Nebraska's Income Growth Continues as Job Growth Slows

John Austin

Bureau of Business Research (BBR)

Nebraskan Business Forecast Council

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John Austin and Members of the Nebraska Business Forecast Council

Overview

Nebraska has not fully participated in the recent upsurge in national economic growth. From the second half of 1999 through the first half of 2000, the nation's Gross Domestic Product, the broadest measure of an economy's performance, grew 6 percent after accounting for inflation. Those who follow the national economy now are wrestling with the problem of whether a soft landing from those unsustainably high rates of growth can be managed, or whether there will be a downturn.

In contrast, Nebraska is wrestling with the problem of anemic growth. The growth rate for Nebraska's nonfarm employment likely has hit bottom in 2000, expanding only 0.5 percent. The growth rate in total nonfarm employment will nearly double in 2001 and increase 1.4 percent in 2002 (Figure 1). All these growth rates are well below the average annual growth of 2.1 percent in the 1990s. The slowdown in growth rates is a direct result of Nebraska's tight labor market. The cure for the labor tightness is an expansion of the labor force. The state's natural population growth adds about 1 percent per year to its working-age population. A more rapid expansion of the labor force must rely on workers being attracted to the state. Creating quality jobs to attract and retain a well-paid workforce that can support the public services it demands must be a paramount goal.

Despite the slowdown in the growth of total employment, Nebraska's nonfarm personal income will continue to expand by about 6 percent per year over the forecast period, 2000-2002. By far, the largest share of the expansion in personal income will be due to an expansion in wage rates that exceeds the rate of inflation. The average annual rate of increase in nonfarm wages is expected to be 5 percent over the forecast period. Nebraska employers who fail to keep pace with the expansion of wage rates will experience
difficulties hiring additional workers and may face labor force losses.

A late infusion of funds into the federal farm payments system in 2000 resulted in a reversal of the previous forecast of net farm income. The revised forecast indicates that net farm income will be $1.9 billion in 2000, 1.8 billion in 2001, and 1.9 billion in 2002. The near-term future of net farm income will rely heavily on federal payments continuing at high levels.

Annual growth in total net taxable retail sales will be near 5 percent in 2000 and 2001, but will rise to 5.5 percent in 2002. The growth rate will maintain its historical relation to nonfarm personal income, which will lead by approximately one percentage point.

Data for 2000 are estimates based, in part, on yearto-date data. In March 2001 the state’s employment data for 2000 will be revised as part of the Nebraska Department of Labor (NDOL) benchmark process. Some additional revisions to the 1999 estimates also may be made. The U. S. Bureau of Economic Analysis (BEA) will first issue an estimate of full year 2000 data1 for Nebraska’s nonfarm personal income in April 2001. That data will undergo several revisions as BEA gathers more information and/or modifies its methodology. In

March 2001 the Nebraska Department of Revenue will issue its first estimate of 2000 annual net taxable retail sales. The annual figure may undergo some revision later.

Nonfarm Employment

Manufacturing

Ernie Goss, Donis Petersan, and Charles Lamphear

Currently, there are approximately 2,100 manufacturing establishments operating in Nebraska that employ over 117,000 workers with an annual payroll of about $3.5 billion. Total manufacturing is divided into durables and nondurables manufacturing. Durables manufacturing includes products that are not immediately consumed, such as refrigerators and farm implements. Nondurables manufacturing includes products that are readily consumed such as newspapers and food products.

The state’s manufacturing employment is about equally split between durables and nondurables manufacturing—52 and 48 percent, respectively. The major employer in the nondurables group, the largest manufacturing employer overall, is food processing that employs nearly 35,000 workers. The distribution of food manufacturing across the state is illustrated in Figure 2. The major employer in the durables group is

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1The data are derived from BEA’s state personal income quarterly estimates program. Official annual estimates are issued with a substantial lag.

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Figure 2

Food and Kindred Products Manufacturing Establishments
industrial machinery and equipment with about 14,000 workers. Farm and garden machinery is the major component in the industrial machinery and equipment industry. The distribution of industrial machinery and equipment is illustrated in Figure 3. The state’s future employment in manufacturing is heavily influenced by employment conditions in these two industries.

