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# Business in Nebraska

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## Nebraska's Micropolitan Statistical Areas: A Growing Piece of a Shrinking Pie

*By Dr. Randy Cantrell, University of Nebraska Rural Initiative*

**T**hey have been called “urban islands in a shortgrass sea” (Popper and Popper, 1986) and “middle places” (Swanson, 2007). They are the small urban centers that dot the Great Plains and are home to an important share of the region’s non-metropolitan population and economic activity. Compared to the much larger metropolitan centers such as Omaha and Lincoln, they may appear to be minor players in the state’s social and economic landscape—but that would underestimate their role. Individually they anchor the regional “pillars of growth” identified by Thompson (Thompson et al., 2007), and collectively they play a determining role in the trends that are shaping the future of the state. They are economic centers worthy of examination in their own right.

In this analysis, we will look at recent and long-term trends found in those small Nebraska cities that have been identified by the federal government as micropolitan statistical areas and compare their demographic and economic performance to their metropolitan counterparts.

### Metropolitan and Micropolitan Regions

**S**ince they first appeared in the U.S. Census of 1950, metropolitan statistical areas (MSAs) have become familiar to consumers of federal statistics. The general concept behind the creation of the MSA is that of an area containing a recognized population nucleus and adjacent communities that have a high

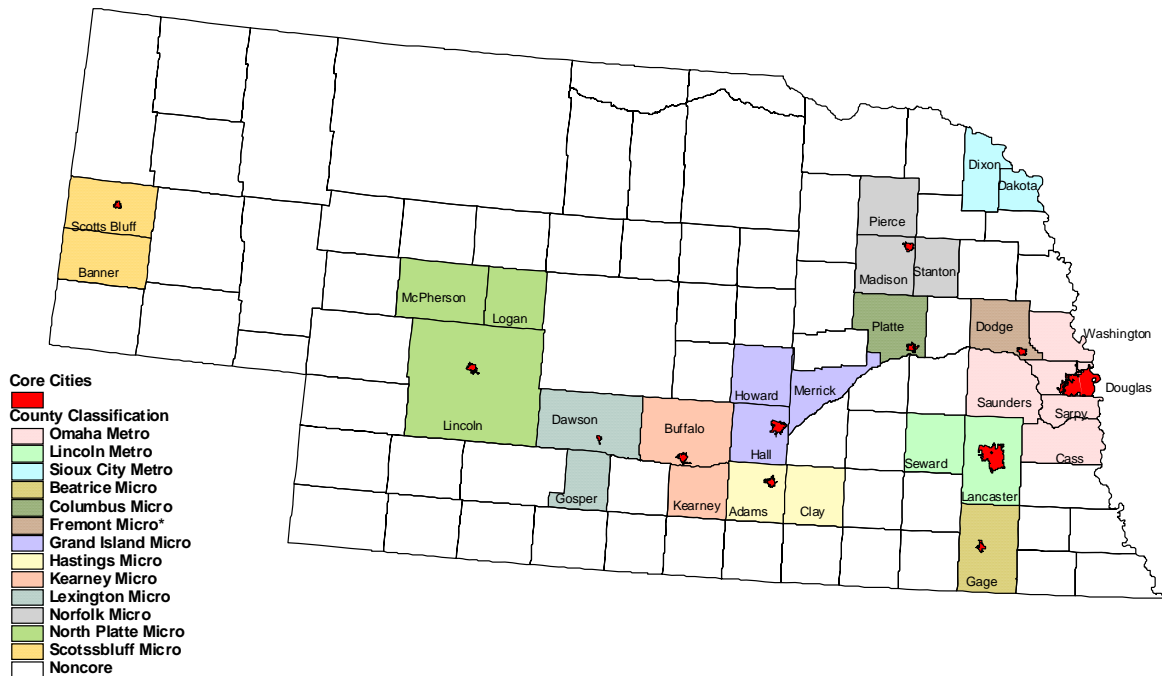
degree of integration with that nucleus. The purpose of defining such areas is to provide nationally consistent definitions for collecting, tabulating, and publishing federal statistics. Beyond that purpose, the MSA has found favor among policy makers for the implementation and administration of a variety of non-statistical federal programs.

