes “in order to allow military spouses to obtain a temporary license in a variety of professions if those spouses meet the comparable and equivalent requirements.”⁶⁷ A temporary credential to a military spouse “shall be valid until the application for the regular credential is approved or rejected, not to exceed one year.”⁶⁸ As noted in *Transitioning Military & Military Spouse Occupational Licensure Study* authorized by Legislative Resolution 436, in 2017 “only one military spouse applied for a temporary license and was approved as a nail technician within three days.”⁶⁹ Additionally, “Twelve applicants identified themselves as military spouses on nursing applications, but chose not to apply for the temporary military spouse license.”⁷⁰ Further investigation revealed for nursing, part of paragraph (2)(c) of Nebraska Revised Statute 38-129.01 is in a sense more burdensome than simply completing the standard nursing application. Paragraph (2)(c) of Nebraska Revised Statute 38-129.01 requires “A copy of his or her credential from another jurisdiction and the applicable statutes, rules, and regulations governing the credential;”⁷¹ As of October 2019, 79 nursing applicants have identified themselves as a military spouse; however, none of them obtained a temporary license under the military spouse temporary license provision. Of note, nursing applicants can obtain a temporary license other than the military spouse temporary license which does not require the “applicable statutes, rules, and regulations governing the credential;” in addition to their non-Nebraska nursing license in order to obtain a temporary nursing license. One could make an argument that an out of state nursing license should suffice to obtain a temporary nursing license for military spouses. Arguably, one would not refuse nursing care when traveling outside of Nebraska due to real or perceived differences in the applicable statutes, rules, and regulations governing nursing in another state.

LB 639 expanded a hiring preference to spouses of active duty service members while the active duty service member is serving and up to 180 days after the active duty service member is discharged or

⁶⁴ Nebraska Supreme Court. (2018). Available: <https://supremecourt.nebraska.gov/nebraska-supreme-court-rule-allows-reduced-fee-military-spouses-seeking-join-nebraska-bar>

⁶⁵ Nebraska Supreme Court. (2018). Available: <https://supremecourt.nebraska.gov/supreme-court-rules/chapter-3-attorneys-practice-law/article-1-admission-requirements-practice-law/%C2%A7-3-119-application-admission-attorney/class-1-1-b-1-c-1-d-motion-applicants>

⁶⁶ Nebraska Supreme Court Attorney Services Division. (2019). Email correspondence.

⁶⁷ LB 88, Introducer’s Statement of Intent. (February 15, 2017). Available at:

<https://nebraskalegislature.gov/FloorDocs/105/PDF/SI/LB88.pdf>

⁶⁸ LB 88. (April 25, 2017). Available: <http://www.nebraskalegislature.gov/FloorDocs/105/PDF/Slip/LB88.pdf>

⁶⁹ LR 436, Transitioning Military & Military Spouse Occupational Licensure Study. (2018). Available: <https://veterans.nebraska.gov/sites/veterans.nebraska.gov/files/doc/9.%202018%2010%2023%20-%20LR%20436%20Report%20-%20FINAL.pdf>

⁷⁰ LR 436, Transitioning Military & Military Spouse Occupational Licensure Study. (2018). Available: <https://veterans.nebraska.gov/sites/veterans.nebraska.gov/files/doc/9.%202018%2010%2023%20-%20LR%20436%20Report%20-%20FINAL.pdf>

⁷¹ Nebraska Revised Statute 38-129.01. (2018). Available: <https://nebraskalegislature.gov/laws/statutes.php?statute=38-129.01>

separates from service.⁷² In addition to initial employment, the hiring preference “is expanded to include a return to employment with any public government entity.”⁷³ As of October 2019, there is no clear methodology for measuring the impact of this legislation.

2016 Legislation

LB 754 created Nebraska’s Commission on Military and Veteran Affairs.⁷⁴ As of October 2019, the Commission has met its statutory requirements pursuant to Nebraska Revised Statutes 55-601 to 55-606 and 48-203.

LB 919 established Veterans Treatment Courts.⁷⁵ The Douglas County Veterans Treatment Court became operational in November of 2016 and the Lancaster County Veterans Treatment court became operational in April of 2017.⁷⁶ The Douglas County Veterans Treatment Court has had 58 entrants since inception of which 35 are current participants and 15 are graduates. The Lancaster Veterans Treatment Court has had 13 entrants since inception of which 7 are current participants and 5 are graduates. While it is too early to draw any formal (academic) conclusions regarding the success of the program (vis-à-vis analysis related to recidivism), informally (anecdotally), the program has been a resounding success.

2015 Legislation

LB 109 changed the residency requirements for veterans, spouses, and dependents attending a public college or university in Nebraska.⁷⁷ As of October 2019, there is no clear methodology for measuring its impact.

LB 219 adopted the Uniform Deployed Parents Custody and Visitation Act which addresses issues of child custody faced by military families.⁷⁸ As of October 2019, there is no clear methodology for measuring its impact.

LB 264 created the requirement that boards or the licensing department accept relevant military training and education. As noted in Transitioning Military & Military Spouse Occupational Licensure Study authorized by Legislative Resolution 436, “DHHS indicated that during 2017, no applicants had military training, education, or experience applied toward their licensure requirements and that no applicant had requested this.”⁷⁹

⁷² LB 639. (April 25, 2017). Available: <https://nebraskalegislature.gov/FloorDocs/105/PDF/Slip/LB639.pdf>

⁷³ Office of Governor Ricketts. (2018). Available: <https://governor.nebraska.gov/press/gov-ricketts-signs-major-veterans%E2%80%99-legislative-package>

⁷⁴ LB 754. (April 18, 2016). Available: <https://nebraskalegislature.gov/FloorDocs/104/PDF/Slip/LB754.pdf>

⁷⁵ LB 919. (April 18, 2016). Available: <https://nebraskalegislature.gov/FloorDocs/104/PDF/Slip/LB919.pdf>

⁷⁶ State of Nebraska Judicial Branch, Office of Probation Administration. (November 7, 2019). Research request.

⁷⁷ LB 109. (February 26, 2015). Available: <https://nebraskalegislature.gov/FloorDocs/104/PDF/Slip/LB109.pdf>

⁷⁸ LB 219. (February 26, 2015). Available: <https://nebraskalegislature.gov/FloorDocs/104/PDF/Slip/LB219.pdf>

⁷⁹ LR 436, Transitioning Military & Military Spouse Occupational Licensure Study. (2018). Available: <https://veterans.nebraska.gov/sites/veterans.nebraska.gov/files/doc/9.%202018%2010%2023%20-%20LR%20436%20Report%20-%20FINAL.pdf>

LB 272 created a voluntary veterans preference for private sector employers.⁸⁰ As of October 2019, one employer has registered with the Nebraska Department of Labor.⁸¹

2014 Legislation

LB 987 created a partial exemption to military retirement benefits from Nebraska taxable income.⁸² The Nebraska Department of Revenue preliminary data for tax year 2018 indicates 526 returns leading to \$9,237,155 of deducted income using the partial exemption via the Form 1040N-MIL. While this is the amount deducted and not the amount of lost tax revenue, one can estimate the impact to the General Fund. Presuming that all of the filers were in the top state income tax bracket of 6.84%, the maximum impact to the general fund would equal 6.84% of the total amount deducted. For 2018, this impact would equal \$631,821. For tax year 2017, 466 returns filed the Form 1040N-MIL leading to \$7,698,643 of deducted income. For tax year 2016, 336 returns filed the Form 1040N-MIL leading to \$5,467,797 of deducted income. For tax year 2015, 191 returns filed the Form 1040N-MIL leading to \$3,036,953 of deducted income.⁸³ Again, presuming that all of the filers were in the top state income tax bracket of 6.84%, the maximum impact to the general fund would equal \$526,580, \$373,997 and \$207,728 for tax years 2017, 2016, and 2015 respectively.

2011 Legislation

LB 575 enacted the Interstate Compact on Educational Opportunity for Military Children which took effect on July 1st, 2012.⁸⁴ The Compact provides for the uniform treatment of military children transferring between school districts and states. The purpose of the Compact is to remove barriers to educational success (such as enrollment, placement, and graduation) imposed on children of military families due to frequent moves and deployment of their parents. The Compact also established the State Council on Educational Opportunity for Military Children which meets annually. The State Council advises the Nebraska Department of Education with regard to the state's participation and compliance with the Compact.⁸⁵ Of note, the 2008 BRAC Task Force specifically encouraged the state to "explore the idea of joining the Compact" which is now in its sixth year of existence in Nebraska.⁸⁶ As of January 2015, all 50 states and the District of Columbia have adopted the Compact. As of October 2019, the State Council has been an effective tool to support military personnel and families serving in Nebraska.

⁸⁰ LB 272. (March 12, 2015). Available: <https://nebraskalegislature.gov/FloorDocs/104/PDF/Slip/LB272.pdf>

⁸¹ Nebraska Department of Labor, Veterans Preference Employer Registry. (2019). Available:

<https://www.dol.nebraska.gov/LaborStandards/VeteransPreference/EmployerRegistry>

⁸² LB 987. (April 2, 2014). Available: <https://nebraskalegislature.gov/FloorDocs/104/PDF/Slip/LB272.pdf>

⁸³ HoaPhu Tran, Nebraska Department of Revenue. (2019). Email correspondence.

⁸⁴ LB 575. (May 16, 2011). Available: <https://nebraskalegislature.gov/FloorDocs/102/PDF/Slip/LB575.pdf>

⁸⁵ Nebraska Department of Education, State Council on Educational Opportunity for Military Children. (2019). Available: <https://www.education.ne.gov/commissioner/state-council-on-educational-opportunity-for-military-children/>

⁸⁶ Nebraska Base Realignment and Closure (BRAC) Task Force. (2008). Available: <http://govdocs.nebraska.gov/epubs/L3745/B036-2008.pdf>

2010 Legislation

LB 279 amended statutes to require the notification of military installations regarding development of real property.⁸⁷ While there is no clear methodology for measuring the impact of this legislation, the Commission has not been informed of or asked to address any military installation encroachment issues as of October 2019.

Recent Congressional Actions Related to BRAC

In 2019, the Department of Defense did not request Base Realignments and Closures (BRAC) authority from Congress for Fiscal Year 2020 nor is Congress expected to include the authority in the FY 2020 National Defense Authorization Act. As of November 14, 2019, the federal government is operating under a continuing resolution that expires November 21, 2019.

Of note, Section 2821 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 requires the Secretary of Defense to “submit a report on force structure and infrastructure capabilities with the FY 2021 budget request.”⁸⁸ This so-called “Section 2821 report” would update the most recent Department of Defense Infrastructure Capacity Report from October 2017.⁸⁹ This new report is expected in February 2020.

Also, as noted in the 2018 Commission report, Section 2702 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 provides an authority to the Secretary of Defense to carry out a realignment or closure of a military installation upon receipt of a notice from the Governor of a State.⁹⁰ The Governor’s notice must include:

- “(1) A specific description of the military installation, or a specific description of the relevant real and personal property.
- (2) Statements of support for the realignment or closure from units of local government in which the installation is located.
- (3) A detailed plan for the reuse or redevelopment of the real and personal property of the installation, together with a description of the local redevelopment authority which will be responsible for the implementation of the plan.”⁹¹

⁸⁷ LB 279. (February 11, 2010). Available: <https://nebraskalegislature.gov/FloorDocs/101/PDF/Slip/LB279.pdf>

⁸⁸ Frederico Bartels. Making the Case for a New Round of BRAC. (August 14, 2019). Available:

<https://www.heritage.org/defense/report/making-the-case-new-round-brac>

⁸⁹ Department of Defense, Infrastructure Capacity Report. (October 2017). Available: <https://democrats-armedservices.house.gov/cache/files/d/a/da59cb94-76f7-466b-b03b-717ab49fece6/92C3CB18EA9CF53C0D25FFE91C09C3F0.infrastucture-capacity-report-october-2017.pdf>

⁹⁰ U.S. Congress, John S. McCain National Defense Authorization Act for Fiscal Year 2019. (2018). Available: <https://www.congress.gov/115/bills/hr5515/BILLS-115hr5515enr.pdf>

⁹¹ U.S. Congress, John S. McCain National Defense Authorization Act for Fiscal Year 2019. (2018). Available: <https://www.congress.gov/115/bills/hr5515/BILLS-115hr5515enr.pdf>

The final selection criteria for the 2005 round of base closures and realignments can be found in Title 10 United States Code § 2687.⁹² Policy makers and stakeholders should review the 2017 and 2018 Commission reports and the 2008 BRAC Task Force report for additional research, analysis, and context related to BRAC.

The Current Report

There are multiple purposes of the present report. First, this report will serve to update the economic impact data presented in *The Economic Impact of Nebraska Military Assets* from November 15, 2018, thereby providing a current snapshot of the economic impacts of military and veteran spending in the state. This information will yield a comprehensive understanding of the magnitude of military and veteran spending in Nebraska. Data for these analyses have been derived from a wide range of sources including federal statistics from the Department of Defense, the Census Bureau, and the Department of Veterans Affairs; statistics from reports produced by Offutt Air Force Base and the Nebraska National Guard; and from correspondence with Army, Navy, Air Force, and Marine Corps Reserves. Analysts utilize industry-standard approaches (i.e., IMPLAN, IMpact analysis for PLANning⁹³) to derive estimates of the direct, indirect, and induced effects of defense and military retiree spending in the state. Direct effects include direct spending by the agencies on payroll and to vendors. Indirect effects include vendor spending at other local businesses. Induced effects capture business activity as employees spend their paychecks on goods and services. Second, this report will consider the aggregate benefits of military service upon the state economy. Data for this analysis is drawn from many of the same sources as described in the previous paragraph, and is informed by research that has been conducted through reviewing academic and applied research literature.

In sum, the current report will provide stakeholders with the situational awareness of current levels of spending on military installations and spending on veterans and military retirees, as well as the indirect effects of such spending. This report will also yield key insights into the various costs and benefits of proposed strategies to attract and retain veterans and retired DoD personnel into the state. Ultimately, the information can be used to further prepare the State of Nebraska for growth by identifying the strengths on which Nebraska might capitalize, as well as the potential weaknesses in this particular economic domain.

This report was funded through the Nebraska Department of Veterans' Affairs pursuant to Nebraska Revised Statute 55-605.⁹⁴

⁹² United State Code Title 10, Subtitle A, Part IV, Chapter 159, § 2687. (2018). Available: <http://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title10-section2687&num=0&edition=prelim>

⁹³ IMPLAN, Impact Analysis for Planning. (2019). Available: <http://implan.com/>

⁹⁴ Nebraska Revised Statute 55-605. (2019). Available: <https://nebraskalegislature.gov/laws/statutes.php?statute=55-605>

2. Military Assets and Spending

This chapter outlines the major military installations throughout the state, and provides detailed information on the employment, salary, and operating costs associated with each installation. The chapter covers active duty bases, National Guard bases and locations, and facilities where Reserves are located. Information on additional DoD assets is also included. Data were obtained from a wide range of sources including publicly available federal and state data sources, installation reports, personal communications with staff, and personal communications with legislative and governmental affairs staff.

Offutt Air Force Base

Offutt Air Force Base has a long and storied history in Nebraska. Perhaps the state's most visible installation, Offutt's origins began with construction of Fort Crook in the 1890's. The Fort initially served as the home of U.S. Army Infantry units, and continued to serve this purpose through the early 1900's. In 1921, an airfield was built to facilitate takeoffs, landings, and refueling of military and government aircraft. Through the 1940's, Offutt Field served as the location of a new bomber plant that produced notable aircraft used during World War II. In 1948 the entire installation was transferred to the Department of the Air Force and was renamed Offutt Air Force Base. In this same year, Strategic Air Command (SAC) was established on base. Throughout the 1960's, 1970's and 1980's Offutt continued to grow and adapt to shifting threats around the globe. In 1992, SAC was disestablished and in its place, the United States Strategic Command (USSTRATCOM) was established. Over the years, USSTRATCOM has evolved and experienced organizational changes which resulted in its current organizational structure and role.

As of September 2019, Offutt AFB had 41 aircraft assigned. The base consists of 3,633 acres of land, 2.97 million square yards of paved surface, and 4.60 million square feet of building space. The base employs nearly 10,000 military, civilian and contractor staff, with a total payroll of over \$742 million and an additional \$509 million in expenditures on construction, service contracts, and other federal expenditures. The units at Offutt AFB execute global missions around the clock.

55th Wing. Offutt AFB is the home of the 55th Wing. The 55th Wing is the largest wing in Air Combat Command and the second largest in the Air Force. The Wing provides global reconnaissance, real-time intelligence gathering, command and control, information warfare, electronic attack, treaty verification and combat support to national leaders and agencies as well as Air Force and joint warfighters. The wing's support functions include: base mobility; manpower; logistics; aircraft and vehicle maintenance; civil engineering; contracting; personnel administration and education; law enforcement; resource security; morale, welfare and recreation; medical and dental care; and local as well as global command, control, and communication capabilities. The wing performs staff requirements to include: administration; legal services; comptroller; public affairs; history; inspection; plans and programs; ground and flight safety; protocol; inspector general; chaplain services; sexual assault prevention and response; and equal opportunity functions for both military and civilian members. Pursuant to Nebraska Revised Statute 55-601, the Commander of the 55th Wing of the Air Combat Command or his or her

designee serves as a nonvoting, ex officio member of Nebraska's Commission on Military and Veteran Affairs.⁹⁵

USSTRATCOM. Offutt AFB is also home to the U.S. Strategic Command (USSTRATCOM). USSTRATCOM is one of five Global Combatant Commands (USSTRATCOM, USSOCOM, USCYBERCOM, USSPACECOM, & USTRANSCOM) and is responsible for detecting, deterring, and preventing strategic attacks against the U.S. and its partners. The command coordinates with other combatant commands and governmental agencies that provide national security. According to the Command Snap Shot, USSTRATCOM employs tailored nuclear, cyber, space, global strike, joint electronic warfare, missile defense, and intelligence capabilities to deter aggression, decisively respond if deterrence fails, assure allies, shape adversary behavior, defeat terror, and define the force of the future. The priorities of USSTRATCOM are Strategic Deterrence, Decisive Response, and A Combat-Ready Force.⁹⁶ Pursuant to Nebraska Revised Statute 55-601, the Commander of the United States Strategic Command or his or her designee serves as a nonvoting, ex officio member of Nebraska's Commission on Military and Veteran Affairs.⁹⁷

557th Weather Wing. In addition to the 55th Wing and USSTRATCOM, Offutt AFB is also home to the 557th Weather Wing. The 557th Weather Wing was formed when the Air Force Weather Agency was redesignated in March 2015. The 557th Weather Wing maximizes America's military power through the exploitation of timely, accurate, and relevant weather information anytime and everywhere on the globe.⁹⁸ The 557th comprises more than 1,450 personnel, 12 squadrons, 5 detachments, and 17 operating locations. At Offutt AFB, the Weather Wing is headquartered in the Lt. Gen. Thomas S. Moorman building, which is the first facility in the Air Force to earn a Leadership in Energy and Environmental Design gold rating by the U.S. Green Building Council.⁹⁹ Pursuant to Nebraska Revised Statute 55-601, the Commander of the 557th Weather Wing of the United States Air Force or his or her designee serves as a nonvoting, ex officio member of Nebraska's Commission on Military and Veteran Affairs.¹⁰⁰

Additional Units on Offutt AFB. In addition to the 55th Wing, USSTRATCOM, and the 557th Weather Wing several other critical organizations are located at Offutt AFB:

The 595th Command and Control Group, located at Offutt AFB, and "aligned under Eighth Air Force and Air Force Global Strike Command"¹⁰¹ was activated in October 2016.¹⁰² By realigning the 625th Strategic

⁹⁵ Nebraska Revised Statute 55-601. (2019). Available:

<https://nebraskalegislature.gov/laws/statutes.php?statute=55-601>

⁹⁶ U.S. Strategic Command, Command Snap Shot. (September 2019). Available:

<http://www.stratcom.mil/About/Command-Snapshot/>

⁹⁷ Nebraska Revised Statute 55-601. (2019). Available:

<https://nebraskalegislature.gov/laws/statutes.php?statute=55-601>

⁹⁸ 557th Weather Wing Fact Sheet. (September 2019). Available: <http://www.557weatherwing.af.mil/About-Us/>

⁹⁹ 557th Weather Wing Headquarters Building. (August, 2017). Available: <http://www.557weatherwing.af.mil/Fact-Sheets/Article/871835/557th-weather-wing-headquarters-building/>

¹⁰⁰ Nebraska Revised Statute 55-601. (2019). Available:

<https://nebraskalegislature.gov/laws/statutes.php?statute=55-601>

¹⁰¹ 595th Command and Control Group. (2019). Available: <https://www.8af.af.mil/Units/595th-Command-and-Control-Group/>

¹⁰² 55th Wing Public Affairs. (2016). Available: <https://www.acc.af.mil/News/Article-Display/Article/965021/595th-command-and-control-group-activates-at-offutt/>

Operations Squadron, the 1st Airborne Command and Control Squadron, the 595th Aircraft Maintenance Squadron, and 595th Strategic Communications Squadron under one command, the 595th Command and Control Group is able to “ensure U.S. strategic deterrence by providing aircrew, operators and maintenance personnel for nuclear command, control and communications (NC3) platforms enabling the National Command Authority survivable, real-time strategic assessment and global strike capabilities.”¹⁰³

The 343rd Recruiting Squadron (RCS) is headquartered at Offutt AFB. The active duty squadron covers a 370,000 square-mile area that includes Iowa, Minnesota, Nebraska, North Dakota, South Dakota, and Wisconsin.¹⁰⁴ The 343rd RCS is tasked with recruiting highly talented and qualified personnel into the Air Force.