In 2001 durables manufacturing is expected to lose about 140 jobs statewide, or about half as many as in 2000 (Table 1, page 4). The forecast for 2002 is stable employment. Recent economic conditions in agriculture and the tight labor market are the main factors affecting job conditions in durables manufacturing. Farmers are not expected to replace farm equipment and implements at rates equal to the mid-1990s. In a tight labor market, more people seek full-time jobs, reducing the total count of part- and full-time jobs. Because of the tight labor market, employers are expected to offer wage increases that exceed expected inflation rates. The forecast for durables manufacturing includes wage increases above inflation in both 2001 and 2002.

The forecast includes a slight increase in job growth in nondurables manufacturing. For the most part, job levels in nondurables manufacturing will depend on continuing availability of low-skilled workers, and only minimal structural changes in the food processing industry. Wage increases above expected inflation rates also are forecast for nondurables manufacturing. In percentage terms, wage increases for nondurables manufacturing workers are expected to exceed those for durables manufacturing workers. Attracting an adequate supply of workers to the state’s large food processing industry will require significant wage increases.

**Construction and Mining**

*John Austin*

Strength in construction remains concentrated in nonresidential building, with Omaha dominating the action. The reconstruction of the downtown business district continues at a furious pace. Substantial projects are ongoing, while new projects are in the planning or ground clearing stages. Notable are Gallup’s newly announced headquarters and the new civic center. Nebraska’s tallest building is still under construction in downtown Omaha. Union Pacific Railroad recently announced plans for a new headquarters building downtown, as well. Nonresidential building activity in the rest of the state is highly variable.

In direct contrast, residential construction remains below year-ago levels even in the Omaha market. Long-term interest rates have fallen in recent months, so there is some

![Figure 3: Industrial Machinery and Equipment Manufacturing Establishments](image-url)
hope that residential construction will recover during the forecast period.

Nebraska's highway construction activity is mostly in the form of rebuilding and updating. The basic funding of highway construction activity is through the gasoline tax. Despite some pressure, Nebraska's gasoline tax was not lowered when oil prices increased sharply in 2000, therefore, the highway fund remains adequate for moderate increases in road construction.

Construction and mining employment growth rates are the highest of any industrial sector. Growth rates will exceed 5 percent per year during the forecast period. In the latter part of the period, residential construction will increase moderately. The ability of Nebraska contractors to attract the workforce needed for their projects is a critical component of the forecast.

The average wage in construction and mining exceeded the rate of inflation from 1995 to 1999. The forecast is that the wage growth rate in construction and mining will exceed the state's nonfarm wage growth rate. In contrast to other industry sectors, construction and mining have been able to attract new workers to the state through increased job opportunities and attractive wages.

It is characteristic of the construction industry that a substantial portion of its workforce is mobile across state boundaries. Laborers readily move to other work sites once projects are completed.

**Transportation, Communication, and Utilities (TCU)**

*Gene Koepke*

Employment in TCU in 2000 is projected to increase 1.5 percent. This represents a slight decrease from the actual growth of 2.8 percent in 1999. Sector growth of 1 percent and 1.5 percent are projected for 2001 and 2002. There will be little change in either communication or utilities employment. Projections for TCU are below the average level of growth of 2.4 percent for the 1990s.

Transportation accounts for nearly 75 percent of total employment in the TCU category—trucking accounts for about 60 percent of transportation. Employment growth in trucking was modest in 2000. Truck Load shipments appear to be softening while the Less than Truck Load (L.T.L.) side of trucking appears to be strengthening. L.T.L. growth may be a function of seasonality in retailing and/or growth in mail order and Internet marketing. Rail employment may undergo some changes since one of the state's carriers made a cut in

### Table 1
Number of Nonfarm Jobs and Percent Changes by Industry Annual Averages (whole numbers)

<table>
<thead>
<tr>
<th>Manufacturing</th>
<th>Const &amp; Mining</th>
<th>TCU*</th>
<th>Retail Trade</th>
<th>Wholesale Trade</th>
<th>FIRE</th>
<th>Services</th>
<th>Federal Gov't</th>
<th>State &amp; Local Gov't</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Durable</td>
<td>Non-</td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>Federal</td>
<td>State</td>
</tr>
<tr>
<td>1999</td>
<td>906,027</td>
<td>58,848</td>
<td>60,653</td>
<td>44,390</td>
<td>57,426</td>
<td>159,943</td>
<td>55,419</td>
<td>60,932</td>
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<tr>
<td>2000</td>
<td>910,929</td>
<td>56,564</td>
<td>60,653</td>
<td>46,610</td>
<td>58,287</td>
<td>158,344</td>
<td>55,807</td>
<td>61,541</td>
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<tr>
<td>2002</td>
<td>931,525</td>
<td>56,422</td>
<td>60,957</td>
<td>51,976</td>
<td>59,753</td>
<td>159,927</td>
<td>56,310</td>
<td>64,341</td>
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</table>