While MSAs are best known for their role in the tabulation of Census data, they are actually defined by the Federal Office of Management and Budget (OMB). While OMB expresses concern over (and cautions against) the use of MSAs for any purpose other than statistical tabulation, they also recognize how valuable the concept has been for its intended function. With that in mind, the concept was expanded in 2003 to include smaller urban concentrations and their closely integrated neighbors. These newly defined areas are generically known as “micropolitan areas.”

Collectively titled “core-based statistical areas” (CBSA), metropolitan and micropolitan areas essentially differ only in the size of the core city or urban area that anchors them. Where metropolitan areas have a core area of 50,000 or more residents, micropolitan areas are required to have a core of only 10,000.

The current definition of a CBSA includes a central county (or counties) and one or more outlying counties. Specifically, the central county or counties of a micropolitan CBSA are those counties that: (a) have at least 50 percent of their population in urban areas of at least 10,000 population; or (b) have within their bound-

# Nebraska Core Based Statistical Areas



Source: U.S. Office of Management and Budget

\* Dodge is a Micropolitan core county (Fremont), and is also part of the Omaha/Fremont combined statistical area

aries a population of at least 5,000 located in a single urban area of at least 10,000 population (OMB, 2000).

A county qualifies as an outlying county of a CBSA if it meets the following commuting requirements: (a) at least 25 percent of the employed residents of the county work in the central county or counties of the CBSA; or (b) at least 25 percent of the employment in the county is accounted for by workers who reside in the central county or counties of the CBSA (OMB, 2000).

## CBSA Counties in Nebraska

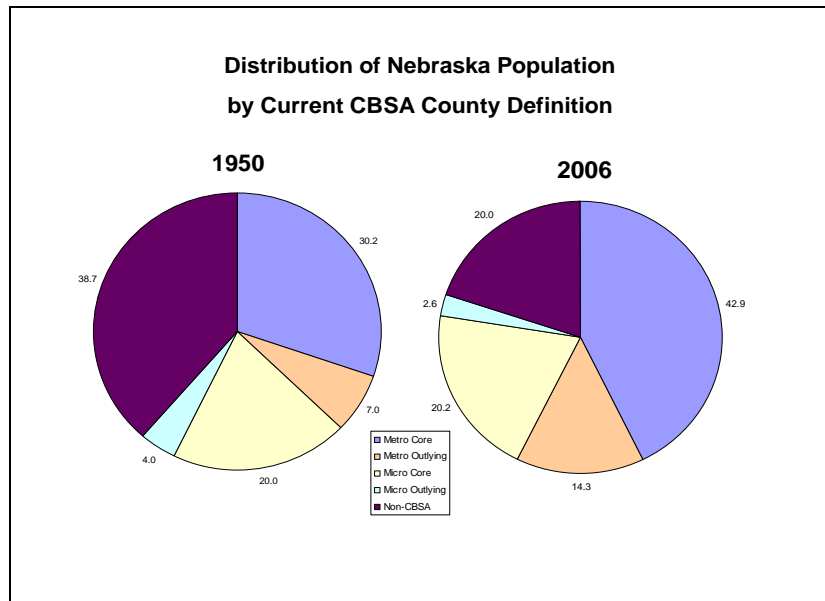
**N**ebraska is currently home to three metropolitan areas based around the core cities of Omaha, Lincoln, and Sioux City, Iowa. (CBSAs can cross state lines if commuting patterns so define them.) The degree to which these counties have come to dominate the demographic and economic landscape of Nebraska is well known and reflects metropolitan dominance nationally. Less well understood is the importance of

the role played by Nebraska's ten micropolitan areas and the 20 counties with which they are associated.

As currently defined, micropolitan areas in Nebraska are based around the core cities of Beatrice, Columbus, Fremont, Grand Island, Hastings, Kearney, Lexington, Norfolk, North Platte, and Scottsbluff. Together, these ten CBSAs are home to approximately 23% of all Nebraskans and 53% of all non-metropolitan Nebraskans (Bureau of the Census, 2007).

## Population

**S**ince 1950, the proportion of the Nebraska population residing in the state's current nine metropolitan counties has increased 20% (from 37.2% to 57.2%). During the same period, the proportion of the population residing in the current 20 micropolitan counties has declined 1% (from 24% to 23%). This decline has resulted primarily from population losses in the micropolitan outlying counties.