The 20th Intelligence Squadron (20 IS) is located on Offutt AFB. According to the 2016 Offutt AFB Economic Impact report, the 20 IS provides geospatial and targeting intelligence to combatant commanders and war fighting forces.

The Defense POW/MIA Accounting Agency (DPAA) maintains an accredited laboratory at Offutt AFB. Forensic anthropologists work to identify remains with the goal of “returning every POW/MIA possible, to their family.”¹⁰⁵

The U.S. Air Force Heartland of America Band, a 15-member unit, has been assigned to Offutt AFB since 1948.¹⁰⁶ The band is well known to the Bellevue community, the State of Nebraska, and around the world for its commitment to excellence.

Offutt AFB and USSTRATCOM Personnel and Spending. Offutt AFB is home to many of the critical organizations that ensure the nation’s security. The vast majority of Offutt personnel live in Nebraska where they, in turn, spend their paychecks on goods and services. Units at Offutt purchase highly technical support and research and development services from local businesses as well as national companies with a presence in the state. Data from Offutt Air Force Base and USSTRATCOM were derived from the FY2018 *Offutt Air Force Base Economic Impact Report*. This report was provided directly to the authors for use in the present report.

The data indicate that Offutt AFB and USSTRATCOM combine to employ 9,204 individuals. The majority of these employees (6,559) are military members, with an additional 2,645 civilian employees. As Table 5 indicates, 1,410 members of the 55th Wing are stationed elsewhere, outside of Nebraska. This results in 9,204 total military and civilian personnel stationed in Nebraska. A number of other employees from non-appropriated funds (funds self-generated by bowling centers, golf courses, and etcetera),

¹⁰³ 595th Command and Control Group. (2019). Available: <https://www.8af.af.mil/Units/595th-Command-and-Control-Group/>

¹⁰⁴ 343rd Recruiting Squadron. (2019). Available: <https://www.recruiting.af.mil/About-Us/Fact-Sheets/Display/Article/714509/343rd-recruiting-squadron/>

¹⁰⁵ 55th Wing Public Affairs. (November 17, 2017). Available: <https://www.offutt.af.mil/News/Article/1375455/laid-to-rest-dpaa-brings-record-number-of-service-members-home/>

¹⁰⁶ USAF Heartland of America Band. (2019). Available: <https://www.music.af.mil/Bands/US-Air-Force-Heartland-of-America-Band/About-Us/>

employees from the Base Exchange, and employees from the Cobalt Credit Union are also located on Offutt, but are not included in this analysis.

Table 5. Offutt AFB and USSTRATCOM Military and Civilian Personnel FY 2018	
Active Duty Air Force	6,122
Active Duty Army, Navy, Marines	437
Active Duty (Non-Nebraska)	1,410
Total Nebraska-Based Military	6,559
Appropriated Fund Civilians	2,645
Total	9,204*
*Personnel counts are current as of August 30, 2019.	

Total payroll figures from the FY2018 Offutt Economic Impact Study indicate over \$682 million in payroll to military and civilian members (see Table 6). The majority of payroll and benefits was spent on military members (\$473.5 million), with pay and benefits to appropriated civilian personnel totaling \$200.8 million. In addition, over \$508.5 million in general operating expenditures were spent in FY 2018. These costs were devoted to construction, service contracts, and other federal expenditures. In sum, over \$1.23 billion in total expenditures were made in FY 2018.

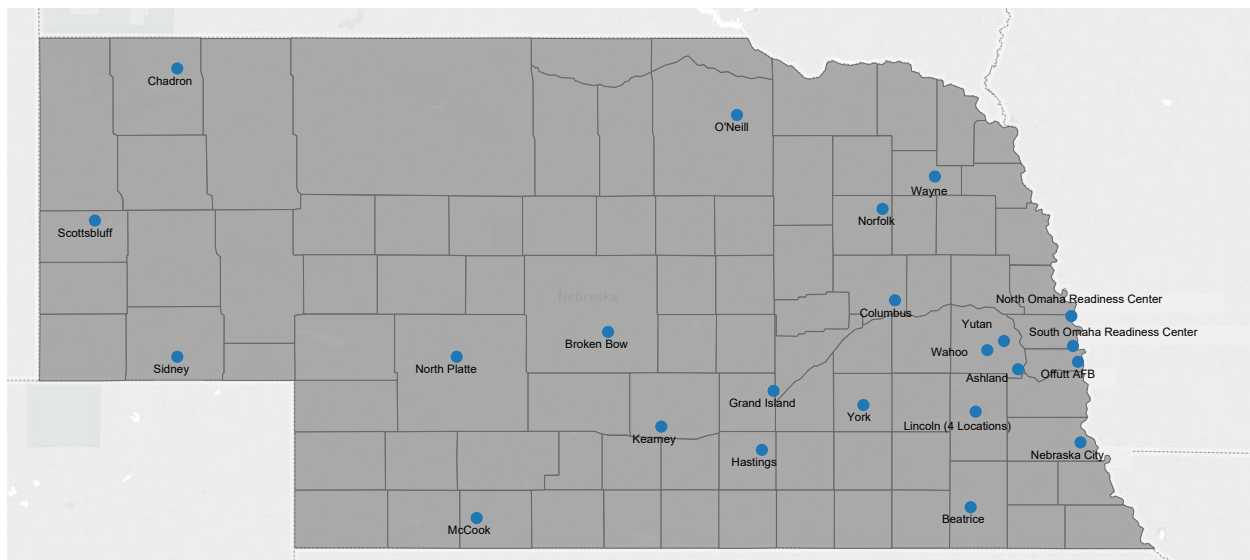
Table 6. Offutt AFB and USSTRATCOM Payroll/Benefits and Expenditures FY 2018	
Payroll	Dollars
Military Members-All Services	\$473,500,540
Appropriated Fund Civilians	\$200,796,984
Other Civilian Employees	\$11,005,742
Contractors	\$35,745,000
Total Payroll	\$721,048,266
Base Expenditures	
Construction	\$22,113,556
Service Contracts	\$381,844,946
Other Federal Expenditures	\$104,529,575
Total Base Expenditures	\$508,488,077
Total Payroll and Expenditures	\$1,229,536,343
Source: Offutt Air Force Base Economic Impact Analysis, FY 2018.	

Nebraska National Guard, Air National Guard, and Nebraska Emergency Management Agency

The Army National Guard and the Air National Guard are two of the three components of the Nebraska Military Department. Under Title 32 of the U.S. Code, National Guard members are federally funded, yet are under state control. These units can be called under State Active Duty to help assist with emergencies and other scenarios in Nebraska, and can also be called into duty under various interstate compacts to provide assistance in other states.

The National Guard maintains a considerable presence in locations throughout the state. Nebraska National Guard locations are presented on the map in Figure 2 below. Collectively, the bases and installations in the state are referred to as “Fort Nebraska.” Comprising Fort Nebraska are 25 Readiness Centers and one Air National Guard Base distributed across 23 communities. Larger installations include Camp Ashland in Ashland, the Lincoln Army Aviation Support Facility/Readiness Center in Lincoln, the Greenleaf Training Site in Hastings, and the Mead Training Site. The Air National Guard maintains a large concentration of facilities at the Lincoln Municipal Airport. The Army National Guard operates smaller facilities in Beatrice, Broken Bow, Chadron, Columbus, Grand Island, Kearney, Lincoln, McCook, Nebraska City, Norfolk, North Platte, Omaha (North Omaha Readiness Center and South Omaha Readiness Center), Offutt AFB, O’Neill, Scottsbluff, Sidney, Wahoo, Wayne, York, and Yutan. All told, the Nebraska National Guard maintains over 2.7 million square feet of facilities and manages 6,434 acres of land in Nebraska. According to a 2018 Nebraska National Guard Economic Impact Report,¹⁰⁷ a total of 4,422 personnel are assigned to the facilities owned and managed by the Guard (see Table 7).

Figure 2. Nebraska National Guard Locations



Source: Map produced by authors based on personal communications with Nebraska National Guard Governmental Affairs Office.

Key capabilities of the Nebraska National Guard include air refueling, military police, engineering, chemical, cavalry, support/maintenance, rotary aviation and medical. In line with the Department of Defense’s assessment of potential threats to U.S. national security interests, the Nebraska National Guard’s mission is focused on Great Power Competition to include the Russian sphere of influence, the growth of China, Iran’s aggression, North Korea’s belligerence, and the fight against terrorism in the Middle East. Accordingly, members of the Nebraska National Guard are currently mobilized to locations around the globe, with the greatest concentration of Nebraska National Guard members mobilized to

¹⁰⁷ The report was made available to BBR researchers in August 2019, via the Nebraska National Guard office of Government Relations.

countries in the U.S. Central Command (USCENTCOM) Area of Responsibility (AOR). The Nebraska National Guard also supports the health, safety, and welfare of Nebraskans and other citizens in need.

These facilities and locations provide employment and training opportunities for Nebraskans, and also provide support for Nebraska businesses which provide much of the contracted operational support at these facilities. Furthermore, National Guard members receive valuable vocational training during their time with the Guard. While difficult to quantify, this training has the potential to enhance the occupational skillsets of National Guard members, thereby increasing the earning potential of these individuals in their civilian careers.

The Nebraska Emergency Management Agency (NEMA) is the third component of the Nebraska Military Department. Currently, the agency is located at the Joint Force Headquarters on the Nebraska National Guard base in Lincoln. According to the 2018 Nebraska National Guard Economic Impact Report, there are 41 full-time positions dedicated to NEMA. The agency focuses on four primary phases of emergency management: preparedness, response, recovery, and mitigation. NEMA works with partners at the local and federal levels to prepare for man-made or natural disasters. Once a disaster occurs, NEMA has an established procedure through which localities can request state assistance in the wake of a disaster. If a local entity does request and receive state support following an emergency, yet the state resources through the Governor's Emergency Fund are insufficient for proper response, the state can in turn request support and assistance from the federal government.

Table 7. Nebraska National Guard Employment, Fiscal Year 2018	
Traditional National Guard	3,560
Active Guard Reserve Title 32	567
Active Duty Title 10	20
Total Military Personnel	4,147
Federal Civil Service Technicians	92
State Personnel Serving Either Army or Air National Guard	126
State Personnel Serving Both Army & Air National Guard	16
State Personnel Serving NEMA	41*
Military Department Total Personnel	4,422
Source: Nebraska Military Department, Nebraska National Guard 2018 Annual Report	
*These 41 personnel are not included in the economic impact estimates for the Nebraska National Guard in chapter 4 of this report.	

National Guard and NEMA Spending. Data related to the personnel and organizational costs for the Nebraska National Guard were derived from the 2018 Annual Report for the Nebraska Military Department, Nebraska National Guard, and Nebraska Emergency Management Agency (NEMA).¹⁰⁸ The data from the 2018 Annual Report indicate there are 4,422 total military and state employees across the Nebraska National Guard.¹⁰⁹ The total number of employees includes 41 employees from NEMA. As indicated in the 2018 Annual Report, the total Military Department Payroll is \$141.1 million in combined federal and state salary for the National Guard. There are \$51.6 million in benefits and incentives as well. About \$79.1 million in operational funds are used to support the activities of the Nebraska National Guard.

Table 8 below presents these totals. Please note that these totals were derived directly from the National Guard 2018 Economic Impact Report. In the execution of the economic impact analysis presented in chapter 4 of this report, analysts eliminated some categories of spending from the analysis. Therefore, the figures used in chapter 4 may differ slightly from the figures presented here. More detail on what is included in the economic impact analysis is included in chapter 4.

Table 8. Nebraska National Guard Payroll, Benefits, and Operations, Fiscal Year 2018	
Payroll	\$141,060,121
Benefits	\$51,571,157*
Operational Funds	\$79,086,617
Total Payroll, Benefits and Operations	\$271,717,895
Source: Nebraska Military Department, Nebraska National Guard 2018 Economic Impact Report	
*Benefits information was unavailable in the Nebraska National Guard 2018 Economic Impact Report. Therefore, analysts computed this number by multiplying total payroll by .366, which is the ratio of benefits to payroll in the 2017 Nebraska National Guard Economic Impact Report.	

Reserve Components

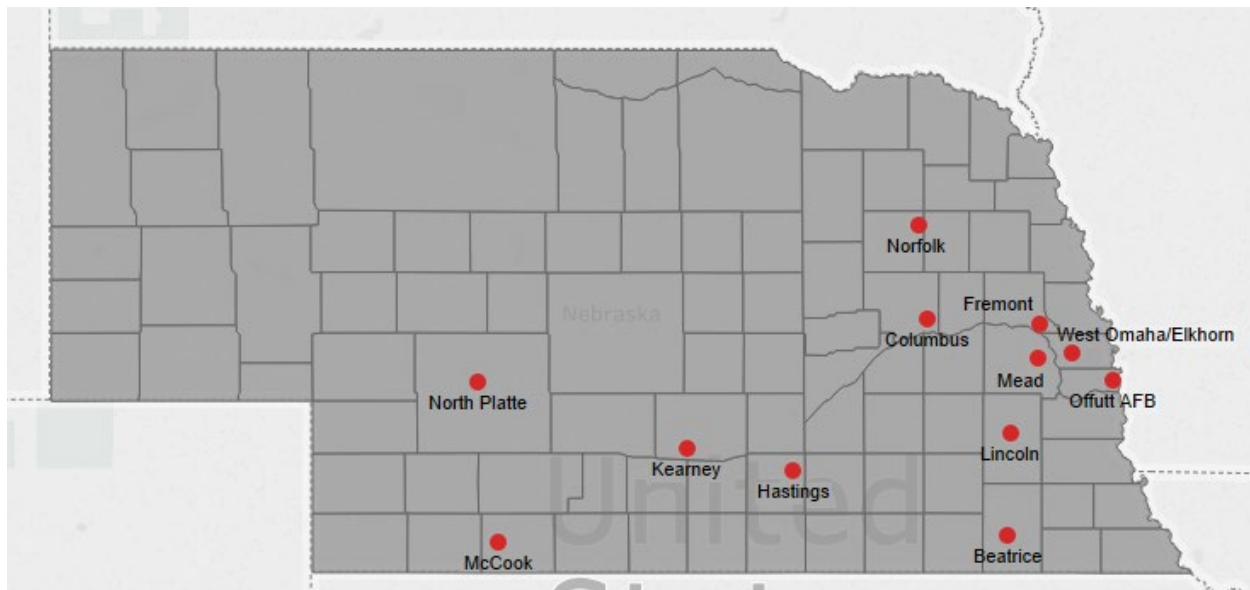
Army Reserve. The Army Reserve is the Army’s federal reserve force that provides depth and support to the Joint Force. The Army Reserve provides access to trained and ready Soldiers, leaders, and cohesive units.¹¹⁰ The Army Reserve maintains facilities and units throughout Nebraska, as presented in Figure 3.

¹⁰⁸ Nebraska Military Department, Nebraska National Guard, Nebraska Emergency Management Agency 2018 Annual Report. Available: <https://ne.ng.mil/Shared%20Documents/Annual-Report-2018.pdf>

¹⁰⁹ Ibid. p21.

¹¹⁰ U.S. Army Reserve, About Us. Available: <http://www.usar.army.mil/About-Us/>

Figure 3. Army Reserve Locations in State of Nebraska



Source: Map produced by authors based on information received from Office of the Chief, Army Reserve, Legislative Affairs.

Army Reservists serve in Beatrice, Columbus, Elkhorn (Omaha), Fremont, Hastings, Kearney, Lincoln, McCook, Mead, Norfolk, North Platte, and at Offutt AFB. These locations are presented on the map in Figure 3. In Nebraska, Army Reserve forces have medical, logistical, transportation, military police, engineering, and quartermaster capabilities.¹¹¹

As of October, 2019, a FY 2020 report indicated that there were 1,370 Army Reserve personnel assigned throughout Nebraska. There were over \$41.1 million in payroll across military and civilian personnel (see Table 9).¹¹²

Table 9. Army Reserve Personnel and Expenses		
	Number	Payroll
Army Reserve Personnel and Active Guard Reserve	1,313	\$35,523,717
Civilian Personnel	57	\$5,581,951
Total	1,370	\$41,105,668
Source: State of Nebraska, Army Reserve Ambassador Program		

¹¹¹ U.S. Army Reserve, State of Nebraska and the United States Army Reserve. Available:

<http://www.usar.army.mil/Featured/Ambassador-Program/Find-an-Ambassador/Nebraska/>

¹¹² Nebraska Army Reserve Economic Impact Data obtained via State of Nebraska, Army Reserve Ambassador Program. Available:

<https://www.usar.army.mil/Portals/98/Images/Ambassador/2019%20At%20A%20Glance/027Nebraska.jpg?ver=2019-09-18-101504-097>

Air Force Reserve. The U.S. Air Force Reserve maintains a presence at Offutt AFB Nebraska. Offutt AFB is home to the 49th Intel Squadron (part of the 655th Intelligence, Surveillance, and Reconnaissance Group), the 960th Network Warfare Flight (part of the 960th Cyberspace Operations Group), HQ Support Air Force Elements (AFELM), the Readiness and Integration Organization Detachment, and the Central Recruiting Squadron Operation location. Across these organizations, 194 military and 9 civilian (203 total) employees are located at Offutt AFB. A recent economic impact report conducted by the Air Force Reserve Command indicated that salary for Reserves and Civilians is \$7.8 million, with an additional \$844,000 in construction, services, and travel. This results in a total of \$8.6 million in operations and maintenance for these units (see Table 10).

Table 10. Air Force Reserve Personnel and Expenses		
	Number	Payroll and Operations
Air Force Reserve and Civilian Personnel	203	\$8.6 million
Sources: Air Force Reserve Command (AFRC) Economic Impact Assessment (EIA): A Summary of the Economic Impact of AFRC in Nebraska in 2018		

U.S. Marine Corps Reserve. Omaha is home to Detachment 1, Maintenance Company of Combat Logistics Battalion 451, a part of the 4th Marine Logistics Group of the Marine Corps Forces Reserve. Located near the Metro Community College campus in North Omaha, Detachment 1 occupies 4.4 acres of land and maintains 42,226 square feet of facilities. As of FY 2018, personnel include 12 active duty personnel, 4 active reserve personnel (three U.S. Marine Corps and one U.S. Navy), and 115 Reserve personnel, for a total of 131 personnel stationed in Omaha. Annual salary was \$2.36 million, and total annual operating costs were \$341,865.¹¹³

Navy Reserve. The Navy Operational Support Center (NOSC) Omaha is located on Offutt Air Force Base where it occupies an 18,914 square foot facility on 2.14 acres of land. In FY 2018, personnel included 6 active duty personnel, 14 active reserve personnel, and 258 Reserve personnel, for a total of 278 personnel stationed in Omaha. The salary paid between October 1, 2017 and August 31, 2018 was \$2.58 million. Total sustainment costs were \$1.40 million.¹¹⁴

U.S. Army Corps of Engineers. The U.S. Army Corps of Engineers (USACE), Omaha District plays a significant role in Nebraska and throughout the Missouri River Basin. The Corps is one of the largest Federal employers in Omaha and the state, with 850 employees located at the headquarters in downtown Omaha as of Fall, 2017. These employees help the Corps execute military construction, civil works, and environmental restoration projects in Nebraska and throughout the region. As indicated in a 2017 press release, the USACE Omaha Division had 850 employees, with a payroll of \$64.33 million (see Table 11).

¹¹³ Marine Corps Reserve Point Paper. Document provided to authors.

¹¹⁴ Navy Operational Support Center Omaha, Nebraska 2018 Economic Impact. Document provided to authors.

Table 11. U.S. Army Corp of Engineers Nebraska Personnel and Payroll		
	Number	Payroll
Personnel	850	\$64,333,950
Source: U.S. Army Corps of Engineers, Omaha District. (2017). Celebrating National Engineers Week, Omaha District Continues to Serve. Available: http://www.nwo.usace.army.mil/Media/News-Releases/Article/1094964/celebrating-national-engineers-week-omaha-district-continues-to-serve/		

In addition to its operations in Omaha, the Corps plays a vital role throughout Nebraska maintaining waterways, earthen dams, reservoirs, and one hydroelectric facility. Table 12 presents the total operation and maintenance budget for civil works conducted by the Corps in Nebraska in FY 2018. As the table indicates, operation and maintenance costs for Gavins Point Dam were over \$11.3 million, with an additional \$2.5 million in costs to operate and maintain Harlan County Lake in south central Nebraska. All told, \$17.4 million in operation and maintenance costs were accrued during FY 2017. When combined with the payroll of personnel at USACE Omaha District Headquarters, there was over \$82 million in spending by the USACE in Nebraska in FY 2018.