**Annual Percent Changes**

<table>
<thead>
<tr>
<th></th>
<th>Manufacturing</th>
<th>Const &amp; Mining</th>
<th>TCU*</th>
<th>Retail Trade</th>
<th>Wholesale Trade</th>
<th>FIRE</th>
<th>Services</th>
<th>Federal Gov't</th>
<th>State &amp; Local Gov't</th>
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</thead>
<tbody>
<tr>
<td>1997</td>
<td>2.5</td>
<td>3.6</td>
<td>0.6</td>
<td>5.1</td>
<td>6.5</td>
<td>0.2</td>
<td>3.4</td>
<td>3.0</td>
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<tr>
<td>1998</td>
<td>2.2</td>
<td>1.3</td>
<td>3.6</td>
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<td>6.1</td>
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</tr>
<tr>
<td>1999</td>
<td>1.6</td>
<td>-1.1</td>
<td>-1.1</td>
<td>5.1</td>
<td>2.8</td>
<td>1.6</td>
<td>1.3</td>
<td>5.1</td>
<td>2.1</td>
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<tr>
<td>2000</td>
<td>0.5</td>
<td>-0.5</td>
<td>0.0</td>
<td>5.0</td>
<td>1.5</td>
<td>-1.0</td>
<td>0.7</td>
<td>1.0</td>
<td>0.6</td>
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<tr>
<td>2001</td>
<td>0.9</td>
<td>-0.3</td>
<td>0.3</td>
<td>5.5</td>
<td>1.0</td>
<td>0.0</td>
<td>0.3</td>
<td>2.0</td>
<td>1.4</td>
</tr>
<tr>
<td>2002</td>
<td>1.4</td>
<td>0.0</td>
<td>0.3</td>
<td>5.7</td>
<td>1.5</td>
<td>1.0</td>
<td>0.6</td>
<td>2.5</td>
<td>2.0</td>
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**Average Annual Growth Rates**

<table>
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<th>Const &amp; Mining</th>
<th>TCU*</th>
<th>Retail Trade</th>
<th>Wholesale Trade</th>
<th>FIRE</th>
<th>Services</th>
<th>Federal Gov't</th>
<th>State &amp; Local Gov't</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990 to 1992</td>
<td>-1.7</td>
<td>4.5</td>
<td>2.0</td>
<td>1.0</td>
<td>1.2</td>
<td>-1.0</td>
<td>1.0</td>
<td>2.1</td>
<td>-4.3</td>
</tr>
<tr>
<td>1992 to 1995</td>
<td>4.8</td>
<td>2.7</td>
<td>6.6</td>
<td>1.7</td>
<td>3.3</td>
<td>0.3</td>
<td>2.1</td>
<td>4.4</td>
<td>-3.8</td>
</tr>
<tr>
<td>1995 to 1998</td>
<td>1.3</td>
<td>1.0</td>
<td>5.4</td>
<td>3.7</td>
<td>1.4</td>
<td>1.2</td>
<td>3.7</td>
<td>3.6</td>
<td>-1.7</td>
</tr>
<tr>
<td>1998 to 1999</td>
<td>1.8</td>
<td>2.3</td>
<td>5.0</td>
<td>2.4</td>
<td>2.0</td>
<td>0.4</td>
<td>2.6</td>
<td>3.5</td>
<td>-3.0</td>
</tr>
</tbody>
</table>

Federal government column has been revised to include military.