For the ten micropolitan core counties the total proportion of the state population has seen a slight increase (0.2%) to 20.2%. This is slightly below the 21.1% of the state population that resided in the micropolitan core counties at their proportional height in 1980.

Still the micropolitan counties have fared much better than the state's 64 non-CBSA counties, which have seen their proportion of the total state population decline nearly 19% in the last 55 years (from 39% to 20%).

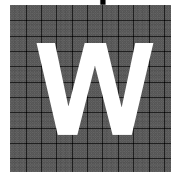
In terms of total population, between 1950 and 2006, the ten micropolitan core counties grew 34.4%, slightly faster than the overall growth of the state (33.4%). During the same period, the much smaller micropolitan outlying counties lost 13.3% of their population, a much smaller decline than that seen in the 64 non-CBSA counties (-31.1%).

**Table 1—Change in Total Population 1950 – 2006**

Area (# Counties)	Population 2006	% Change 1950-2006
Nebraska (93)	1,768,331	33.4
Metro Core (2)	759,138	89.4
Metro Outlying (7)	252,580	171.1
Micro Core (10)	356,900	34.4
Micro Outlying (10)	46,096	-13.3
Non-CBSA (64)	353,617	-31.1

Source: Bureau of the Census

## Micropolitan Economies



While more or less holding their own in terms of the relative size of their populations, micropolitan counties are of increasing importance with regard to their position in non-metropolitan regions of Nebraska. By 2004 - 2005 (the last years for which economic data are available), the 20 counties currently defined as micropolitan represented not only 53% of Nebraska's non-metropolitan population, but also 53% of non-metropolitan total personal income, 58% of all non-metropolitan wage and salary jobs, and 60% of all non-metropolitan wage and salary income.

Since the year 2000, despite uneven performance among the ten micropolitan regions, micropolitan counties have demonstrated the ability to outperform Nebraska's nine metropolitan counties in terms of growth in wage and salary jobs, wage and salary disbursements, total personal income, and average income per wage and salary job.

In fact, only the Lexington micropolitan area failed to outperform the metropolitan average on at least one of these indicators.

To be sure, a large part of non-metropolitan Nebraska's economic success during this time period is attributable to an exceptional year for agriculture in 2004. Relatively robust economic activity in micropolitan areas,

Table 2—Growth in Economic Indicators 2000 - 2004/2005

Metro/Micro Area	% Change			
	Wage & Salary Jobs (2004)	Total Wage & Salary (2005)	Average Wage & Salary (2005)	Total Personal Income (2005)
Nebraska	0.7	19.6	13.9	19.4
Metropolitan Total	0.6	18.5	13.1	18.9
Non-Metropolitan Total	0.8*	22.0*	15.8*	20.3*
Micropolitan Total	1.0*	20.5*	14.1*	18.8
Beatrice Micro	1.5*	22.3*	14.7*	22.3*
Columbus Micro	-4.5	13.2	14.0*	14.3
Fremont Micro	-1.5	12.5	16.9*	13.6
Grand Island Micro	-1.2	19.5*	13.4	20.9*
Hastings Micro	-3.6	13.4	15.7*	14.2
Kearney Micro	4.7*	30.4*	14.9*	23.3*
Lexington Micro	-3.3	13.0	9.9	13.8
Norfolk Micro	6.6*	25.7*	11.6	23.1*
North Platte Micro	5.7*	25.1*	16.9*	20.6*
Scottsbluff Micro	3.0*	23.3*	10.4	16.6

\*Outperformed metropolitan average  
Source: Bureau of Economic Analysis

and especially in the micropolitan core counties, however, also has been an important contributing factor

## Regional Importance

**B**ecause micropolitan core counties account for only ten of Nebraska’s 84 non-metropolitan counties, one might tend to see them as more or less freestanding centers of urban activity, surrounded by an expansive sea of farms.

In reality, these centers anchor a diverse set of regional economies. In that role, the businesses in Nebraska’s micropolitan core counties provide a significant income source for many of their neighbors.