Table 12. U.S. Army Corps of Engineers Civil Works Spending in Nebraska, FY 2018			
	Operation	Maintenance	Total O&M
Gavins Point Dam, Lewis and Clark Lake	\$8,997,000	\$2,314,000	\$11,311,000
Harlan County Lake	\$1,979,000	\$504,000	\$2,483,000
Inspection of Completed Environmental Projects	\$3,000	--	\$3,000
Inspection of Completed Works	\$932,000	--	\$932,000
Missouri River – Kenslers Bend, NE to Sioux City, IA	\$84,000	\$12,000	\$96,000
Papillion Creek	\$956,000	\$44,000	\$1,000,000
Salt Creeks and Tributaries	\$1,429,000	\$117,000	\$1,546,000
Total			\$17,371,000
Source: Department of the Army Office, Assistant Secretary of the Army. (2017). Fiscal Year 2018: Civil Works Budget of the U.S. Army Corps of Engineers. Available: http://cdm16021.contentdm.oclc.org/utils/getfile/collection/p16021coll6/id/1860/filename/1861.pdf			

National Strategic Research Institute. The National Strategic Research Institute (NSRI) at the University of Nebraska was formed in 2012. The NSRI is one of 13 University Affiliated Research Centers (UARCs) in the U.S. The NSRI is engaged in a long-term, strategic partnership with its DoD sponsor, USSTRATCOM, to provide mission critical research and development capabilities for USSTRATCOM and other DoD components. Working with researchers from across the university system, the NSRI has five competencies related to combating weapons of mass destruction (CWMD): Nuclear Detection and Forensics; Detection of Chemical and Biological Weapons; Passive Defense Against Weapons of Mass Destruction; Consequence Management; and Space, Cyber and Telecommunications Law. As noted above, in 2018 the NSRI's work with the U.S. Strategic Command was renewed with a five-year, \$92 million contract from the U.S. Air Force. As of Fall 2019, over \$61 million in research funds have been distributed.¹¹⁵ The growth of NSRI and its relationships with researchers at the University of Nebraska have positioned NSRI to be a leader in the funding of leading research and development related to defense and CWMD in Nebraska. The UARC has the potential to further grow the ties between the University of Nebraska, the DoD, and industry in the state. As such, the UARC has the potential to be an extremely valuable asset in future DoD considerations of cooperation between local public and private entities, and local DoD assets.

¹¹⁵ National Strategic Research Institute. (2018). Preparing for the Future: NSRI 2017-2018 Annual Report. Available: <https://nsri.nebraska.edu/-/media/nsri/documents/2017-18-annual-report.pdf?la=en>

3. Department of Defense Military Retiree and Veterans Affairs Spending

In addition to the personnel and operational costs associated with military installations, service in the military has a significant impact on Nebraska's economy through the country's support of veterans and retired military personnel. This chapter presents the total amount of federal and state spending on military retirees, spending made through the U.S. Department of Veterans Affairs, and through the State of Nebraska Department of Veterans' Affairs. Data were obtained via publicly available federal and state sources.

Military Retirees paid by the DoD

According to the Statistical Report on the Military Retirement System, FY 2018, there are currently 14,600 military retirees in Nebraska,¹¹⁶ slightly down from 14,654 in FY 2017 and 14,660 in FY 2016. Of these, 13,636 receive pension payments from the Federal Government through the DoD; this number is down from 13,712 in FY 2017. In FY 2018, the total amount of monthly pension payments was \$31.73 million dollars, up slightly from \$31.1 million in payments in FY 2017. Extrapolating this number across FY 2018, military retiree pension payments totaled \$380.7 million in the state. This figure is up from the \$373.32 million in payments in FY 2017 and the \$372.95 in annual payments distributed to Nebraska military retirees in FY 2016. Table 13 below presents the total number of military retirees and total amount of payments per DoD branch in FY 2018. The largest number of military retirees in the state are retired from the Air Force, not surprising given the large contingent of Air Force personnel at Offutt AFB.

Table 13. Nebraska Military Retirees and Pension/Retirement Compensation, FY 2018			
	Military Retirees Receiving Compensation	Monthly Payments (in millions)	Annual Payments (in millions)
Army	3,238	\$5.90	\$70.74
Navy	1,823	\$4.03	\$48.32
Marines	339	\$0.82	\$9.85
Air Force	8,236	\$20.98	\$251.80
Total	13,636	\$31.73	\$380.71
Source: DoD Office of the Actuary, Statistical Report on the Military Retirement System, Fiscal Year 2018. Available: https://media.defense.gov/2019/May/14/2002131753/-1/-1/0/MRS_STATRPT_2018%20V5.PDF			

U.S. Department of Veterans Affairs

The U.S. Department of Veterans Affairs (VA),¹¹⁷ provides services in several locations throughout the state (see Figure 4).¹¹⁸ Facilities include the Omaha VA Medical Center and the Grand Island VA Medical Center. VA Clinics exist in Bellevue, Gordon, Holdrege, Lincoln, Norfolk, North Platte, O'Neill, and

¹¹⁶ DoD Office of the Actuary, Statistical Report on the Military Retirement System, Fiscal Year 2018. (2019). Available: https://media.defense.gov/2019/May/14/2002131753/-1/-1/0/MRS_STATRPT_2018%20V5.PDF

¹¹⁷ For the purposes of this report, we will use VA to abbreviate U.S. Department of Veterans Affairs instead of USDVA which is commonly used. For the Nebraska Department of Veterans' Affairs we will use NDVA.

¹¹⁸ U.S. Department of Veterans Affairs, VA Locations and Facilities in Nebraska. (2018). Available: https://www.va.gov/Directory/guide/fac_list_by_state.cfm?State=NE&dnum=All

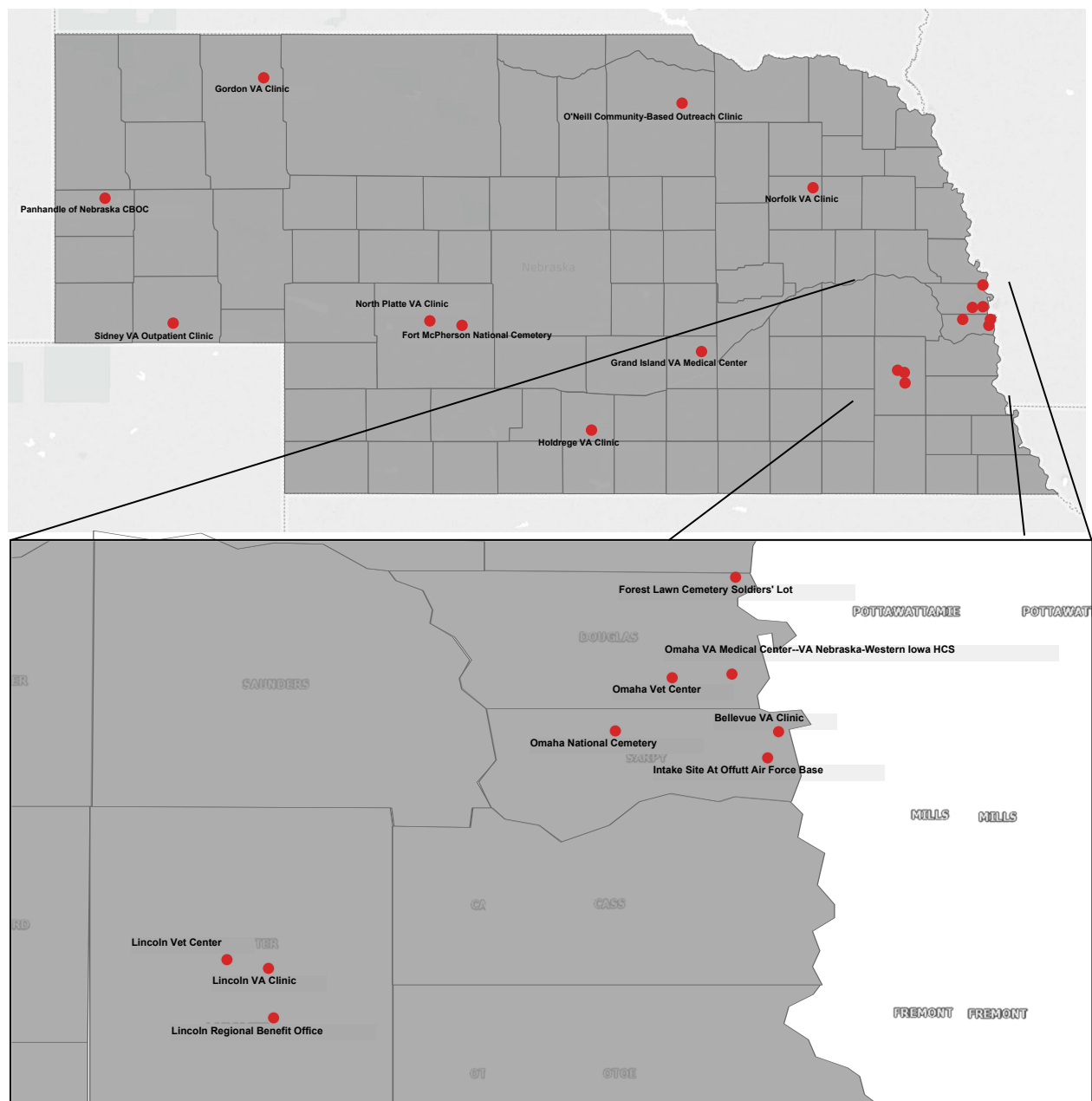
Scottsbluff. The Grand Island VA Medical Center and Community-Based Outpatient Clinics in Bellevue, Holdrege, Lincoln, Norfolk, North Platte, and O'Neill fall under the VA Nebraska-Western Iowa Health Care System, a part of Veterans Integrated Service Network (VISN) 23: VA Midwest Health Care Network.¹¹⁹ The Community Based Outpatient Clinic in Gordon and Scottsbluff (Panhandle of Nebraska CBOC) fall under the VA Black Hills Health Care System which is also a part of VISN 23.¹²⁰ The VA Multi-Specialty Outpatient Clinic in Sidney falls under the Cheyenne VA Medical Center, a part of VISN 19: Rocky Mountain Network.¹²¹ "Vet Centers" in Omaha and Lincoln fall under the Veterans Health Administration and provide counseling, community outreach, and other service referrals. Finally, the Veterans Benefits Administration Midwest District maintains five facilities: the Lincoln Regional Benefits Office, an Intake Site at Offutt AFB, the Forest Lawn Cemetery Soldiers' Lot, the Fort McPherson National Cemetery, and the Omaha National Cemetery.

¹¹⁹ VA Nebraska-Western Iowa Health Care System. (2019). Available: <https://www.nebraska.va.gov/>

¹²⁰ VA Black Hills Health Care System. (2019). Available: <https://www.blackhills.va.gov/>

¹²¹ Sidney VA MSOC. (2019). Available: https://www.cheyenne.va.gov/locations/Sidney_VA_MSOC.asp

Figure 4. VA Facilities and Locations in the State of Nebraska



According to *Governing Magazine*¹²² there were a total of 2,784 VA employees employed at locations throughout the state as of January, 2019. This is an increase of 75 employees from the 2,709 VA employees identified by *Governing Magazine* in 2017, and an increase from 2,601 VA employees in 2016. Across these locations, the VA provides a wide variety of services to the many veterans living in

¹²² Governing Magazine, Federal Employees by State. (2019). Available: <https://www.governing.com/gov-data/federal-employees-workforce-numbers-by-state.html>

FY 2018 data from the VA¹²³ estimate that there are 127,255 veterans living in the State of Nebraska. This represents a decrease from 130,126 veterans living in the State of Nebraska in FY 2017 and 133,003 veterans living in Nebraska in FY 2016. Figure 5 below presents the number of veterans residing in each Nebraska county according to FY 2018 data. The number of veterans in each county tracks closely with the general population of each county, with Douglas, Sarpy, and Lancaster County having considerably larger veteran populations than other counties in the state.

[illegible]

¹²³ U.S. Department of Veterans Affairs, National Center for Veterans Analysis and Statistics, Geographic Distribution of Expenditures, Fiscal Year 2018. (2019). Available: <https://www.va.gov/vetdata/expenditures.asp>

[illegible]

Compensation & Pension	Construction	Education & Vocational Rehabilitation/ Employment	General Operating Expenses	Insurance & Indemnities	Medical Care	Total
\$554.79	\$12.51	\$56.84	\$41.12	\$10.96	\$515.43	\$1,191.64

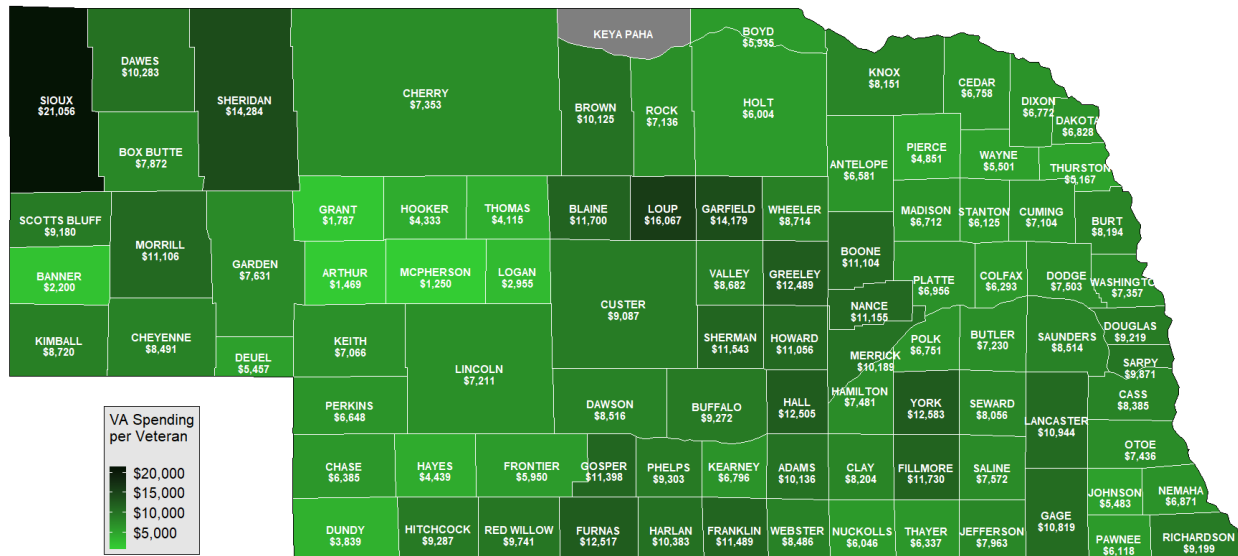
Source: U.S. Department of Veterans Affairs, National Center for Veterans Analysis and Statistics, Geographic Distribution of Expenditures, Fiscal Year 2018

40

Figure 7. VA Expenditures per County in the State of Nebraska (FY 2018, in millions)

The above map above presents important information about where federal VA dollars are flowing in the state; however, it may be useful to examine VA spending per capita at the county level. Such an analysis provides a more standardized way to view the potential impact of VA spending, in relation to the total population in a county. Figure 8 presents the results of this analysis, with darker shades of green related to more per-veteran spending in the county. As the figure illustrates, many of the counties with higher per-veteran spending are located in the central and south-central portions of the state. Several counties in the panhandle also have relatively high per-veteran spending rates; Sioux County had the highest per-veteran spending in the state with \$21,056 spent per veteran. Note that Keya Paha County in North Central Nebraska was not included in the analysis given the inordinately high amount of spending (\$17.7 million) in relation to the veteran population (53 veterans).

Figure 8. VA Spending per Veteran per County in the State of Nebraska (FY 2018)



GI Bill Spending and Utilization. One important aspect of VA spending is the GI Bill program. Note that this spending flow does not appear in Table 14 above. According to information from the VA, there were 6,260 students in Nebraska utilizing some type of GI Bill programs in FY 2018, with 3,873 of those participating in the Post-9/11 GI Bill program. This represents a decrease from the 6,506 students who utilized GI Bill benefits—including 4,126 Post 9/11 GI Bill utilizers—in FY 2017. In FY 2018, Nebraska schools received \$22.6 million in GI Bill spending from eligible students utilizing the Post-9/11 GI Bill program.¹²⁴ This represents a decrease from the \$24.2 million that Nebraska schools received in FY 2017. While GI Bill spending has decreased in the past year, it is clear that Nebraska Colleges and Universities, as well as the broader economy, benefit from the spending that takes place in Nebraska by GI Bill beneficiaries.

To further illustrate the statewide impact of GI Bill spending, Table 15 presents the number of students utilizing the GI Bill program at Nebraska colleges and universities. The table lists attendance of GI Bill beneficiaries at the top 25 schools based on GI Bill beneficiary enrollment in Nebraska. The top six schools for GI Bill enrollees are located in Omaha and Lincoln, with a total of 4,643 enrollees at these schools. However, significant numbers of GI Bill enrollees are present at campuses in Kearney, Grand Island, Norfolk, Hastings, Scottsbluff, Wayne, Chadron, Peru, Milford, Seward, Fremont, and North Platte. More data on GI Bill utilization is provided in Chapter 7 of this report.

¹²⁴ Data for this analysis can be found at the VA GI Comparison Tool Website. Available: https://www.benefits.va.gov/GIBILL/docs/job_aids/ComparisonToolData.xlsx

Table 15. FY 2018 GI Bill Utilization in Nebraska (Top 25 Most Utilized Schools)		
School	Location	Students
Bellevue University	Bellevue	1,591
University of Nebraska Omaha	Omaha	1,010
Metropolitan Community College	Omaha	862
University of Nebraska-Lincoln	Lincoln	672
Creighton University	Omaha	263
Southeast Community College	Lincoln	245
University of Nebraska Kearney	Kearney	200
Central Community College - Grand Island	Grand Island	105
Doane University – Lincoln	Lincoln	103
Northeast Community College	Norfolk	95
Central Community College - Hastings	Hastings	78
Western Nebraska Community College	Scottsbluff	73
University of Nebraska Medical Center	Omaha	68
Wayne State College	Wayne	66
Nebraska Wesleyan University	Lincoln	64
Chadron State College	Chadron	59
Peru State College	Peru	57
Southeast Community College - Milford Campus	Milford	55
Nebraska Methodist College of Nursing and Allied Health	Omaha	55
Concordia University - Nebraska	Seward	52
Clarkson College	Omaha	45
Midland University	Fremont	44
College of Saint Mary	Omaha	39
Mid-Plains Community College - North Platte	North Platte	35
Purdue University Global - Omaha	Omaha	29

Nebraska Department of Veterans' Affairs

The State of Nebraska Department of Veterans' Affairs (NDVA) also provides health care-related services to veterans in the state. NDVA operates four veterans homes located in Bellevue, Kearney, Norfolk, and Scottsbluff. These veterans' homes provide a variety of medical, nursing, and rehabilitative services. The services range from assisted living care to skilled nursing care.¹²⁵ The Veterans' Homes Board makes "all final determinations regarding admission, or continued admission, to one of the homes."¹²⁶ Eligible members include veterans who served on active duty, who were discharged or otherwise separated

¹²⁵ Nebraska Revised Statute 80-316. (2019). Available: <https://nebraskalegislature.gov/laws/statutes.php?statute=80-316>

¹²⁶ Nebraska Revised Statute 80-319. (2019). Available: <https://nebraskalegislature.gov/laws/statutes.php?statute=80-319>

with a characterization of honorable or general, and who lived in Nebraska for at least two years in their lifetime. Veterans must be disabled due to service or age, are at least partially dependent on public support, or that require care that can only be provided in a public facility. Spouses, widows, and widowers of veterans are eligible, as are Gold Star mothers and fathers.

Table 16 below presents the Nebraska Department of Veterans Affairs Budget for the 2017-2019 legislative biennium and the 2019-2021 legislative biennium. In FY 2017-2018, total agency appropriations were \$65.97 million. Appropriations for FY 2018-2019 increased to \$66.69 million. In FY 2019-2020, agency appropriations are \$68.52 million. In FY 2020-2021, appropriations total \$69.63 million. This represents a 5.6% increase from FY 2017-2018 to FY 2020-2021.

It is important to keep in mind that the state dollars in support of operations can be used to help attract greater levels of federal funding to the state. For example, Nebraska Veterans State Service Officers (and County Veterans Service Officers) assist Nebraska veterans by determining eligibility for benefits from the VA or other federal programs. Thus, the state dollars used to fund State Service Officers are leveraged to obtain greater levels of federal funds in support of veterans. Other operations include NDVA's administration of temporary emergency aid through the Nebraska Veterans Aid Fund.¹²⁷ Veterans' Aid Fund payments for State fiscal years 2015-2016, 2016-2017, and 2017-2018 were \$1,632,108, \$1,376,861, and \$1,450,671 respectively.¹²⁸ Preliminary reporting for State fiscal year 2018-2019 indicates an increase in Veterans' Aid Fund payments to \$1,974,160. This \$523,489 increase from State fiscal year 2017-2018 is due to increased demand caused by the catastrophic flooding across the State in 2019. NDVA is also responsible for the Nebraska Veterans Cemetery at Alliance which was recently ranked "in the top 3% to 5% of cemeteries inspected" by the USDVA's National Cemetery Administration.¹²⁹

Table 16. Nebraska Department of Veterans' Affairs Appropriations, 2017-2019 Biennium				
	FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-2021
General Fund	\$25,365,014	\$25,901,529	\$26,582,179	\$27,182,314
Cash Fund	\$15,939,311	\$15,888,622	\$16,254,758	\$16,578,388
Federal Dollars	\$24,663,084	\$24,898,861	\$25,414,794	\$25,870,637
Agency Total	\$65,967,409	\$66,689,012	\$68,251,731	\$69,631,339
Sources: State of Nebraska, Administrative Services, State Budget Division: Program Appropriations by Fund Type, 2017-2019 Biennium. Available: https://budget.nebraska.gov/assets/program-appropriations-summary-by-fund-type-(2018-session).pdf . State of Nebraska, Administrative Services, State Budget Division: Program Appropriations by Fund Type, 2019-2021 Biennium. Available: https://budget.nebraska.gov/assets/program-appropriations-summary-by-fund-type-(2019-session).pdf . Note that in the FY 2019-2020 budget,				

¹²⁷ Nebraska Veterans Aid Fund. (2019). Available: <https://veterans.nebraska.gov/nebraska-veterans-aid-fund-nva>

¹²⁸ Nebraska Legislative Fiscal Office, A Legislator's Guide to Nebraska State Agencies. (December 2018). Available: <https://nebraskalegislature.gov/pdf/reports/fiscal/2019legguide.pdf>

¹²⁹ Panhandle Post. (2018). Available: <https://www.panhandlepost.com/nebraska-state-veterans-cemetery-at-alliance-gets-an-a-on-survey/>

4. Economic Impact Analysis

The description of Nebraska military bases indicated tens of thousands of jobs and approximately one billion dollars in annual payroll along with hundreds of millions of dollars of operating expenses. This level of economic activity portends a substantial annual impact on the Nebraska economy. The primary purpose of this chapter is to estimate that annual economic impact from military assets in Nebraska.¹³⁰ The impact includes the direct employment and economic activity at the bases as well as the multiplier impact, the impact which occurs at other Nebraska businesses due to services purchased for military bases and as members of the military and civilians working at the bases spend their paychecks. The economic impact is estimated in terms of economic output (business sales), employee compensation (wages and benefits) and employment.