*Transportation, Communication, & Utilities*
Table 2
Nonfarm Personal Income and Selected Components and Net Farm Income (USDA)
($ millions)

<table>
<thead>
<tr>
<th></th>
<th>Annual Averages</th>
<th>Annual Percent Changes</th>
<th>Average Annual Growth Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nonfarm Personal Income</td>
<td>DIR'</td>
<td>Transfer Payments</td>
</tr>
<tr>
<td>1997</td>
<td>39,056</td>
<td>8,397</td>
<td>5,186</td>
</tr>
<tr>
<td>1998</td>
<td>41,393</td>
<td>8,863</td>
<td>5,472</td>
</tr>
<tr>
<td>1999</td>
<td>43,585</td>
<td>9,240</td>
<td>5,678</td>
</tr>
<tr>
<td>2000</td>
<td>46,152</td>
<td>9,840</td>
<td>5,962</td>
</tr>
<tr>
<td>2001</td>
<td>48,946</td>
<td>10,480</td>
<td>6,260</td>
</tr>
<tr>
<td>2002</td>
<td>52,020</td>
<td>11,161</td>
<td>6,573</td>
</tr>
</tbody>
</table>

|                | 5.3  | 5.1  | 4.3  | 7.0  | -2.9 | 4.3  | -39.7 |
| 1997           | 6.0  | 5.5  | 5.5  | 6.5  | 1.9  | 7.2  | -11.4 |
| 1998           | 5.3  | 4.3  | 3.8  | 6.1  | 3.3  | 7.1  | -9.9  |
| 1999           | 5.9  | 6.5  | 5.0  | 5.7  | 4.0  | 8.5  | 16.6  |
| 2000           | 6.1  | 6.5  | 5.0  | 6.0  | 4.1  | 8.0  | -5.2  |
| 2001           | 6.3  | 6.5  | 5.0  | 6.5  | 4.2  | 7.5  | 4.1   |
| 2002           | 5.9  | 6.5  | 5.0  | 5.9  | 3.6  | 7.4  | -4.5  |

Note: The nonfarm personal income and net farm income columns are from different sources. The two columns do not add to total personal income. Data shown exclude adjustments for place of residence and personal contributions for social insurance.

Dividends, Interest, and Rent

Further, retail employment is sensitive to economic growth. The retail sector likely will overcome the labor shortages by improving productivity and by increasing wages.

A decrease of 1 percent is estimated in 2000. In 2001 the decrease will halt, followed by a small improvement in employment growth of 1 percent in 2002. The growth rate in retail wages will exceed the rate of inflation, and will be close to the growth rate for the state's nonfarm wages over the forecast period.

Wholesale Trade
Bryan Skalberg
Changes in wholesale trade employment remain difficult to predict. The safest prediction is that employment growth in the near future will be flat. The slow growth may be attributed to a trend toward acquisitions and mergers.

In 2000 the employment gain is expected to be 0.7 percent. For the remainder of the forecast period, employment growth will be near 0.5 percent per year. Growth rates in average wages in wholesale trade will exceed inflation and will roughly parallel growth rates in retail trade employment.
Finance, Insurance, and Real Estate (FIRE)

Keith Turner

Nebraska experienced strong growth in FIRE employment during 1999, but more moderate growth is predicted in the next few years. The growth varies considerably among the three main components of the sector. Growth can best be understood within the context of the changing structure of the sector.

The finance component of the FIRE sector has two subsectors, depository institutions and nondepository institutions. Employment in depository institutions includes those working in traditional banks and related settings such as savings and loan companies and credit unions. Nondepository employment includes jobs in holding and investment offices, security and commodity brokers, and related financial planners and management firms.

Nebraska’s FIRE sector employment grew at an annual rate of 5.1 percent from 1998 to 1999. The finance component improved by 9.1 percent. Depository institutions grew 4.6 percent while the nondepository portion grew at a faster pace—19.9 percent per year. The nondepository institution category increased its share of the finance component. The much faster pace of nondepository institution employment is primarily fueled by expansion of the security and commodity brokers industry, mirroring the growth in this expanding segment of the industry at the national level. Nationally, security and commodity brokers are among the top 10 fastest growing industries. The rapid pace in this subsector in Nebraska also ranks high.

The insurance component of the FIRE category grew 1.4 percent from 1998 to 1999, or about half the pace of the earlier year. The insurance component has two subsectors—insurance carriers and insurance agents. Changes are taking place in the insurance carrier area as firms seek to find the best service packages they can provide. Acquisitions and mergers with out-of-state companies affect the jobs provided to instate employees as firms expand and contract in different regions. From 1998 to 1999 the insurance carrier subsector grew 1.8 percent and the insurance agents subsector showed virtually no growth.

The real estate component of the FIRE sector has shown a steady pace of employment growth, slightly above 5 percent in the last three years. The change from 1998-1999 was 5.3 percent. Both insurance and real estate employment growth rates slowed in 2000.