Economic activity in the micropolitan core counties is of special importance to their outlying micropolitan neighbors. As a result of the commuting labor force that defines the outlying counties, they are able to capture wage and salary income dollars far in excess of what their own county economies generate.

According to the Bureau of Economic Analysis (2004), micropolitan core counties export between 2% and 16% of the wage and salary dollars that they produce in the form of money paid to commuters (or remote location employees) residing in other counties. Micropolitan outlying counties, on the other hand, import wage and salary dollars from 9% to as much as 66% in excess of what their own economies produce.

This transfer of wage and salary income through commuting is extremely important for both micropolitan and metropolitan outlying counties and indicates a two-way relationship in which commuters provide vital additions to the labor force of core counties in return for that additional income. These may not be the booming suburbs of Omaha, but micropolitan commuters make an undeniably important contribution to the economic vitality of non-metropolitan Nebraska.

Another 26 counties are adjacent to the micropolitan core county (and not adjacent to a metropolitan core county), but do not achieve the 25% commuting rate required to be included in the CBSA. These counties also benefit from the capture of wage and salary dollars through commuting. Two of those counties (Box Butte and Phelps) were themselves exporters of wage and salary dollars. The remaining 24 captured wage and salary dollars 16% in excess of what their local economies produced (up from 13% in 1995). Eleven of those counties saw benefits of 20% or more.

The benefits of proximity to micropolitan core cities have not been sufficient to stem population decline. The 26 non-micropolitan adjacent counties saw their total population decline 31.1% between 1950 and 2004; only four of those counties (Colfax, Hamilton, Keith, and Phelps) actually grew during that period. These losses were only marginally better than the 36.5% population decline seen in the 35 Nebraska counties that were adjacent to neither a micropolitan nor a metropolitan core county.

## Conclusion

Nebraska's economy has been dominated by Omaha and, to a lesser degree, Lincoln for decades. There is no doubt that the metro share of the economy is growing, driven in large part by suburban growth. Meanwhile the non-metropolitan areas are declining. The only real exception to this pattern is found in the ten micropolitan core counties. From a rural development perspective, that exception is encouraging but also tenuous.

If one thinks of the state as a market, the ten micropolitan core counties have more or less held their market share of population, earnings, and total income over the last fifty years. At the same time the metropolitan core and suburbs have been gaining share essentially at the expense of the most rural portions of the state. As the total non-metropolitan pie shrinks, the portion of that pie belonging to the micropolitan core counties grows by default.

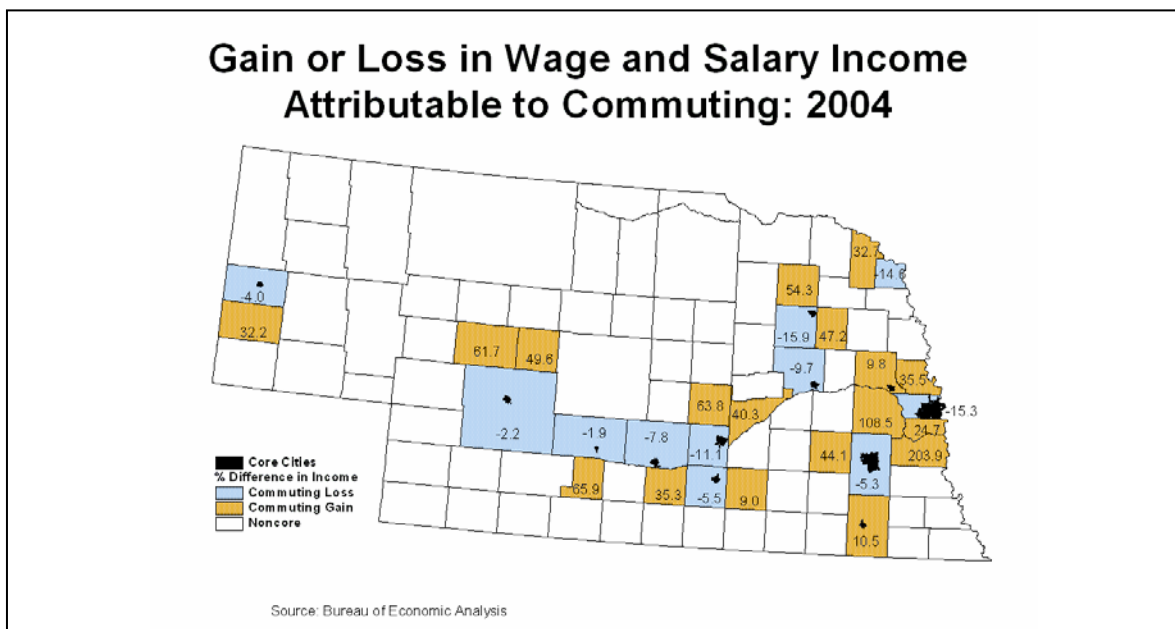
Today, Nebraska's micropolitan core counties play a role in the non-metropolitan economy that is analogous to that played by metropolitan core cities for the state as a whole. Individually, or even collectively, none demonstrate the near hegemony of Omaha. Still, their distribution across Nebraska makes them critical players in the social and economic future of the state. These core counties provide the focus for many of the growth industries identified as economic pillars for rural Nebraska, including manufacturing, trucking, pro-