The chapter also estimates the impact on the Nebraska economy from pensions, health care services and other benefits received by Department of Defense (DoD) military retirees and other veterans. Impacts include direct employment at the U.S. Department of Veterans Affairs and other health care facilities in Nebraska and private businesses throughout the state as DoD military retirees and other veterans spend their paychecks.

Economic Impact Methodology

Spending on military bases, military pension payments and U.S. Veterans Affairs spending in Nebraska generates an increase in economic activity in Nebraska. This is known as the direct economic impact. There is also a “multiplier” impact throughout the Nebraska economy. Focusing on the impact from military bases, the multiplier impact occurs as initial base spending circulates within the local economy. In particular, the multiplier impact occurs because military personnel spend their paychecks throughout the local economy on typical household expenditures such as food, health care, housing, insurance, apparel, and entertainment, or as veterans spend payments from the Veteran’s Administration or military pensions. There also may be a multiplier impact as the military purchases of supplies to operate a base over the course of a year. The multiplier impact captures how businesses throughout the Nebraska economy gain from the money attracted to Nebraska due to military activity.

Economic multipliers are used to estimate the multiplier impact. An economic multiplier shows the ratio of the multiplier impact to the direct impact. For example, an employee compensation multiplier would show the dollars and cents of multiplier compensation for each \$1 of direct employee compensation. An employee compensation multiplier of 0.6 would imply that there is \$0.60 of employee compensation at other Nebraska businesses for each \$1 of compensation at a Nebraska military base. Economic multipliers can be calculated for Nebraska for output, employee compensation and employment. Economic multipliers are calculated with the IMPLAN model software. The IMPLAN model software is the leading multiplier model with capacity to estimate the economic impact of businesses and organizations in over 400 industries or public sectors, in cities, counties, states, or combinations of states and/or counties. “Federal government, military” is one sector in the IMPLAN model and is used to estimate multiplier impacts for Nebraska military bases. The IMPLAN model contains appropriate

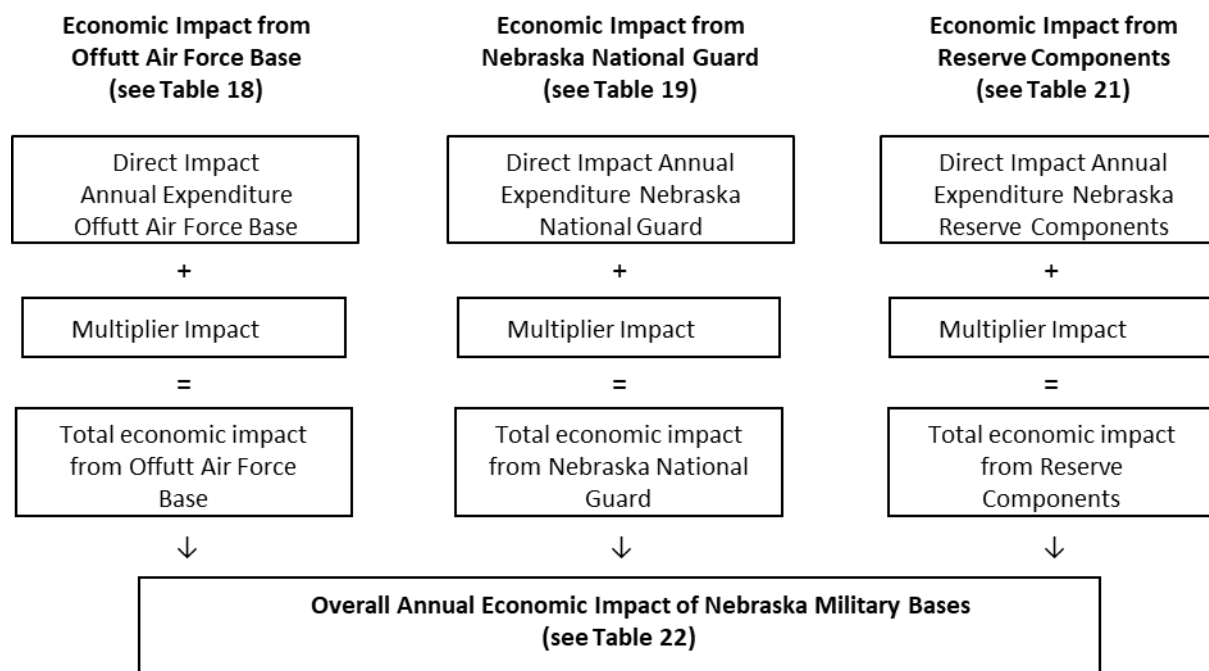
¹³⁰ Nebraska Revised Statute 55-606. (2019). Available: <https://nebraskalegislature.gov/laws/statutes.php?statute=55-606>

industry detail to calculate unique economic multipliers for each relevant industry or type of household spending.¹³¹

Economic Impact of Military Spending

Military bases generate an economic impact on Nebraska by employing military personnel and contractors and through other aspects of operations such as purchasing utilities. In some years, there is also an impact from major construction projects. For Nebraska, the largest economic impact is from Offutt Air Base but there is also an impact from the Nebraska National Guard and from the Reserve Components. Figure 11 shows how the annual economic impact will be calculated for the operations of Nebraska military bases: Offutt Air Force Base, Nebraska National Guard, and Reserve Components. The total economic impact for each component is the sum of the direct spending impact and the multiplier impact.

Figure 11. Approach for Calculating the Annual Economic Impact of Military Bases on Nebraska



Offutt Air Force Base. The report *Offutt Air Force Base Economic Impact 2018* reported military and civilian employment at the base of 9,204 and \$674.3 million¹³² in military and civilian payroll. Payroll is combined with \$104.5 million in other federal expenditures to yield a direct output impact of \$778.8 million. The output, payroll (employee compensation) and employment values are reported in Table 17.

The report *Offutt Air Force Base Economic Impact 2018* further indicates that there is spending of \$381.8 million on service contracts. Detailed information available for fiscal year 2016 indicates that 84.3% of

¹³¹ Income from military pensions and veterans compensation only generates a multiplier impact as income is spent.

¹³² Employment at the Base Exchange and on-base branch of the SAC Federal Credit Union is not included in the employment figure. These jobs will be captured in the multiplier impact. Payroll for base jobs used in the economic impact also due not reflect payroll for the Base Exchange and SAC Federal Credit Union.

contract spending that year was with businesses which performed the service either at Offutt Air Force Base or in Bellevue. If remaining spending is assumed to occur out of state, applying this percentage to fiscal year 2018 contract spending yields an estimated \$322.0 million in service contracts let to businesses located in Nebraska (either a Nebraska company or a company conducting the work at a Nebraska location). These values are also reported in Table 17. Based on industry averages available from the IMPLAN model and the distribution of contract services among industries in the *Offutt Air Force Base Economic Impact 2016* document, that level of service contract spending would support direct employment in Nebraska of 2,220 full-year equivalent jobs with employee compensation of \$133.8 million. These values also are reported in Table 17, along with a footnote to indicate that the figures are estimates using IMPLAN.

Offutt Air Force Base Economic Impact 2018 also reports construction spending during fiscal year 2018 of \$22.1 million. Based on industry averages available from the IMPLAN model, that level of construction spending would support an estimated 180 full-year jobs and \$9.9 million in employee compensation during the year.

Table 17 also shows totals. The total direct output impact of Offutt Air Force Base during Fiscal Year 2018 was \$1,123.0 million. The total direct impact in terms of employee compensation is \$818.0 million and the direct employment impact is 11,585 jobs.

Table 17. Direct Employment, Employee Compensation and Output Impact of Offutt Air Force Base			
	Output (Millions of \$)	Employee Compensation (Millions of \$)	Employment
Military and Civilian	\$778.8	\$674.3	9,204
Service Contracts	\$322.0	\$133.8 ¹	2,220 ¹
Construction	\$22.1	\$9.9 ¹	180 ¹
Total	\$1,123.0	\$818.0	11,585
Source: <i>Offutt Air Force Base Economic Impact 2018</i> and BBR calculations using IMPLAN			
¹ Indicates value estimated using IMPLAN; otherwise estimates from source document			

These values also are included in Table 18, in the direct impact column. The table further includes an estimate of the annual multiplier impact on the Nebraska economy for Fiscal Year 2018. The multiplier impacts are calculated by the UNL Bureau of Business Research utilizing the IMPLAN model. The total annual economic impact is the sum of the direct and multiplier impacts. The total annual impact from Offutt Air Force Base during Fiscal Year 2018 was \$1,907.0 million in output, including \$1,063.3 million in employee compensation paid to 17,391 workers.

Table 18. The Annual Economic Impact of Offutt Air Base on Nebraska			
	Direct Impact	Multiplier Impact	Total Impact
Output (Millions of \$)	\$1,123.0	\$784.1	\$1,907.0
Employee Compensation (Millions of \$)	\$818.0	\$245.3	\$1,063.3

Employment	11,585	5,807	17,391
Source: Offutt Air Force Base Economic Impact 2018 and BBR calculations using IMPLAN			

National Guard. The Nebraska National Guard also generates an economic impact on the state by drawing in resources to employ military personnel and operate base facilities.¹³³ Economic impact analysis focused on data for the Nebraska Military Department. All 4,381 employees of these three agencies are in positions fully or partially supported by federal funds or federal funds which pass through Nebraska state government, and are therefore part of the direct employment impact on Nebraska.¹³⁴ These employees receive payroll support and benefits of \$151.4 million from the federal government, again either directly or passed-through state government.¹³⁵ Bonus payments are the only benefits included in this figure. Note payroll supported by the Nebraska general fund is not included in the direct employee compensation impact. An additional \$66.2 million in operations and maintenance funds and funds for cooperative agreements appropriated by the Federal Government, including federal tuition assistance, is combined with payroll information to yield the direct output impact of \$217.6 million.¹³⁶

Table 19 shows the total annual economic impact of the Nebraska National Guard on the state during Fiscal Year 2018. The total annual impact includes the direct impacts and the multiplier impacts calculated by the UNL Bureau of Business Research utilizing the IMPLAN model. The annual impact from the Nebraska National Guard was \$335.2 million in terms of output, including \$187.8 million in employee compensation paid to workers in 5,276 jobs.

Table 19. The Annual Economic Impact of the Nebraska National Guard on the State			
	Direct Impact	Multiplier Impact	Total Impact
Output (Millions of \$)	\$217.6	\$117.6	\$335.2
Employee Compensation (Millions of \$)	\$151.4	\$36.3	\$187.8
Employment	4,381	895	5,276
Source: Nebraska National Guard 2018 Economic Impact Report and BBR calculations using IMPLAN			

Reserve Forces. The Air Force, Army, Marine Corps and Navy Reserve also generate an economic impact on the State of Nebraska. Table 20 shows the direct annual economic impact in terms of employment, payroll (payroll) and output (payroll plus operating costs) reported for each branch of the Reserves.¹³⁷ Data from the Air Force and Navy Reserve are for 2018 and data from the Army Reserve are for Fiscal

¹³³ This report does not include an estimate of the impact from Guard capital construction projects.

¹³⁴ The 41 NEMA employees were not included in the present analysis. Thus, the total number of employees is 4,381 rather than 4,422.

¹³⁵ Given that NEMA employees are not counted in the current analysis, the salary total used in the economic impact estimate is \$151.4 million, rather than the figure presented in Chapter 2. Note that this estimate includes \$552,699 min tuition assistance provided to Nebraska National Guard members.

¹³⁶ Given that NEMA employees are not counted in the current analysis, the output total used in the economic impact estimate is \$217.0 million rather than the figure presented in Chapter 2.

¹³⁷ Air Force Reserve Command (AFRC) Economic Impact Assessment (EIA): A Summary of the Economic Impact of AFRC in Nebraska in 2018; State of Nebraska, Army Reserve Ambassador Program; Marine Corps Reserve Point Paper, Navy Operational Support Center Omaha, Nebraska 2018 Economic Impact.

Year 2020. The Marine Corp Reserve was not able to provide updated data for 2018 so values from last year's study are utilized.

Table 20. Direct Employment, Employee Compensation and Output Impact of Nebraska-based Reserve Forces			
	Output (Millions of \$)	Employee Compensation (Millions of \$)	Employment
Air Force Reserve	\$9.4	\$8.6	203
Army Reserve	\$43.4	\$41.1	1,370
Marine Corps Reserve	\$2.7	\$2.4	131
Navy Reserve	\$4.0	\$2.6	278
Total	\$59.5	\$54.6	1,982
Sources: Air Force Reserve Command (AFRC) Economic Impact Assessment (EIA): A Summary of the Economic Impact of AFRC in Nebraska in 2018; State of Nebraska, Army Reserve Ambassador Program; Marine Corps Reserve Point Paper, Navy Operational Support Center Omaha, Nebraska 2018 Economic Impact			

The total direct economic impact of Reserve Components in Nebraska is \$59.5 million over a one year period. The impact includes \$54.6 million in compensation spread over 1,982 jobs.

These values also are included in Table 21, in the direct impact column. The Table further includes an estimate of the annual multiplier impact on the Nebraska economy. The multiplier impacts are calculated by the UNL Bureau of Business Research utilizing the IMPLAN model. The total annual economic impact is the sum of the direct and multiplier impacts. The total annual impact from the Nebraska Reserves was \$99.4 million in output, including \$67.0 million in employee compensation paid to workers in 2,286 jobs.

Table 21. The Annual Economic Impact of Reserve Forces on Nebraska			
	Direct Impact	Multiplier Impact	Total Impact
Output (Millions of \$)	\$59.5	\$39.9	\$99.4
Employee Compensation (Millions of \$)	\$54.6	\$12.3	\$67.0
Employment	1,982	304	2,286
Sources: Air Force Reserve Command (AFRC) Economic Impact Assessment (EIA): A Summary of the Economic Impact of AFRC in Nebraska in 2018; State of Nebraska, Army Reserve Ambassador Program; Marine Corps Reserve Point Paper, Navy Operational Support Center Omaha, Nebraska 2018 Economic Impact, and BBR calculations using IMPLAN			

Overall Annual Economic Impact of Nebraska Military Assets. The overall annual impact is the sum of the impact from Offutt Air Force, National Guard and Reserve bases in the state which was summarized in Tables 18, 19, and 21. These impacts are summed and presented in Table 22 below. The overall annual economic impact from Nebraska military bases was \$2,341.6 million in terms of output, including \$1,318.0 million in employee compensation paid to workers in 24,954 jobs. When interpreting these numbers through the lens of an input-output analysis, it is possible to say that the multiplier effect is 1.67.

Table 22. The Overall Economic Impact of Nebraska Military Assets on the State			
	Direct Impact	Multiplier Impact	Total Impact
Output (Millions of \$)	\$1,400.0	\$941.6	\$2,341.6
Employee Compensation (Millions of \$)	\$1,024.1	\$293.9	\$1,318.0
Employment	17,948	7,006	24,954
Source: BBR calculations using IMPLAN			

Economic Impact of Military Retirement Pensions

The multiplier approach also is used to calculate the economic impact from DoD military pension and Veterans Affairs expenditures in Nebraska. This spending includes pensions for military retirees and veterans compensation, spending on Veterans Affairs operations and construction, and Veterans Affairs services such as health care, education and vocational rehabilitation. There were \$380.7 million in payments by the military retirement system to residents of Nebraska during Fiscal Year 2018, according to the *Statistical Report on the Military Retirement System Fiscal Year 2018* (DoD Office of the Actuary, 2019). These payments were made to 13,636 eligible DoD military retirees living in the state. The payments impact the Nebraska economy but do not result in economic activity in the state until the income is spent. As a result, there is no direct economic impact from the payments, however, there is a substantial multiplier impact. The multiplier impact occurs as retiree households spend their payments at Nebraska businesses including retail stores, restaurants, rent, health services, insurance and entertainment and recreation.¹³⁸ The multiplier impact is also the total economic impact of the Military Retirement System. Table 23 shows the total annual economic impact on Nebraska from military retirement payments during Fiscal Year 2018. The annual impact from military retirement payments

¹³⁸ The multiplier impact is little higher than the amount of military retirement payments for two reasons. First, a portion of the income received by Nebraska military retirees is spent in other states. Second, for retail spending such as groceries, clothing and gasoline, only the mark-up portion of spending generates an impact on the local economy, as most retail items are manufactured or refined in other parts of the country or other parts of the world.

was \$401.3 million in terms of output, including \$123.5 million in employee compensation paid to workers in 3,021 jobs.

Table 23. The Annual Economic Impact of Military Retirement System Payments on the Nebraska Economy			
	Output (Millions \$)	Employee Compensation (Millions \$)	Employment (Jobs)
Total Economic Impact	\$401.3	\$123.5	3,021
Source: <i>Statistical Report on the Military Retirement System Fiscal Year 2018</i> and BBR calculations using IMPLAN			

Economic Impact of Veterans Affairs Spending

The U.S. Department of Veterans Affairs spent \$1.19 billion in the State of Nebraska during Fiscal Year 2018, according to the report *Geographic Distribution of VA Expenditures for Fiscal Year 2018* produced by the National Center for Veterans Analysis and Statistics. The U.S. Department of Veterans Affairs spent on a variety of programs including compensation and pensions for injured veterans, vocational rehabilitation, education services and health care services. The administration also had general operating expenses for providing veterans programs in Nebraska and spent on facilities construction. Table 24 shows Fiscal Year 2018 spending by purpose and program. The largest components of spending are for compensation and pensions and medical care, with education and vocational rehabilitation programs third. General operating expenses for Veterans Affairs programs in Nebraska was \$41.1 million.

Table 24. Veterans Affairs Spending in Nebraska Fiscal Year 2018 By Program	
Purpose/Program	Amount Fiscal Year 2018 (Millions \$)
General Operating Expenses	\$41.1
Construction	\$12.5
Compensation and Pension	\$554.8
Medical Care	\$515.4
Education & Vocational Rehabilitation/Employment	\$56.8
Insurance & Indemnities	\$11.0
Source: <i>Geographic Distribution of VA Expenditures for Fiscal Year 2018</i>	

Table 25 shows the direct impact, multiplier impact and total economic impact for each purpose and program. The impact is presented in terms of output, since output is the broadest measure of economic activity. With two exceptions, the expenditures reported in Table 24 are also the direct economic impact on Nebraska. The first exception is the compensation and pensions categories. Like payments from the military retirement system, these Veterans Affairs compensation and pension payments do not generate a direct economic impact but do lead to a multiplier impact as the money is spent at Nebraska businesses. The second exception is the expenditures on the insurance and indemnities program. These are payments received as part of insurance programs sponsored by the Veterans Affairs. As with all insurance, the insurance benefit payments are in part supported by premiums. In other words, benefit payments are not necessarily new money for the Nebraska economy since premium payments are made by Nebraskans. While insurance policies may be subsidized, the conservative assumption is to assume

that premium payments by Nebraskans are the source of these funds and there is therefore no direct impact, or multiplier impact, on the economy from Veterans Affairs insurance and indemnity payments.

Table 25 also shows multiplier impacts. Multiplier impacts are estimated using economic multipliers developed from IMPLAN. The largest annual economic impact is from Veterans Affairs spending on medical care. The annual economic impact is \$945.0 million, including a direct economic impact of \$515.4 and a multiplier impact of \$429.5. The total annual economic impact from employee compensation and pension payments is \$584.7 million. The total annual economic impact from all Veterans Affairs spending in Nebraska was \$1,723.8 during Fiscal Year 2018. From an input-output perspective, the multiplier effect for VA spending was 1.79.

Table 25. The Annual Economic Impact on Nebraska from Veterans Affairs Spending			
	Direct Impact (Millions \$)	Multiplier Impact (Millions \$)	Total Impact (Millions \$)
Impact in Terms of Output			
General Operating Expenses	\$41.1	\$24.7	\$65.9
Construction	\$12.5	\$11.3	\$23.8
Compensation and Pension	\$0.0 ^a	\$584.7	\$584.7
Medical Care	\$515.4	\$429.5	\$945.0
Education & Vocational Rehabilitation/Employment	\$56.8	\$47.6	\$104.4
Total			\$1,723.8
Source: <i>Geographic Distribution of VA Expenditures for Fiscal Year 2018</i> and BBR calculations using IMPLAN			
^a There was \$554.8 million in VA Compensation and Pension payments in FY 2018. This dollar figure is not included as a Direct Impact as it represents a type of household payment, the effect of which is not felt until the money is spent in Nebraska and other states. Nonetheless, the impact of this spending is included in the IMPLAN model, as seen by the \$584.7 million in induced (or multiplier impact) spending. Induced effects capture business activity as employees spend their paychecks on goods and services.			