fessional services, information, and tourism (Thompson, et al., 2006).

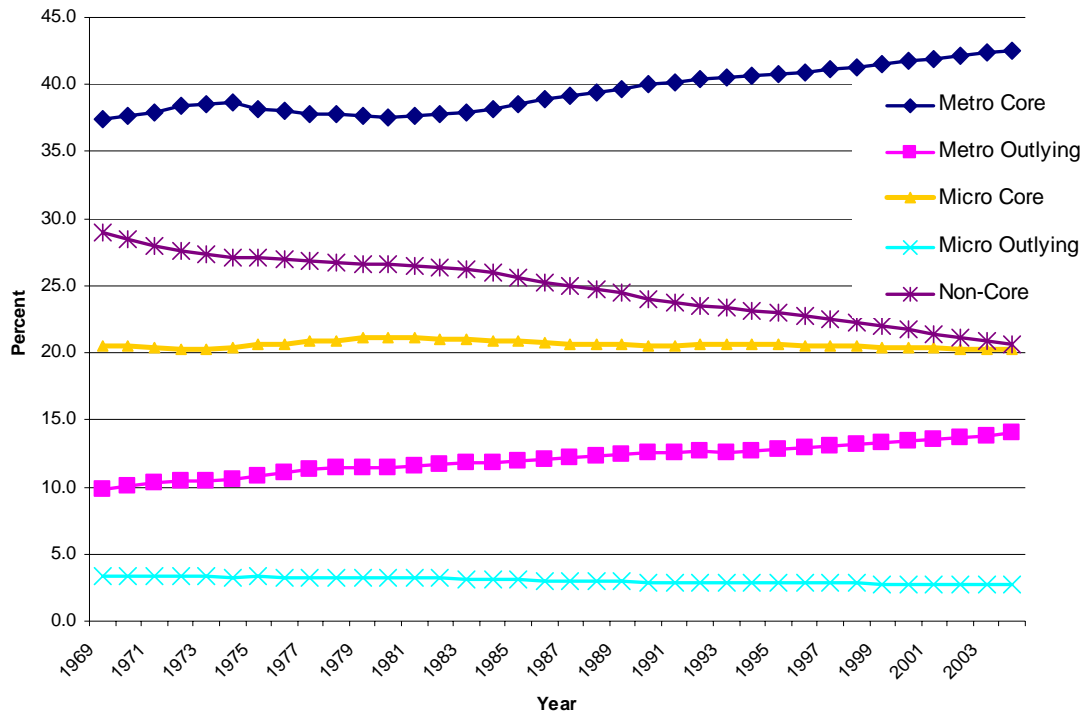
Statistical monitoring of micropolitan influence and change is worthy of similar attention to that given Nebraska's metropolitan centers, but it is also important to recall that these micropolitan areas are in many ways unique regions. These micropolitan areas often follow very specialized developmental paths. It may prove tempting to consider them as a class for programmatic or administrative purposes. Policymakers would be well advised to heed the advice of the Office of Management and Budget that created them and avoid that temptation and instead tailor programs and investments to fit a specific regional context.

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**Percent of State Population by County Type  
Nebraska: 1969 - 2004**



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