Table 26 shows the total economic impact of Veterans Affairs spending on Nebraska by program for the two additional measures of impact: employee compensation and employment. The total estimated annual impact across all purposes and programs was \$676.6 million in employee compensation paid to workers in 13,757 jobs. Once again the largest contribution to the annual impact was Veterans Affairs spending on medical care followed by spending on compensation and pensions.

Table 26. The Annual Economic Impact on Nebraska from Veterans Affairs Spending: Employee Compensation and Employment		
	Employee Compensation (Millions \$)	Employment (Jobs)
General Operating Expenses	\$38.6	482
Construction	\$8.5	173
Compensation and Pension	\$180.0	4,402
Medical Care	\$413.4	7,652

Education & Vocational Rehabilitation/Employment	\$36.0	1,049
Total	\$676.6	13,757

Source: *Geographic Distribution of VA Expenditures for Fiscal Year 2018* and BBR calculations using IMPLAN

Economic Impact of the Army Corp of Engineers

Corps employees execute military construction, civil works, and environmental projects in Nebraska and throughout the Missouri River Basin. In 2017, the U.S. Army Corps of Engineers (USACE) Omaha Division had 850 employees at its headquarters in downtown Omaha, with an annual payroll of \$64.3 million. Updated information on headquarters employment and payroll is not available.

USACE also had operations and maintenance projects within Nebraska totaling \$17.37 million during Fiscal Year 2018, including at the Gavins Point Dam and Harlan County Lake. Table 27 shows the annual economic impact of the Omaha Headquarters, operations and maintenance projects within Nebraska, and the USACE overall. The total impact is presented, which reflects both the direct and multiplier impact. The USACE has an annual economic impact of \$131.4 million while USACE operations had an annual impact of \$28.5 million during FY 2018. The total annual impact of USACE overall is \$160.0 million, including \$97.6 million in employee compensation spread over 1,532 jobs.

Table 27. The Total Annual Economic Impact of the U.S. Army Corps of Engineers on the Nebraska Economy			
	Output (Millions \$)	Employee Compensation (Millions \$)	Employment (Jobs)
USACE Headquarters	\$131.4	\$80.2	1,241
USACE Operations and Maintenance	\$28.5	\$17.4	291
USACE Total	\$160.0	\$97.6	1,532

Source: Department of the Army Office, Assistant Secretary of the Army. (2017). Fiscal Year 2018: Civil Works Budget of the U.S. Army Corps of Engineers. Available:
<http://cdm16021.contentdm.oclc.org/utils/getfile/collection/p16021coll6/id/1860/filename/1861.pdf>

Economic Impact of GI Bill Benefits for Higher Education

GI Bill benefits support higher education spending in Nebraska. According to the VA GI Bill Comparison Tool Data, GI Bill or Post-911 GI Bill students in Nebraska received \$22.6 million worth of tuition and fee benefits during FY 2018. These benefits increased higher education spending in Nebraska with a resulting economic impact on the state economy. The economic impact is summarized in Table 28. The direct output is the \$22.6 million in spending at both private and public higher education institutions. The IMPLAN model provides estimates of employee compensation and employment in the higher education industry associated with \$22.6 million in tuition and fee spending. The IMPLAN model is also used to calculate the multiplier impact. The direct and multiplier impacts are summed to estimate the total economic impact in 2018. The total annual impact of GI Bill higher education benefits in 2018 is \$40.3 million, including \$20.0 million in employee compensation spread over 426 jobs.

Table 28. The Total Annual Impact of GI Bill benefits on the Nebraska Economy			
	Output (Millions \$)	Employee Compensation (Millions \$)	Employment (Jobs)
Direct Impact	\$22.6	\$14.8	298

Multiplier Impact	\$17.7	\$5.3	128
Total Impact	\$40.3	\$20.0	426
Source: VA GI Bill Comparison Tool Data 2018 and BBR calculations using IMPLAN			

Summary of Annual Economic Impact

This chapter provided estimates of the annual economic impact of Nebraska Military bases on the state economy during Fiscal Year 2018. The chapter also provided estimates of the annual economic impact from payments to Department of Defense military retirees residing in Nebraska from the military retirement system as well as the annual economic impact from Veterans Affairs spending on the State of Nebraska and the annual economic impact of Army Corp of Engineers operations. The economic impact from each source is presented in Table 29 below. Military bases have the largest annual economic impact on the State of Nebraska. Veterans Affairs spending has the second largest annual impact. Payments through the military retirement system and the Army Corps of Engineers also have a substantial economic impact.

Table 29. The Annual Economic Impact on Military Bases, Military Retirement System Payments and Veterans Affairs Spending on the State of Nebraska, FY 2018			
Source of Impact	Output (Million \$)	Employee Compensation (Millions \$)	Employment (Jobs)
Military Bases	\$2,341.6	\$1,318.0	24,954
Military Retirement System Payments	\$401.3	\$123.5	3,021
Veterans Affairs Spending	\$1,723.8	\$676.6	13,757
Army Corps of Engineers	\$160.0	\$97.6	1,532
GI Bill Benefits	\$40.3	\$20.0	426
Source: BBR calculations using IMPLAN			

The impact from retirement payments also has potential to grow if Nebraska can retain and attract more military retirees to the state. Further, military retirees and other veterans also impact the state economy by adding to the available labor force in the state. A larger, skilled workforce populated with skilled military retirees and other veterans would help more Nebraska businesses expand.¹³⁹ The next section of this report examines such “supply-side” benefits from Nebraska’s military bases.

¹³⁹ Nebraska Commission on Military and Veteran Affairs, Impact of Military Service on Employee Skills and Salaries. (2017). Annual Report. Available: https://nebraskalegislature.gov/FloorDocs/105/PDF/Agencies/Veterans_Affairs_Department_Of/610_20171120-163741.pdf

5. Veterans in the State of Nebraska and Recent Population Trends

Settlement of Military Veterans in the State of Nebraska: Impacts on the Labor Force

Given recent trends in veterans and military retirees in the state, understanding the impact of existing military bases upon these populations may help policy makers better understand how to leverage the presence of these bases. In the 2018 report *The Economic Impact of Nebraska Military Bases*, we provided evidence estimated that there were 15,651 additional veterans living in Nebraska portions of the Omaha area during 2017 due to the base. This section updates the numbers for 2018 and shows the net impact on the Omaha area labor force.

Data on the number of veterans residing during 2018 in each U.S. County is available from the *National Center for Veterans Analysis and Statistics*. County data can be used to assemble the number of veterans living in the Omaha, Des Moines, Grand Rapids, Madison and Milwaukee metropolitan areas, and Census data can be used to estimate the total population living in each area in 2018. Analysis of the 2018 data indicates that between 4.9% and 5.4% (with an average of 5.0%) of the population in each of the four comparison metropolitan areas without an active duty base were veterans; there was very little variation in the share. By contrast, in the Omaha Metropolitan Area (Cass, Douglas, Saunders, Sarpy, and Washington counties in Nebraska; Pottawattamie, Harrison, and Mills counties in Iowa), veterans accounted for 7.0% of the population during 2018 (see Table 30). This difference suggests that the presence of a major active duty military base does substantially change the settlement pattern of veterans towards the surrounding metropolitan region.¹⁴⁰ Further, given that the population of the Omaha Metropolitan Area was approximately 942,000 during 2018, the difference between 5.0% and 7.0% implies that an additional 19,098 veterans are living in the Omaha Metropolitan Area. The veteran population estimate for just the Nebraska counties of the Omaha Metropolitan area is 16,611. This estimate would include thousands of veterans with a sufficient length of service to qualify for the status of DoD military retirees.

Table 30. Veterans as a Percentage of Metropolitan Population 2018				
	Base	Veterans	Metropolitan Population	Percentage
Omaha	Offutt AFB	65,964	942,198	7.0%
Des Moines	No Active Duty Base	35,180	655,409	5.4%
Grand Rapids	No Active Duty Base	52,168	1,069,405	4.9%
Madison	No Active Duty Base	32,194	660,422	4.9%
Milwaukee	No Active Duty Base	77,499	1,576,113	4.9%
Sources: Veterans population derived from: <i>National Center for Veterans Analysis and Statistics, FY 2018 Geographic Expenditures Table</i> . Omaha total is based on total number of veterans estimated to live in the eight counties that comprise the Omaha Metropolitan Statistical Area (5 in Nebraska and 3 in Iowa). Metropolitan Population Data derived from: U.S. Bureau of Census. Percentages calculated by the authors. Note: Des Moines, Madison, and Milwaukee are home to Air National Guard facilities. Grand Rapids is home to Army National Guard facilities. The Air and Army National Guard presence is likely to lead to higher veteran populations compared to cities with neither an active duty base nor a National Guard presence.				

¹⁴⁰ This was not a pattern unique to the Omaha Metropolitan area. For example, in the 2017 report *The Economic Impact of Nebraska Military Assets*, we also examined the settlement pattern of veterans in the Wichita Metropolitan area, which is home to the McConnell Air Force Base and found that veterans accounted for 6.8% of the 2016 population.

This population impact is noteworthy given that many of these veterans are part of the Nebraska labor force, particularly given the set of skills which military veterans bring to the state economy. Further, given that many of these veterans are married, there are also additional spouses living in Nebraska. Given *American Community Survey* data on the age and gender of Nebraska veterans and Nebraska data on marriage rates by age and gender, there are an estimated 10,222 veteran spouses living in Nebraska. The combined population impact is 26,883, with an estimated 9,214 veterans age 18 to 64 and 7,447 veterans age 65 and older. Among spouses, there are an estimated 5,109 age 18 to 64 and 5,112 age 65 and older.

These veterans and spouses, particularly those age 18 to 64, make a substantial contribution to the Nebraska labor force. However, caution should be used when estimating the overall size of the labor force impact. In particular, there is an estimated increase of 14,323 veterans and spouses age 18 to 64 living in Nebraska due to the operation of Offutt Air Force Base. Does this imply that the Nebraska labor force is 14,323 greater? Not necessarily. First of all, not all adults age 18 to 64 are part of the labor force and some retirement age veterans age 65+ will still be in the labor force. However, the more pertinent issue is the potential for substitution in the labor force. In particular, an increase in military retirees and other veterans working in Nebraska's civilian labor force may influence the number of non-veterans living in the state. For example, a veteran may be highly qualified for a position in the manufacturing industry, providing an excellent option for a Nebraska employer searching for a skilled worker in the state's typically "tight" labor market. Since the veteran is available in the state labor force, that employer will not need to recruit a worker from another state to staff the difficult-to-fill position. Through this process, the large number of veteran (and spouse) workers in Nebraska may translate into a much smaller net increase in workers (combined veteran and non-veteran) from other states. Further, retired veterans and spouses would not make a contribution to the state labor force. However, these retirees do add to the population of the state.

During the 2017 and 2018 study, report authors utilized the Regional Economic Models Incorporated¹⁴¹ (REMI) model for the State of Nebraska to estimate the net increase in population, employment and economic output associated with additional participants in the labor force and additional retirees living in the state. Report authors no longer have access to the REMI model for Nebraska; however, the past research results can be used to develop a new estimate. In particular, the average impact on the Nebraska labor market per veteran labor market participant and veteran retiree was quite consistent in the earlier 2017 and 2018 studies. Given these consistencies, past rates can provide a good basis for estimates in the current 2019 study. Specifically, it is feasible to estimate how the presence of 14,323 working age veterans and spouses, as well as several thousand older veterans and spouses who continue to work, contributes to employment and economic activity in Nebraska. Table 31 shows the estimated long-run impact on the Nebraska economy.

¹⁴¹ Regional Economic Models Incorporated. (2018). Available: <http://www.remi.com/>

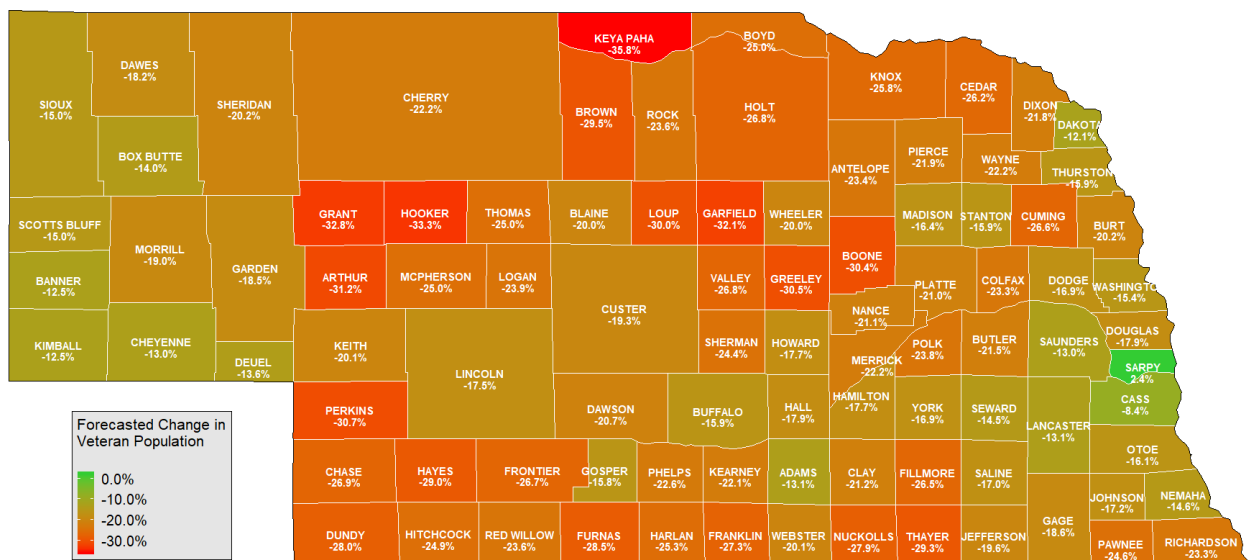
Table 31. The Economic Impact of Additional DoD Military Retirees and Other Veterans on the Nebraska Economy

Measure	Impact
Net Employment	2,020
Net Population	13,700
Annual Output Associated with Net Employment and Net Population (Millions \$)	\$379
Source: Bureau of Business Research estimate	

Note that the net employment impact of 2,020 is significantly less than the total increase in working-age veterans and spouses. The difference is the result of the substitution effect, and the fact that some working-age veterans and spouses are not in the labor force. The net employment impact of 2,020 further implies more business activity in the state. The annual output impact is \$379 million, which is a significant “supply side” impact for the Nebraska economy. Note also that the population impact is approximately 13,700. The population impact is much larger than the employment impact because a significant share of veterans and spouses are individuals of retirement age who do not work.

Projected Change in Veteran Populations in Nebraska. One consideration to make as Nebraska continues to project how military and veteran spending might impact the state's economy into the future is population growth in the state. Current population estimates indicate that the number of veterans in the state is likely to decline in future years. It is likely that this trend will continue. Figure 9 below presents the projected veteran population by county in Nebraska. As the map illustrates, every county but Sarpy is expected to experience a decrease in the number of veterans between 2018 and 2025. The population centers of Douglas and Lancaster County are projected to lose substantial proportions of veterans by 2025.

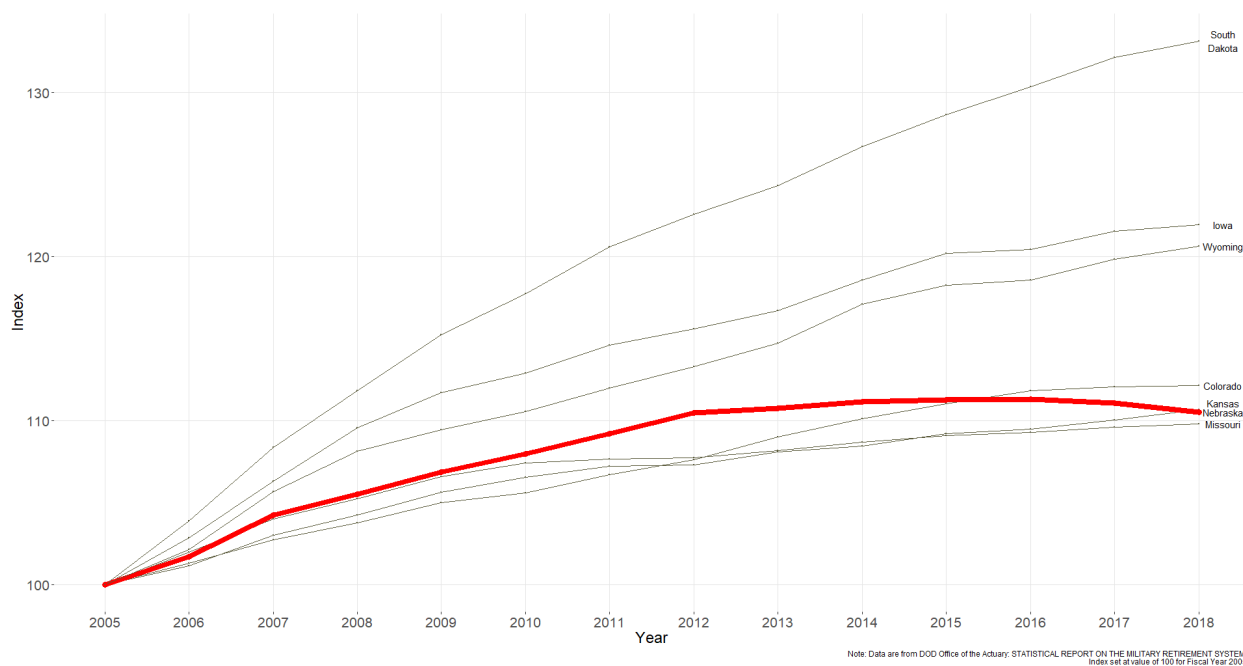
Figure 9. Projected Change in Number of Veterans per County in the State of Nebraska (FY 2018 to FY 2025)



It may also be informative to examine the total number of retired military personnel receiving payment from the DoD. Such an analysis has the potential to illustrate trends in the number of paid military retirees in Nebraska and neighboring states. As noted in the previous years' reports, paid military retirees living in the state make significant contributions to the states' economy. In particular, military retirees can retire after 20 years of service, and are thus in their 40s and 50s when they retire. As described above, this leaves them ample time to participate in the labor market after completion of service. Veterans bring to the state noteworthy skill sets developed in their time in the military. Furthermore, many military retirees are married, with spouses who also bring unique and valuable skills to the state economy.

In FY 2018 there were 13,636 military retirees receiving pay from the DoD in Nebraska. This is a slight decrease from the 13,712 military retirees receiving pay from the DoD in FY 2017. Figure 10 below presents the trends in the number of military retirees receiving pay from the DoD in Nebraska and in neighboring states. As the graph shows, Nebraska experienced relatively steady growth in the number of paid military retirees from 2005 to about 2012. In recent years, however, growth has slowed, and the absolute number of paid military retirees was just slightly higher in 2017 than it was in 2012.

Figure 10. Changes in Paid Military Retirees for Nebraska and Neighboring States (FY 2005-FY 2018)



While Nebraska's growth in paid DoD retirees has slowed, it is important to keep in mind that the total number of paid military retirees in Nebraska is higher than the number of paid military retirees in some neighboring states. Specifically, as Table 32 below shows, the absolute number of paid retirees in Nebraska is higher than in Iowa, South Dakota, and Wyoming. Given that Iowa's general population is currently 3.16 million and Nebraska's is 1.93 million, this difference is notable.

Table 32 also presents the percentage change in the number of paid DoD retirees between FY 2010 and FY 2018 in comparison to the percentage change in the general population during the same time. This

time frame was chosen given that 2010 was the last decennial census completed in the U.S. As shown in the table, Nebraska's growth in its paid DoD retiree population (2.54%) has not kept pace with the growth in its general population. With the exception of Colorado, which has seen strong growth among its general population, all other states have experienced higher rates of growth among the paid DoD retiree population than among the general population.

Table 32. Numbers of Paid DoD Retirees in Nebraska and Neighboring States, FY 2010 to FY 2018											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	Change in Paid Retirees	Change in General Population
Colorado	46,536	47,065	47,490	48,146	48,690	49,136	49,523	49,636	49,677	6.75%	13.20%
Iowa	11,248	11,441	11,556	11,684	11,901	12,092	12,123	12,258	12,308	9.42%	3.60%
Kansas	20,023	20,159	20,174	20,338	20,413	20,566	20,621	20,735	20,866	4.21%	2.00%
Missouri	34,818	34,906	34,939	35,085	35,264	35,407	35,471	35,584	35,658	2.41%	2.30%
Nebraska	13,298	13,461	13,634	13,670	13,726	13,740	13,746	13,712	13,636	2.54%	5.60%
South Dakota	7,010	7,208	7,353	7,481	7,660	7,806	7,941	8,082	8,164	16.46%	8.40%
Wyoming	4,812	4,880	4,945	5,015	5,135	5,194	5,209	5,276	5,318	10.52%	2.50%
Source: DoD Paid Retiree data are from the Statistical Report on the Military Retirement System, Multiple Years. Available at: https://actuary.defense.gov/Military-Retirement/ . General population data are from the U.S. Census Quick Facts website: https://www.census.gov/quickfacts/fact/table/US/PST045218											

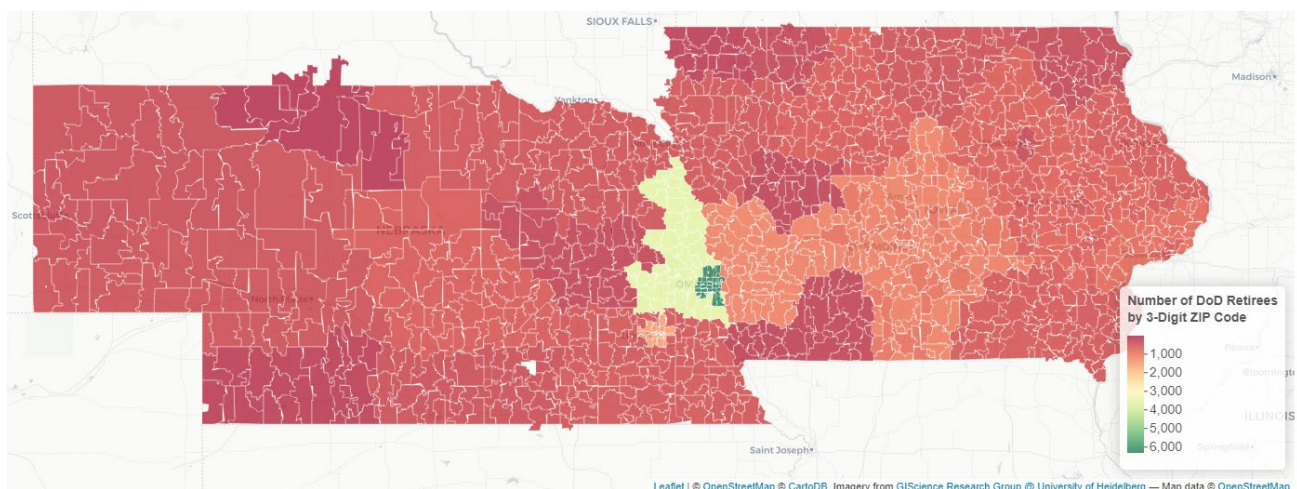
6. Impact of Tax Policies in Nebraska and Iowa

Policies related to the taxation of DoD military retiree income have the potential to impact settlement and relocation patterns of DoD military retirees. In Nebraska, this discussion is particularly acute, as a substantial number of military personnel retire from commands at Offutt AFB and choose whether to settle in Nebraska, or in a neighboring state such as Iowa which exempts DoD retirement and pension payments from state income taxation. Anecdotal evidence from relevant stakeholders in Nebraska suggests that retirees from commands at Offutt AFB may be moving to Iowa to take advantage of the beneficial tax regime in that state.

To better explore the potential for this scenario, analysts utilized data from the Department of Defense Office of the Actuary to examine the numbers of DoD retirees at the 3-Digit ZIP Code level. For anonymity purposes, the Office of the Actuary presents data at the 3-Digit level rather than the specific ZIP Code level. The data allow for general look at the settlement of DoD retirees in Nebraska, Iowa, and throughout the nation.

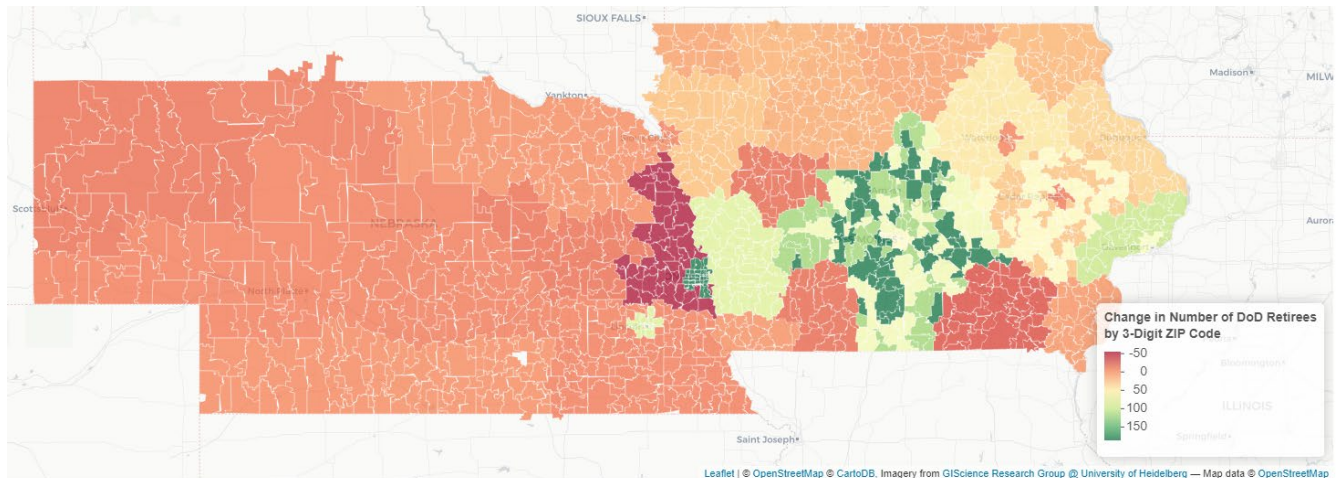
Figure 11 below presents the initial illustration of the data for Nebraska and Iowa in FY 2018. As the figure shows, the greatest concentration of DoD retirees in Nebraska and Iowa is in Nebraska, around the Omaha Metropolitan area. The darker green area (3-Digit ZIP Code 680) aligns closely with Omaha proper, and contains 6,292 retired DoD personnel. The lighter green area (3-Digit ZIP Code 681) includes Bellevue to the south of Omaha, as well as a number of communities to the west and north of Omaha, and contains 3,681 retired DoD personnel. It is likely that this number is driven by the concentration of retirees formerly stationed at Offutt AFB. The 3-Digit ZIP Code in western Iowa, just east of the Omaha metropolitan area is shaded in orange. This area contains 1,126 retired DoD personnel.

Figure 11. Number of DoD Retirees in Nebraska and Iowa (FY 2018)



To determine whether there have been changes in paid DoD military retiree populations in specific areas of Nebraska and Iowa, Figure 12 illustrates the changes in paid DoD military retirees from FY 2013 to FY 2018. Areas that have experienced an increase in paid DoD military retirees are shaded in green; areas that have seen a decrease are shaded in red hues.

Figure 12. Change in Number of DoD Retirees in Nebraska and Iowa (FY 2013 - FY 2018)



While the above maps present some cursory evidence for the notion that DoD military retirees are increasingly seeking beneficial tax treatment by moving to Iowa, it is useful to empirically test the impact of the full tax exemption put in place by the State of Iowa in 2014. To do so, analysts developed a regression model using several variables to predict the annual change in the number of DoD military retirees in Nebraska and Iowa. The dependent variable takes the form of an annual percentage change in the number of DoD military retirees at the three-digit ZIP Code level in Nebraska and Iowa from 2011-2018. The key predictor variable is a dichotomous variable that takes a value of “1” in the years 2014-2018 in the ZIP Codes located in Iowa. The variable approximates the presence of the tax exemption policy that was put in place in Iowa in 2014. The rationale is that the tax exemption policy may serve as a draw for paid DoD military retirees outside of Iowa, who may not enjoy a full exemption of DoD retirement and pension payments from state income taxation. In addition to the primary predictor variable, several other pertinent variables are included in the model. First, because the change in paid retired DoD personnel may coincide with fluctuations in the general population, a control for the annual percentage change in population is included.¹⁴² Second, a dichotomous variable for the three-digit ZIP Codes in Nebraska (beginning with “680” and “681”) and the three digit ZIP Code in Iowa (“515”). Finally, dummy variables for fixed-year effects for each year from 2013 to 2018 were included; 2012 served as the baseline. Ordinary least squared (OLS) regression was used.

¹⁴² As the American Community Survey (ACS) data from 2018 are not yet publicly-available, the value change in the general population from 2016-2017 was imputed and used as a proxy for the percentage change in the general population from 2017-2018. Further, the distribution of the percentage change in population from 2010 Census estimates to 2011 ACS estimates were substantially different from the distribution of annual changes computed only from ACS data. Therefore, the analysis begins with 2011 and runs through 2018 using the imputed data from 2018 described above.

The results of the analysis are presented in Table 33 below. The results show that the tax exemption policy was nearing significance ($p=0.133$), but did not reach the typical threshold for statistical significance. Notably, there was no statistical relationship between the annual change in paid DoD military retirees and the annual change in the general population. The dummy variable for the three-digit ZIP Code beginning with “515” in Iowa did not have a significant relationship with the dependent variable, suggesting that there was no relationship between this geographic area and annual increases in the number of paid DoD retirees. Notably, there was a significant relationship between the two Nebraska three-digit ZIP Codes (“680” and “681”) and the annual change in paid DoD retirees, suggesting that the Nebraska portion of the Omaha Metropolitan area gain substantially in the number of paid DoD retirees during the time period under consideration. In sum, the analyses provide little evidence to support that the total tax exemptions put in place in 2014 in Iowa served to substantially increase the number of paid DoD retirees in the Iowa ZIP Codes in the vicinity of Offutt AFB and the wider Omaha Metropolitan area.

Table 33. Regression Analysis Examining Impact of Iowa Income Tax Exemption in Changes in Retired DoD Personnel in Nebraska and Iowa				
	Estimate	Std. Error	t value	Sig.
Intercept	-0.01	0.02	-0.40	0.690
Tax Exemption	0.02	0.01	1.51	0.133
General Pop. Change	0.09	0.76	0.11	0.910
Dummy IA ZIPS	0.00	0.03	0.09	0.927
Dummy NE ZIPS	0.07	0.03	2.49	0.014*
2013 Effects	-0.03	0.02	-1.35	0.177
2014 Effects	0.05	0.02	2.54	0.012*
2015 Effects	0.00	0.02	-0.19	0.854
2016 Effects	-0.01	0.02	-0.48	0.629
2017 Effects	-0.01	0.02	-0.57	0.570
2018 Effects	-0.02	0.02	-0.78	0.434
* $p<.05$				
Adjusted R-squared: 0.06; F-statistic: 2.66				

While the above analysis uses proxy variables to test the effect of military retirement and pension payments upon relocation and settlement patterns in Nebraska and Iowa, there are several limitations to the analysis that must be acknowledged. First, the nature of the data available through the Statistical Report on the Military Retirement System only allows analysts to measure the potential impact of tax policies—and other factors—at the three-digit ZIP Code level. Though this protects the anonymity of potential DoD retirees, it precludes analysts from conducting a more granular analysis at the ZIP Code level. Second, because ZIP Code-level population data were not available prior to 2010, analysts were unable to include data from earlier years in the analysis. Thus, some trend data from the prior decade were not considered. Finally, the analysis does not account for the potential draw that Iowa’s income tax exemption might have on retirees from states other than Nebraska, as the analysis only included data from Nebraska and Iowa.

7. Trends in GI Bill Utilization in Nebraska

As noted in Chapter 4 above, GI Bill usage in Nebraska decreased slightly from FY 2017 to FY 2018. In FY 2017, 6,506 students utilized GI Bill benefits. In FY 2018, this number had dropped to 6,260 students. Accordingly, GI Bill benefits totaled \$24.2 million in FY 2017 and \$22.6 million in FY 2018. Given that GI Bill spending in the state has a significant impact upon the state economy, it is important to understand whether decreased utilization is an anomaly, or whether it is part of a broader trend. Table 34 below presents the number of GI Bill utilizers in Nebraska from FY 2002 to FY 2018.

Table 34. GI Bill Utilization over time in Nebraska, FY 2002 to FY 2018								
		Program Name						
	Total Beneficiaries	MGIB-AD Trainees	MGIB-SR Trainees	DEA Trainees V	VEAP Trainees	REAP Trainees	Post-9/11 Fiscal Year Trainees	VRAP Trainees
2002	3,809	2,277	985	537	10	--	--	--
2003	3,954	2,252	1,073	622	7	--	--	--
2004	4,287	2,435	1,136	710	6	--	--	--
2005	4,219	2,394	1,078	742	5	--	--	--
2006	3,983	2,534	710	734	5	--	--	--
2007	5,099	3,046	644	772	4	633	--	--
2008	5,456	3,129	775	812	4	736	--	--
2009	5,416	3,145	799	806	4	662	--	--
2010	6,892	2,295	854	854	2	404	2,483	--
2011	7,395	1,792	752	821	1	316	3,713	--
2012	6,729	1,176	730	734	1	320	3,713	55
2013	8,344	977	784	754	0	259	5,229	341
2014	8,656	799	733	696	0	175	5,998	255
2015	8,335	679	657	686	0	136	6,177	--
2016	7,391	590	590	712	0	54	5,445	--
2017	6,506	--	--	--	--	--	--	--
2018	6,260	--	--	--	--	--	--	--

Sources: Nebraska data for FY 2002 to FY 2016 were obtained from the Department of Veterans Affairs Education Program Beneficiaries by Geography: FY2002 to FY2016. Available at: https://www.va.gov/vetdata/docs/Utilization/EducState_2016.pdf. Data for the U.S. was obtained from Department of Veterans Affairs Education Program Beneficiaries: FY2000 to FY2016. Available at: https://www.va.gov/vetdata/docs/Utilization/EducNation_2017.pdf. Data for FY 2017 and FY 2018 were obtained from the VA GI Bill Comparison Tool, Available at: <https://www.va.gov/gi-bill-comparison-tool>.

Notes: MGIB-AD: The Montgomery GI Bill-Active Duty Educational Assistance Program (Chapter 30 of Title 38, U.S. Code) which provides educational assistance to persons who served on active duty in the Armed Forces.

MGIB-SR: The Montgomery GI Bill-Selected Reserve Educational Assistance Program (Chapter 1606 of Title 10, U.S. Code) which provides educational assistance to members of the Selected Reserve or the Ready Reserve of any of the reserve components of the Armed Forces.

DEA: Survivors' and Dependents' Educational Assistance (DEA) – Under Chapter 35 of Title 38, U.S. Code, a monetary educational benefit payable to eligible dependents and survivors of Veterans.

VEAP: The Veterans Educational Assistance Program (Chapter 32 of Title 38, U.S. Code) is a contributory educational assistance program for Post-Vietnam Era Veterans.

REAP: The Reserve Educational Assistance Program (Chapter 1607 of Title 10, U.S. Code) which provides educational assistance to members of the Guard and Reserves who serve on active duty in support of a contingency operation under federal authority on or after September 11, 2001.

Post-9/11: The Post-9/11 GI Bill (Chapter 33, sections 3301 - 3324, of Title 38, U.S. Code) is a new educational assistance program, effective August 1, 2009, which provides financial support for education and housing to individuals with at least 90 days of aggregate service on or after September 11, 2001, or individuals discharged with a service-connected disability after 30 days.

VRAP: Veterans Retraining Assistance Program (VRAP) offers 12 months of training assistance for Veterans who: (1) are at least 35 but not more than 60 years old; (2) are unemployed on the date of application; (3) received an other than dishonorable discharge; (4) are not eligible for any other VA education benefit program; (5) are not in receipt of VA compensation due to unemployability; (6) are not enrolled in a federal or state job training program.

As the table above indicates, the number of GI Bill utilizers increased dramatically from FY 2002 to FY 2015, before tapering off in the past three fiscal years. The number of GI Bill utilizers in FY 2018 was the lowest it has been since FY 2009.

Once again, to determine whether trends in GI Bill utilization is consistent with trends in other states, data from neighboring states were obtained to provide a historical comparison. Table 35 below contains such historical data for Nebraska and neighboring states, as well as the U.S. The table shows that, like Nebraska, many states reached peak GI Bill utilization between FY 2012 and FY 2014 before tapering off in more recent years. Note that Iowa experienced a sharp decrease in GI Bill utilization from FY 2017 to FY 2018; the reason for this decrease is unclear.

Table 35. GI Bill Utilization, Nebraska and Neighboring States, FY 2002 to FY 2018

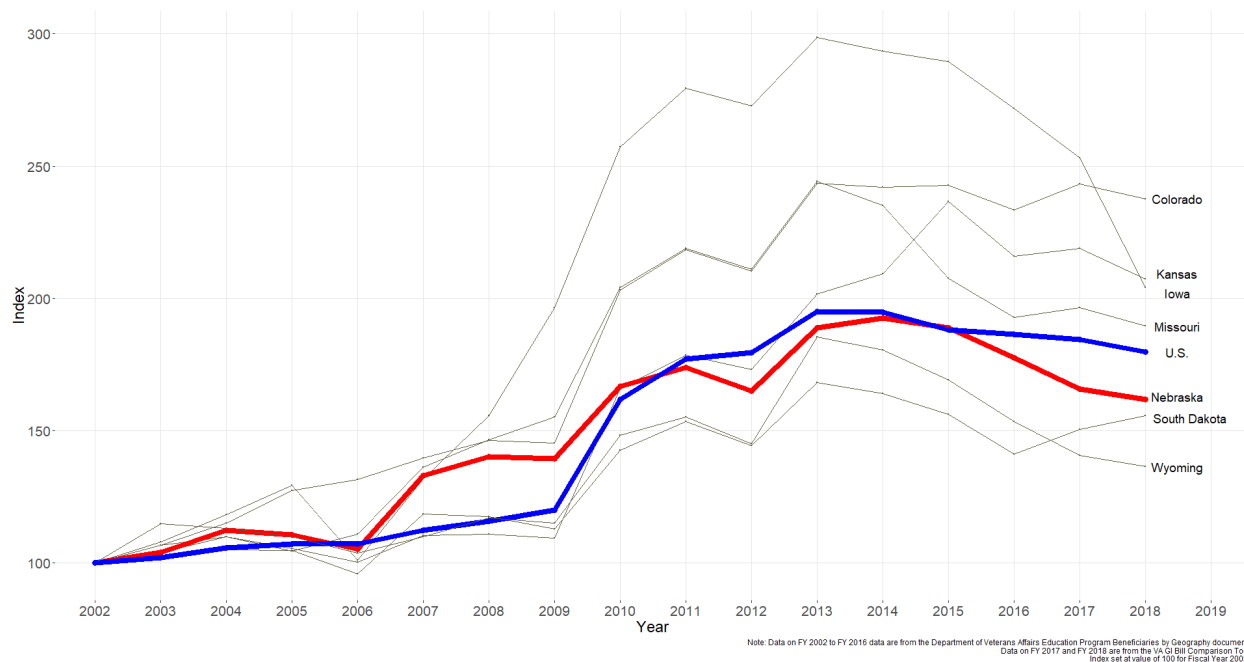
	Colorado	Iowa	Kansas	Missouri	Nebraska	South Dakota	Wyoming	U.S.
2002	8,822	4,168	4,551	8,394	3,809	1,804	978	464,159
2003	9,401	4,500	4,856	8,715	3,954	1,851	1,122	472,970
2004	10,186	4,962	5,003	9,240	4,287	1,893	1,103	490,397
2005	11,458	5,513	4,784	8,737	4,219	1,890	1,067	498,498
2006	11,913	3,955	4,544	9,307	3,983	1,721	1,002	498,123
2007	12,894	5,166	4,999	11,655	5,099	2,110	1,064	523,344
2008	13,764	6,405	5,019	12,865	5,456	2,092	1,140	541,439
2009	13,614	9,013	4,947	13,962	5,416	1,992	1,117	564,487
2010	21,485	14,490	7,744	20,821	6,892	2,585	1,487	800,369
2011	24,794	17,721	8,722	23,867	7,395	2,866	1,590	923,836
2012	22,749	16,530	8,259	22,020	6,729	2,605	1,430	945,052
2013	30,323	20,809	10,606	29,313	8,344	3,225	2,009	1,091,044
2014	29,835	19,749	11,428	26,675	8,656	3,095	1,907	1,088,411
2015	30,086	18,947	14,557	19,321	8,335	2,847	1,692	1,016,664
2016	27,244	15,607	11,527	16,467	7,391	2,425	1,425	1,000,089
2017	29,953	12,689	11,867	17,043	6,506	2,647	1,243	980,481
2018	28,273	6,454	10,496	15,870	6,260	2,789	1,191	933,664

To provide a standardized look at how GI Bill utilization has shifted over time, analysts indexed the value of GI Bill utilization to FY 2002 figures, the earliest year for which data are available. Using FY 2002 as a baseline, analysts computed year-over-year percentage changes to examine trends over time and to compare states in their levels of GI Bill utilization. The results are illustrated in Figure 13 below.

The results show that, in relation to 2002 numbers, Nebraska has outpaced only South Dakota and Wyoming in the growth of individuals utilizing GI Bills benefits in the state. The trends in Nebraska largely follow the U.S. national trends, highlighted in blue in the figure. As noted in Table 35 above, most states have experienced a relative decrease in the number of GI Bill utilizers in recent years. The exception to this trend appears to be Colorado, which has experienced considerable population growth

in recent years, and South Dakota, which has gained new veterans at a relatively high rate in recent years.

Figure 13. Change in GI Bill Utilization, Nebraska and Neighboring States, Indexed to FY 2002



Tuition Assistance Programs

While G.I. Bill utilization likely constitutes a substantial proportion of the spending on educational benefits for active duty military and veterans, tuition assistance programs might also contribute to the economic impact of military spending in Nebraska. Through conversations with NCMVA Commissioners, it has become apparent that this may be another area of potential focus for inclusion in future versions of this report. This report did include some information about tuition assistance provided to Nebraska National Guard members. It is advised that analysts continue to collect the relevant data for inclusion in future iterations of this report.

In-State Tuition and Tuition Assistance Programs for Veterans and Dependents

As part of the examination of state GI Bill utilization, analysts also sought to capture information on educational benefits offered by other states in the nation. To do so, analysts visited the state veterans' website for each state, and briefly searched for information on educational benefits to military members, veterans, and dependents. Table 36 below provides some cursory information about the types of educational benefits that are available. Because of the level of detail offered on some websites, it was not feasible to capture all of the information about each educational benefit in each state. Further, if a state is noted as not offering educational benefits, it may be due to the fact that there is simply no information readily available on the veterans' website. It is possible that information regarding educational benefits is maintained on another website such as a State Department of Education or State Department of Labor website.

Table 36. State Educational Benefits Mentioned on State Veterans' Websites		
State	Tuition Reductions for Veterans	Scholarships/Tuition Reductions for Dependents/Spouse
Alabama	Tuition reductions are available.	Tuition reductions are available.
Alaska	Tuition reductions are available.	Tuition reductions are available.
Arizona	Tuition reductions are available.	For purple heart or service members killed in line of duty.
Arkansas	Tuition reductions are available.	Tuition reductions are available.
California	Tuition reductions are available.	Tuition reductions are available.
Colorado	Tuition reductions are available.	
Connecticut	Tuition reductions are available.	
Delaware		Children of veterans in select categories eligible for educational benefits.
Florida	Tuition reductions are available.	
Illinois	Tuition reductions are available.	Tuition reductions are available.
Indiana	Tuition reductions are available.	For children of veterans.
Iowa		For children of deceased veterans.
Kansas	In state tuition provided.	In state tuition provided.
Kentucky	Tuition reductions are available.	Tuition reductions are available.
Louisiana	State tuition assistance provided.	State Assistance provided.
Maine	Tuition reductions are available.	Tuition reductions are available.
Michigan		Tuition reductions are available.
Minnesota	Minnesota GI Bill (different from Federal GI Bill).	Minnesota GI Bill.
Mississippi	In state tuition for nonresident students.	Children of members of the armed forces.
Montana	Tuition waivers offered for veterans.	
Nebraska	Tuition reductions are available.	Tuition reductions are available.
New Hampshire		Children of veterans who are missing or died in service eligible for free tuition at New Hampshire public institutions of higher learning.

New Jersey	Partial reimbursement provided.	Children of veterans who died or are missing receive tuition assistance. Free undergraduate tuition for children of prisoner of war or missing in action.
New Mexico	Limited Post-GI Bill options for tuition assistance. Immediate in-state tuition provided.	Immediate in state tuition provided. Children of deceased veterans receive tuition waiver.
New York	Honorably discharged veterans receive tuition waivers.	Children of deceased veterans receive tuition waiver.
North Carolina	Immediate in state eligibility.	Scholarships for children of veterans.
North Dakota	Residency requirements waived for veterans.	Tuition waiver to qualified dependents.
Oregon	Tuition assistance provided to veterans as well as credit provided for service. In state residency requirements waived.	
Pennsylvania		Educational Gratuuity Program for limited financial assistance for children of veterans attending institution of higher education.
Rhode Island	Tuition assistance provided to veterans.	
South Carolina		Qualified children of certain veterans eligible for tuition assistance.
South Dakota	Tuition waiver for veterans no eligible for assistance under GI Bill.	Children and spouse of veterans who have died or are disabled eligible for tuition waiver.
Texas	Hazlewood Act provides veterans, spouses, and children with tuition assistance.	Hazlewood Act provides veterans, spouses, and children with tuition assistance.
Utah		In state tuition provided to veterans. Tuition Gap Program.
Virginia		Virginia Military Survivors & Dependents Education Program - provides tuition assistance for dependents.
Washington	Tuition waived for veterans.	Tuition waived for dependents of veterans who have died or are disabled.
West Virginia	In state tuition provided. Limited tuition assistance provided.	War orphan education program.
Wisconsin	Wisconsin GI Bill.	Wisconsin GI Bill.
Wyoming	Tuition assistance for members of Wyoming National Guard.	Grant assistance trust fund for dependents - depends on approval.

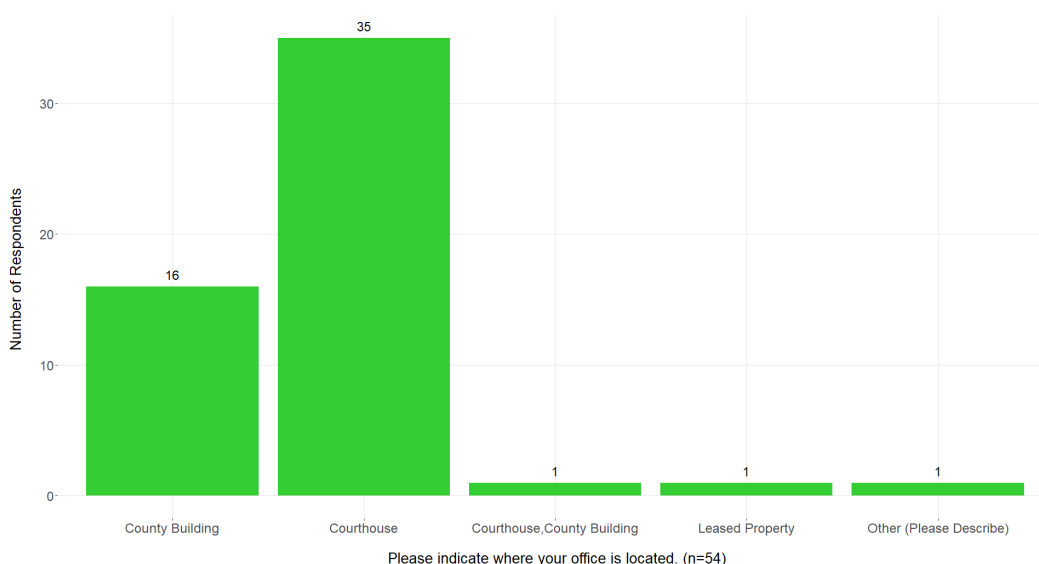
8. Profile of County Veteran Service Officers

Nebraska County Veterans Service Officers (CVSOs) assist Nebraska veterans by determining eligibility for benefits from the VA or other federal programs. Thus, the county dollars used to fund CVSOs are leveraged to obtain greater levels of federal funds in support of veterans. The Nebraska Commission on Military and Veteran Affairs was interested in better understanding the operations of CVSOs in Nebraska, the utilization of technology to obtain federal funds for Nebraska vets, as well as potential areas for growth in the operations of CVSOs in the state.

To gain such an understanding, the BBR conducted a survey of CVSOs in the state. A web-based survey was developed by researchers in collaboration with personnel from the Nebraska Commission on Military and Veteran Affairs. A list of CVSOs was developed using publicly available sources.¹⁴³ A total of 92 CVSOs and Assistant CVSOs were invited to complete the survey via email on August 14, 2019. A reminder to complete the survey was sent a week later on August 21, 2019. A total of 56 CVSOs completed the survey for a response rate of approximately 60.9%. Because several CVSOs serve multiple counties, respondents were asked to indicate which county or counties for which they are responsible; 40 respondents indicated their county.

The survey asked questions about the location of CVSO offices and the availability of parking. As Figure 14 below indicates, a total of 35 CVSO offices are located in a county courthouse. Another 16 offices are located in the county building. One individual reported their office as residing in the county building/courthouse. One county office is located in a leased space, and another indicated that the office is located in a location of “Other”; however, no descriptive information about that location was provided. Respondents were asked to indicate whether convenient parking is available for veterans and their family. Ninety-eight percent (98%) indicated that convenient parking was available.

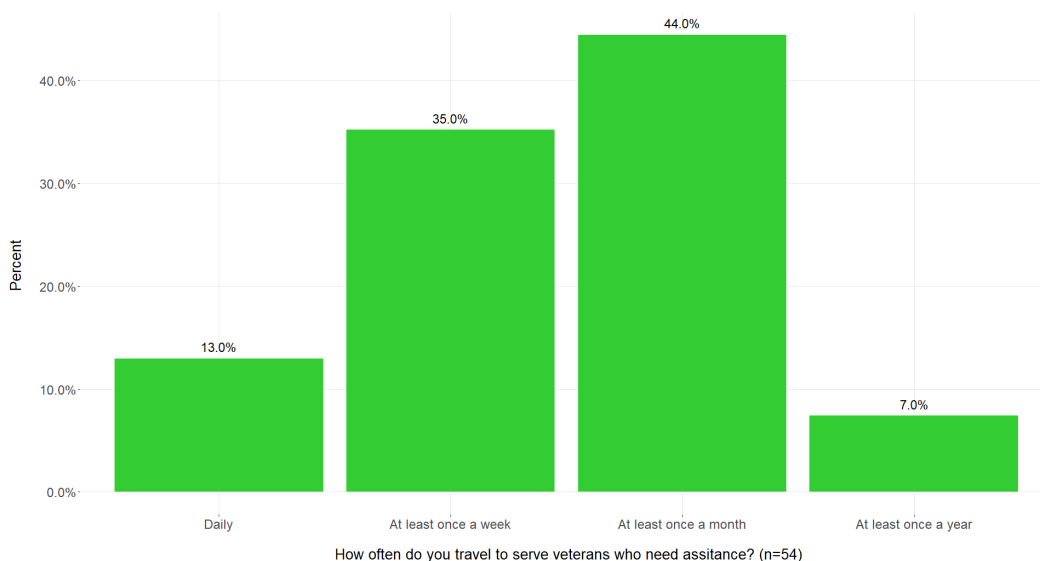
Figure 14. Location of CVSO Offices



¹⁴³ https://veterans.nebraska.gov/sites/veterans.nebraska.gov/files/doc/CVSODirectory_09092019.pdf

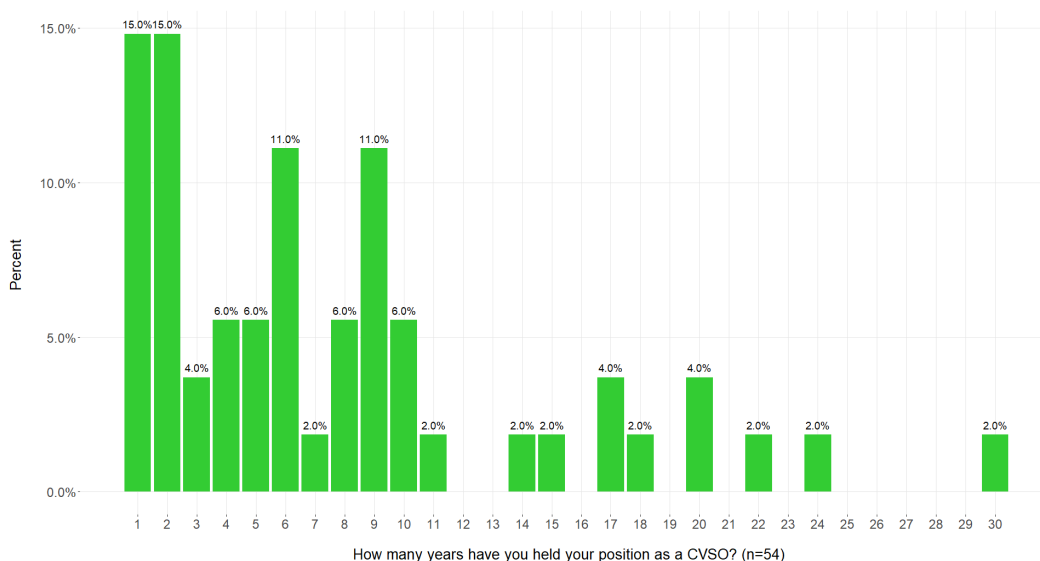
Because of the wide coverage of CVSO's, particularly in western Nebraska where CVSOs may serve multiple counties, the Commission was interested in understanding the frequency with which CVSOs travel to meet with veterans in the state. As Figure 15 below shows, 13% of CVSOs travel at least once per day. Thirty five percent (35%) indicated traveling at least once weekly, and another 44% reported traveling at least once per month. Seven percent reported traveling only once per year.

Figure 15. Frequency of Travel for CVSOs to Meet with Veterans



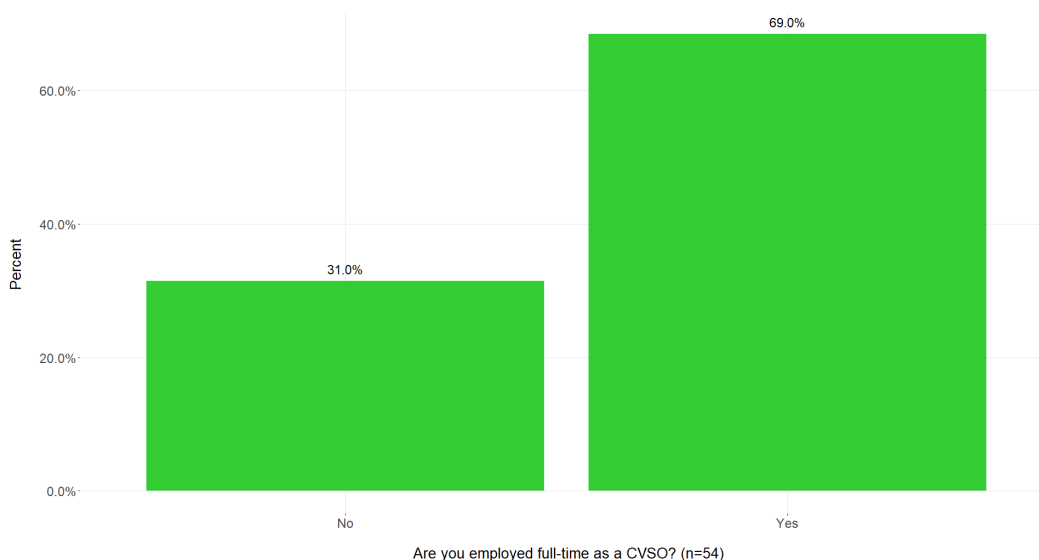
CVSO's were asked to indicate how many years they have held their current position as a CVSO. Figure 16 below presents the distribution of responses to the question. The figure shows wide variation in the tenure of CVSOs. The mean tenure is 7.70 years (standard deviation = 6.76).

Figure 16. Tenure of CVSOs



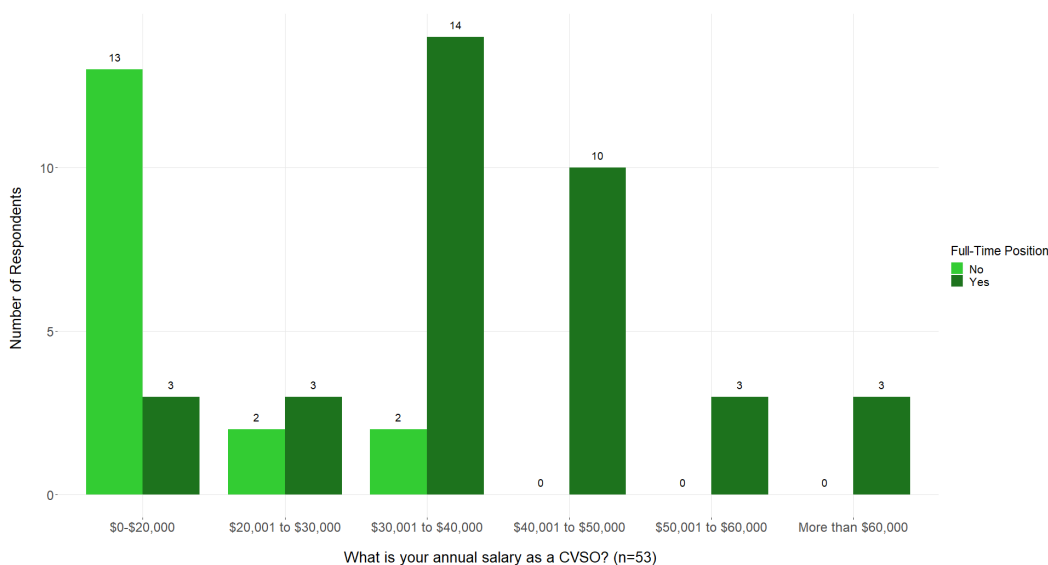
Not all CVSOs serve in a full-time role. The Commission sought to better understand the proportion of CVSOs that serve in a full-time versus part-time role. As Figure 17 shows, 69% of CVSOs reported serving full-time, while 31% reported serving in a part-time role.

Figure 17. Percentage of Full-Time and Part-Time Employment of CVSOs



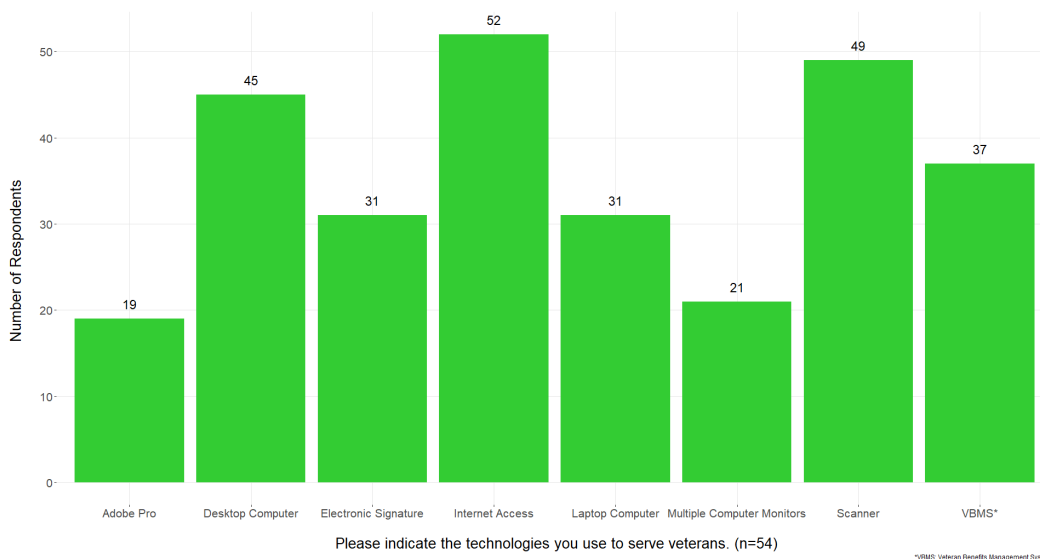
To understand the compensation structures for CVSOs in Nebraska, respondents were asked to report their annual salary (part-time employees were asked to report the total compensation for their part-time position). As Figure 18 shows, most full-time employees earn between \$30,001 and \$40,000 or between \$40,001 and \$50,000. The majority of part-time employees earn between \$0 and \$20,000 annually.

Figure 18. Salaries for Full-Time and Part-Time CVSOs



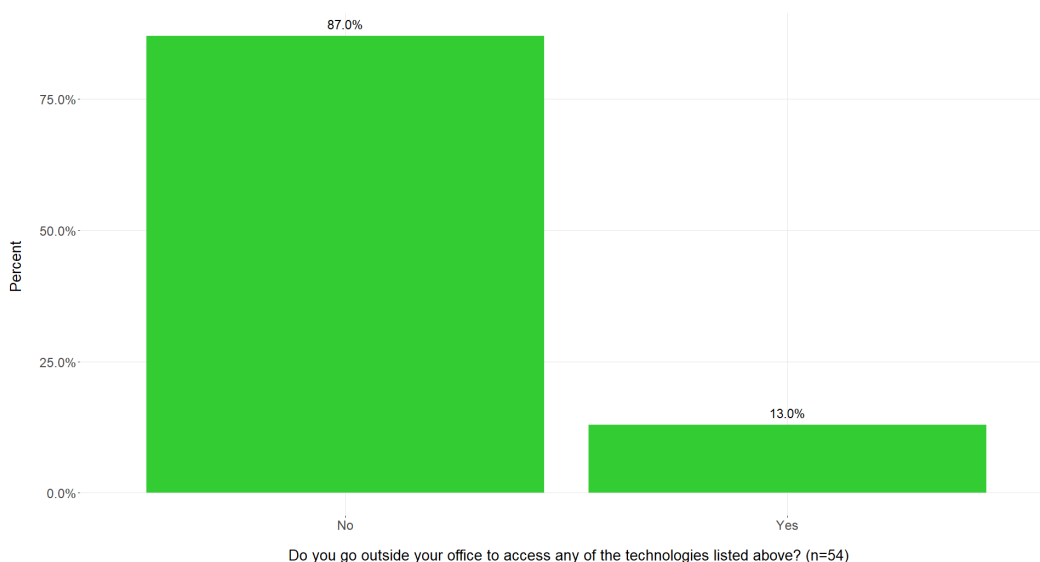
One of the key factors that allow CVSOs to successfully complete their mission to serve veterans is access to necessary technology. CVSOs were asked to report which types of technology they use on a regular basis. Note that respondents were asked to select all technologies they use. Figure 19 shows that CVSOs utilize internet access, scanners, and desktop computers. Smaller numbers use the Veterans Benefit Management System (VBMS), electronic signatures, laptop computers, multiple computer monitors, and Adobe Pro.

Figure 19. Technologies Used by CVSOs to Serve Veterans



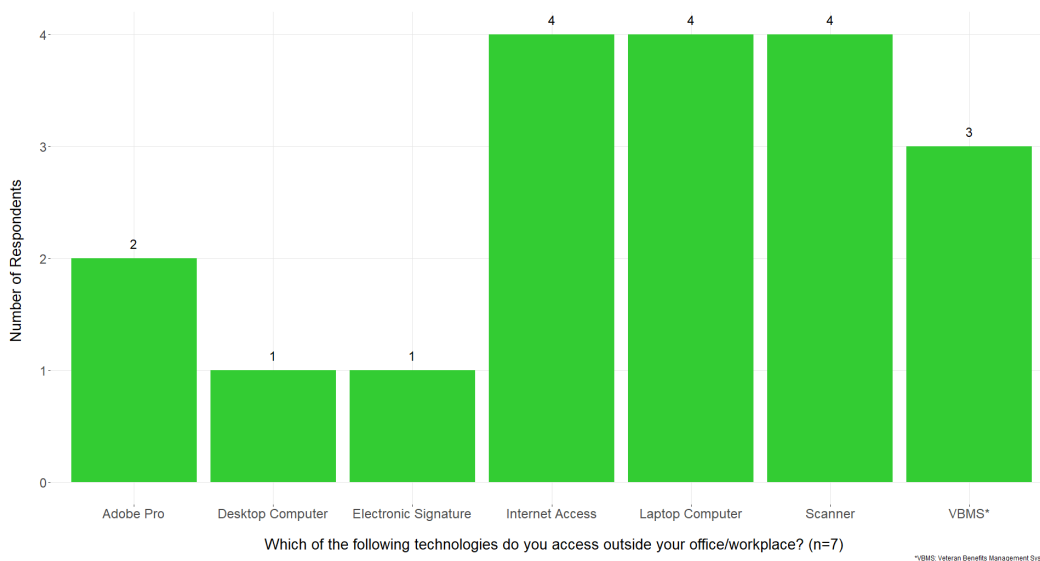
Anecdotal evidence has suggested that some CVSOs do not have access to necessary technology in their office. Therefore, respondents were asked to indicate whether they ever must leave their office to access technology necessary to do their jobs (see Figure 20). Thirteen percent (13%) of CVSOs indicated that they do have to leave their office to access technology.

Figure 20. Extent to Which Technology is Accessed Outside the Offices of CVSOs



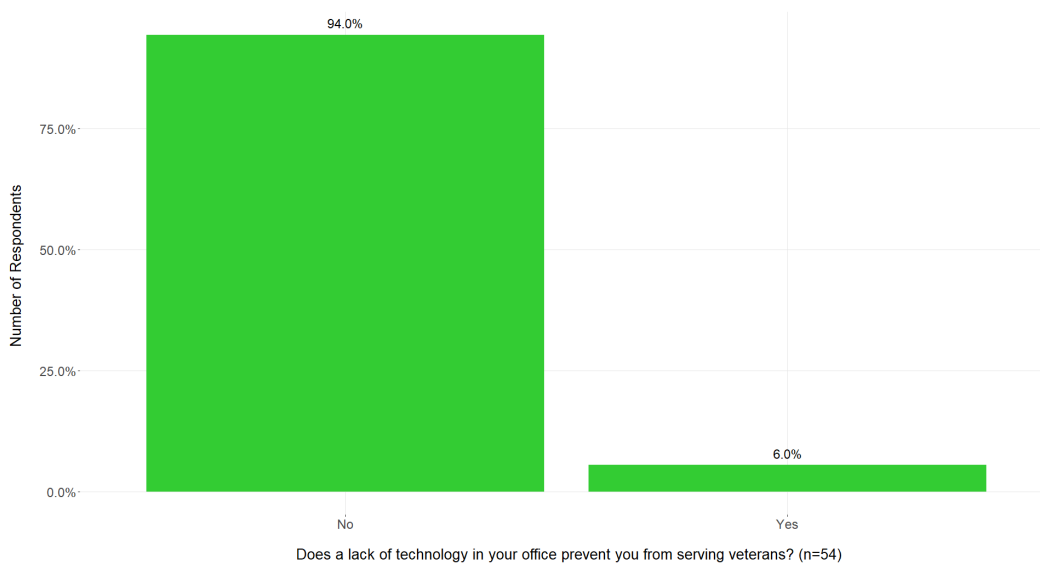
Among CVSOs who access technology outside of their offices, many indicated accessing internet access, laptop computers, and scanners someplace other than their office. Respondents also indicated accessing the VBMS, Adobe Pro, desktop computers, and electronic signatures outside of the office (Figure 21).

Figure 21. Specific Technologies Accessed Outside the Offices of CVSOs



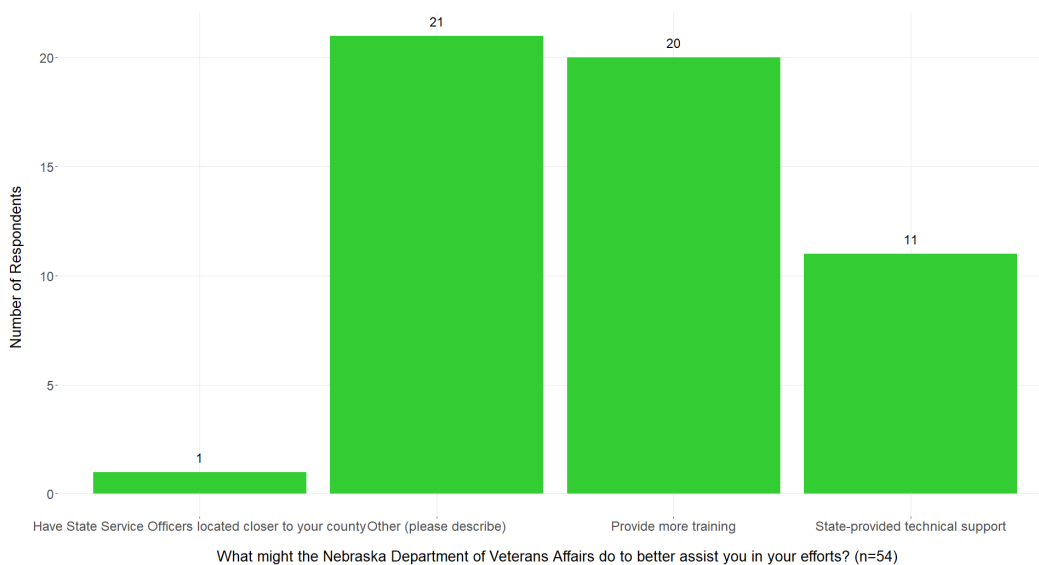
Given that some CVSO do need to go outside the office to access technology, it is possible that some might view a lack of technology as a hindrance to effective execution of their duties. However, when asked, only 6% of CVSOs felt that a lack of technology was a barrier to their job (Figure 22).

Figure 22. Lack of Technology as Potential Hindrance to CVSOs



Finally, respondents were asked to indicate the ways in which the Nebraska Department of Veterans' Affairs could better assist CVSOs in their efforts. As Figure 23 indicates, twenty-one respondents indicated "Other," and were given the opportunity to further expand on their responses. These responses ranged from CVSOs included requesting better communication and outreach, more detailed training, make accreditation easier, ease applications for Nebraska Veteran Aid, and provide funding to the counties. Several indicated that the services provided by the Nebraska Department of Veterans' Affairs were sufficient.

Figure 23. How Nebraska Department of Veterans' Affairs Might Better Help CVSOs



9. Military Leave Benefits to Employees in Each State

One special task to be included in the current report was a summary of military leave benefits for employees in each state. In Nebraska, state law dictates that Guard and Reserve members who normally work or are normally scheduled to work 120 hours or more but less than 159 hours in three consecutive weeks shall receive a military leave of absence of 120 hours each calendar year. Members who normally work or are normally scheduled to work less than one hundred twenty hours in three consecutive weeks shall receive a military leave of absence each calendar year equal to the number of hours they normally work or would normally be scheduled to work, whichever is greater, in three consecutive weeks. Finally, in Nebraska, state law dictates that Guard and Reserve members who are scheduled to work 159 hours or more in three consecutive weeks and are scheduled to work 24 shifts will receive a military leave of absence of 168 hours each calendar year.

To see how Nebraska's rules compare to the laws in other states, researchers conducted a systematic review of state laws related to Guard and Reserve leave policies. The search included state legislative sections, non-profit websites, and information from advocacy group websites. Table 37 below presents summary of the 50 states and the District of Columbia. As the table indicates, many states have laws that dictate either 15 or 30 days of leave time for Guard and Reserve service. Based on the initial search, no other states beside Nebraska break out their mandatory hours by the number of hours typically worked by employees in a three-week period. Of the 50 states and District of Columbia are 27 States and the District of Columbia offer 15 days of military leave similar to Nebraska. 22 out of 50 states offer a more generous military leave provision compared to Nebraska. 1 state out of 50 offers a less generous military leave provision compared to Nebraska.

Table 37. Guard and Reserve Leave Time by State, 2019			
	Days of Leave Time	Hours of Leave Time	Additional Notes, if applicable
Alabama	21	168	
Alaska	16.5	132	
Arizona	22	176	Not to exceed 30 calendar days in any two consecutive years
Arkansas	15+ necessary travel time	120 + necessary travel time	
California	22	176	30 calendar days of paid military leave for active duty, none for inactive duty
Colorado	15	120	
Connecticut	22	176	
District of Columbia	15	120	
Delaware	15	120	Based on a 40-hour work week
Florida	30	240	
Georgia	18	144	
Hawaii	15	120	

Idaho	15	120	
Illinois	Regular compensation as a public employee minus their base military salaries during leaves for basic training, for up to 60 days of special or advanced training		Effective Jan. 1, 2019
Indiana	15	120	
Iowa	22	176	
Kansas	12	96	
Kentucky	21	168	
Louisiana	15	120	
Maine	17	136	
Maryland	15	120	
Massachusetts	17	136	
Michigan	15	120	
Minnesota	15	120	
Mississippi	15	120	
Missouri	15	120	
Montana	15	120	
Nebraska	15	120	Also, if scheduled to work 159 hours or more in three consecutive weeks on 24-hour shifts, then 168 hours per year
Nevada	15	120	
New Hampshire	15	120	
New Jersey	30	240	Only for active training
New Mexico	15	120	
New York	22	176	
North Carolina	15	120	
North Dakota	22	176	
Ohio	22	176	
Oklahoma	22	176	
Oregon	15	120	
Pennsylvania	15	120	
Rhode Island	15	120	
South Carolina	15	120	
South Dakota	15	120	
Tennessee	20	160	
Texas	15	120	
Utah	15	120	
Vermont	15	120	
Virginia	15	120	

Washington	21	168	
West Virginia	30	240	
Wisconsin	20	160	
Wyoming	15	120	

10. Review of State Veteran Services Websites

As state government websites increasingly become used by veterans to identify and access services, it is critical that Nebraska understand current practices in other states. As much of this report has suggested, attracting and retaining separated military personnel to the State of Nebraska will be necessary if Nebraska is going to maintain or grow its veteran population. One way that Nebraska might be able to accomplish this is by offering veterans a dedicated job search tool on the Nebraska Department of Veterans' Affairs website, or a closely aligned agency such as the Nebraska Department of Labor or the Nebraska Department of Administrative Services (for state jobs).

To provide some information about what other states are doing in this domain, researchers visited state websites for each of the 50 states to identify trends. Table 38 below provides a high-level overview of what was found. As the table indicates, there is a wide range of services offered in this area. Some states, such as Georgia, have very little information related to job searches for veterans. Other states, such as Kansas and Massachusetts, have dedicated search engines that allow veterans to search for jobs using several criteria, including Military Occupational Specialty (MOS). While developing a database which links public and private employment opportunities to MOS may be somewhat costly for Nebraska, it must be recognized that peer states are currently offering such advanced search tools to veterans.

Table 38. List of Job Search Tools Available on State Veterans' Websites	
State	Employment Information/Search Engine Availability
Alabama	Dedicated Search Engine.
Alaska	Dedicated Search Engine.
Arizona	Disabled Veterans Outreach Program (In Person).
Arkansas	Dedicated Search Engine.
California	Dedicated Search Engine.
Colorado	No dedicated search engine solely for veterans. Other services provided.
Connecticut	No search engine. Services available as a veteran resident of the residential facility.
Delaware	No Search Engine. Veterans given hiring preference.
Florida	Dedicated Search Engine.
Georgia	No specific information related to jobs or job searches.
Hawaii	Employment assistance offered. No search engine.
Idaho	Veterans representatives stationed throughout Idaho to provide services including employment assistance. No dedicated job search engine.
Illinois	Various employment opportunities provided for veterans. Also provide tax credits to businesses to motivate employment of veterans. Waivers and reimbursements for permits/licenses provided. No dedicated search engine.
Indiana	Dedicated Search Engine.
Iowa	Dedicated Search Engine.
Kansas	Dedicated Search Engine.
Kentucky	A few listings on main website but no dedicated search engine.
Louisiana	Job referral and placement assistance provided. Veteran owned small business support. No search engine.

Maine	Career centers throughout the state providing services for veteran employment assistance. No dedicated state provided search engine for veterans for jobs.
Maryland	Resources for employers to incorporate veteran hiring into their businesses. Insurance producer license reimbursement. Expedited licensing for other fields. Maryland Department of Labor employment reps and placement specialists for veterans. No dedicated search engine for veterans. Small business income tax credit for employing veterans.
Massachusetts	MassHire Department of Career Services provides priority services to veterans and their families for employment and training. Also has dedicated job search for veterans.
Michigan	Veteran friendly employers provided. License fee waivers and expedited licensing. Many links provided to external organizations providing veterans assistance. Private organization provides a veterans search engine for Michigan.
Minnesota	Minnesota workforce centers - veterans employment representatives. Support provided for veteran business owners. No dedicated search engine.
Mississippi	Tax credits for employers of veterans. Expedited licensing. No dedicated search engine.
Missouri	Service officers available to provide assistance for a variety of services.
Montana	Employment assistance offered at service offices.
Nebraska	Job search assistance provided by Nebraska Department of Labor. NEworks Veterans Services tab has a quick search tool by military occupational code
Nevada	Veterans Coordinator to help match veterans with job opportunities in the State of Nevada. Small job postings page.
New Hampshire	New Hampshire Employment Security Staff offices provide employment and training services to veterans and eligible spouses. No dedicated search engine.
New Jersey	Veterans service offices provide employment services to veterans and their families.
New Mexico	No employment services.
New York	Hire a vet credit. New York department of labor provides employment services to veterans. No dedicated search engine.
North Carolina	NC Works offices provide employment services for veterans. No dedicated search engine.
North Dakota	Small job postings page. Reimbursement for licensing and certification exams.
Ohio	Link to external job search engine for veterans. Tool for finding information on licenses and certification for veterans and spouses. Veterans service offices for employment assistance.
Oklahoma	Workforce Oklahoma Center Locations provide support to disabled veterans seeking employment support.
Oregon	Military training able to be used as substitute for licensing/certification for some fields. Oregon employment Department provides veterans services to assist with employment.
Pennsylvania	Pennsylvania CareerLink Offices provide employment assistance services to veterans.
Rhode Island	Career centers provide employment assistance and job coaching to veterans. Career center system partners with American Job Center Network to provide job openings.

South Carolina	South Carolina Department of Employment and Workforce centers provide employment services to veterans.
South Dakota	South Dakota Department of Labor and Regulation offices offer representatives to assist with veteran employment assistance.
Tennessee	Tennessee department of labor career centers provide employment assistance for veterans. No dedicated search engine.
Texas	Texas Veterans Commission offices provide employment services for veterans. Link to partner job search page provided. License fee exemptions and expedited service provided.
Utah	Exemption from occupational and professional licenses. Department of workforce services provides employment assistance for veterans. Utah state jobs portal provides identification of veterans looking for jobs.
Vermont	Vermont department of labor provides employment services to veterans.
Virginia	Virginia employment commission provides referral and job placement resources to veterans looking for jobs. Have offices located around the state. State job portal available but not dedicated solely for veterans. V3 Program provides assistance in bringing together businesses and veterans in Virginia.
Washington	Licensure and certification transferability support for veterans and spouses provided - Reimbursement provided for department of health credentialing and licensure. Washington Veterans Employee Resource Group helps bring veterans to employers looking to hire.
West Virginia	No employment services. Link to West Virginia Department of Labor resources.
Wisconsin	Veteran one-stop centers provide employment assistance to veterans. Education and retraining grants offered. Licensure fee waiver and equivalency provided for applying military training toward licenses.
Wyoming	Army National Guard, Air National Guard - job listing websites. State of Wyoming job listings website provided as well - not specifically for veterans.

In addition to providing job search tools, state veterans' websites also provide direct access to vocational training services. Table 39 below lists which states provide links to vocational training opportunities on their veterans' websites. Note that several of these states link to resources available on state Departments of Labor or a similar agency in that state.

Table 39. State Veteran Websites that Offer or Link to Veteran Vocational Training and Services	
Alaska	Maryland
Arizona	Michigan
California	Nebraska (NDOL NEworks)
Colorado	New Mexico
Connecticut	North Dakota
Florida	Ohio
Georgia	Oregon
Idaho	South Dakota
Illinois	Vermont
Iowa	Washington
Kentucky	Wisconsin
Louisiana	

From a recruitment and retention perspective, another important potentially important facet of a veterans' service website is job and career information for military and veterans' spouses. As part of the review of state veterans' websites, analysts also captured whether information for spouses was available. Table 40 below lists the state websites that do contain information for military/veteran spouses.

Table 40. State Websites Offering Services to Military and Veteran Spouses	
State	Spouse Support for Employment
Alaska	Spousal services are mentioned.
Delaware	Six month temporary occupational licenses and permits.
Florida	Expedited health care practitioner licensure. Licensure fee waivers.
Hawaii	Spousal services are mentioned.
Iowa	Spousal services are mentioned.
Maryland	Expedited licensing.
Massachusetts	Family/spouse of veterans receive priority service from MassHire.
Michigan	Licensing fee waivers and expedited licensing.
Nebraska	Spousal services are mentioned.
New Hampshire	New Hampshire Employment Security Staff offices provide employment and training services to veterans and eligible spouses.
New Jersey	Support for employment provided at veterans service offices.
New York	Residency requirements waived.
Ohio	Online tool for finding on licensing and certification requirements and benefits offered for spouses of veterans.
Texas	License fee exemptions and expedited service provided.

Utah	Military spouses exempted from needed State of Utah occupational or professional licenses.
Vermont	Military spouse license transfer options.
Washington	Licensure and certification transferability support for veterans and spouses provided - Reimbursement provided for department of health credentialing and licensure.
Wisconsin	Reduced requirements for spouse licensure.

Appendix A. About the University of Nebraska-Lincoln Bureau of Business Research

The Bureau of Business Research

The Bureau of Business Research is a leading source for analysis and information on the Nebraska economy. The Bureau conducts both contract and sponsored research on the economy of Nebraska and its communities including: 1) economic and fiscal impact analysis; 2) models of the structure and comparative advantage of the current economy; 3) economic, fiscal, and demographic outlooks, and 4) assessments of how economic policy affects industry, labor markets, infrastructure, and the standard of living. The Bureau also competes for research funding from federal government agencies and private foundations from around the nation and contributes to the academic mission of the University of Nebraska-Lincoln through scholarly publication and the education of students.

Key Personnel

Dr. Eric Thompson

Dr. Eric Thompson is the Director of the Bureau of Business Research and an Associate Professor of Economics at the University of Nebraska-Lincoln. Dr. Thompson has conducted a broad group of economic impact studies including impact studies of Nebraska agriculture, Sandhill Cranes migration, the Nebraska child care industry, the Omaha Zoo, the Nebraska horseracing industry, Husker Harvest Days, and the UNL Athletic Department. Dr. Thompson also works on demographic projections and analyses of economic development programs for Nebraska and cities in Nebraska. He also has conducted numerous economic impact studies for the Lincoln Department of Economic Development, the Omaha Chamber of Commerce, the Nebraska Department of Economic Development, various Nebraska industries, and Nebraska tourism attractions. Dr. Thompson's research has received support from the United States Department of Labor, the Robert Wood Johnson Foundation, the Center for Economic Analysis, the Nebraska Health and Human Services System, as well as Lincoln, Omaha, and Nebraska organizations and agencies. In his previous employment, Dr. Thompson served as the Director of the Center for Business and Economic Research and a Research Associate Professor of Economics at the University of Kentucky. Dr. Thompson received his Ph.D. in agricultural economics from the University of Wisconsin-Madison in 1992. His research fields include regional economics, economic forecasting, and state and local economic development. His research has been published in *Regional Science and Urban Economics*, the *Journal of Regional Science*, the *American Journal of Agricultural Economics*, and the *Journal of Cultural Economics*.

Dr. Mitchel Herian

Dr. Mitchel Herian serves as a Project Director through the Bureau of Business Research, a faculty fellow at the University of Nebraska Public Policy Center, and an adjunct professor in the Political Science department at UNL. Dr. Herian has worked for agencies such as the U.S. Army, the U.S. Air Force, the National Aeronautics and Space Administration (NASA), the Nebraska Supreme Court, the Nebraska Department of Education, and the Kansas Department of Corrections. His research has received support from agencies including the National Science Foundation and the National Institute of Justice. Dr. Herian's research has been published in a variety of peer reviewed journals including the *Journal of Public Administration Research and Theory*, *American Review of Public Administration*, *Policy Studies Journal*, *State and Local Government Review*, and *Ecology & Society*.

Mr. Phillip O'Donnell

Mr. Phillip O'Donnell serves as the first Military Affairs Liaison for the State of Nebraska's Commission on Military and Veteran Affairs. Mr. O'Donnell graduated with merit from the U.S. Naval Academy before serving as a surface warfare officer in the U.S. Navy with engineering, operations, and intelligence assignments in Japan, Bahrain, and Washington DC. After completing his active duty service, Mr. O'Donnell earned a Master of Arts degree in International Relations and International Economics from the Johns Hopkins University's School of Advanced International Studies (SAIS) and a Master of Business Administration degree from the University of Nebraska-Lincoln. Mr. O'Donnell has worked for both large and small consulting firms in the defense industry and continues to serve in the Navy Reserve at the U.S. Strategic Command.