The future rates of increase in FIRE employment are likely to be lower than in the recent past because the national economy likely will slow somewhat, and there may be labor shortage constraints that will curtail employment growth. The recent decline in the stock market has brought about a decline in expectations, so some curtailment of wealth-effect spending is expected. These factors brought about a slowdown in the rate of increase in the latest year-to-date data. The FIRE sector is expected to grow 1 percent in 2000, 2 percent in 2001, and 2.5 percent in 2002. The FIRE sector can be influenced by both stock market volatility and Federal Reserve monetary policy.

FIRE sector wages will grow faster than the rate of inflation and will be close to the growth rate of nonfarm wages over the forecast period. Even if FIRE employment gains slacken from the predicted values, wage rates will still grow, due to the overall tight labor market.

Services

Tom Doering

The large and diverse services sector will account for over a quarter million jobs in Nebraska in 2001. Employment in services has a long stretch of annual increases—a trend that is projected to continue. But, with an estimated employment gain of 0.6 percent in 2000, growth in this sector has slowed from previous years, particularly in rural Nebraska. Better gains in services jobs are expected in ensuing years—1.4 percent in 2001 and 2.0 percent in 2002.

A tight labor supply is an important factor that limits potential employment growth statewide. In some parts of the services sector, particularly business services, a response to the growing shortage of workers is increasing substitution of technology for labor. Wages are rising significantly throughout the sector. Wages for services jobs have risen faster than wages for total nonfarm employment in recent years, and are expected to continue to do so.

Health services, the largest industry in the services sector, is adding jobs at a faster rate than services in general. The number of persons age 55 and older is growing at a much faster rate than the total population, and they are spending an increasing share of income on health care. Likewise, social services employment is rising at an above-average rate. The demand for child day care services remains strong and various family services also are growing rapidly.
Travel-related services, including hotels/other lodging, and amusement/recreation services, have benefited from rising discretionary income among residents and visitors. Highway traffic counts on Interstate 80 and other major highways in the state are up slightly from year-ago levels. Occupancy rates in Nebraska's lodging industry declined slightly in 2000, because rooms were added at a faster pace than growth in customers.

Demand for increasing labor productivity is stimulating increasing innovation in engineering and management services. These innovations are applied in business services, including advertising, computer and data processing services, equipment rental/leasing, etc., creating big gains in output despite slowing employment growth.

**Government**

*John Austin*

The federal government employment data in Table 1 now includes military employment. For the last decade, federal government employment in Nebraska has decreased each year with only one exception. There was a temporary interruption in the downward trend in the 2000 data. In May 2000 there was a runup in employment due to the hiring of temporary Census workers. The runup was large enough to keep the annual 2000 federal government employment levels from decreasing. In 2001 and 2002 the long-term downward trend is expected to resume. The forecast can be invalidated by an arbitrary decision to transfer federal workers to or from Nebraska.

State and local government employment has been on a tight leash for some time now. State law requires that local governments curb taxation. Those restrictions should lead to a reduced growth rate in local government employment. State government hiring has been restricted, as well, and yet state and local government employment continues to expand. The forecast calls for a continued moderate expansion of the total of state and local government employees. Wage rate growth for government employees will exceed the rate of inflation, but likely will lag gains in other employment categories.

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The exception was 1997 when federal government employment in Nebraska grew 0.3 percent. The average annual rate of decrease over the decade was 2.7 percent.

Combining BEA data for wages and salaries by industry with NDOL data for employment by industry created wage rates for various industry groups. This hybrid definition allowed a direct estimate of total wages and salaries in the nonfarm personal income table that was fully compatible with the employment forecast.

**Nonfarm Personal Income**

*John Austin*

The forecast of employment levels and wage rates developed in the nonfarm employment section of this report combine to form a forecast of wages and salaries. Nonfarm wages and salaries are approximately 60 percent of nonfarm personal income. Nonfarm wages and salaries increased 5.7 percent in 2000 and will increase 6 percent in 2001 and 6.5 percent in 2002. Most of the increase is due to advances in wage rates in excess of the rate of inflation. Such advances in wage rates can continue only as long as productivity advances make up the differences between the wage rate advances and the rates of inflation. If productivity fails to keep pace, employers will be unable to increase wages at predicted levels without further inflationary pressure. The forecast for nonfarm personal income and its major components is presented in Table 2.

The fastest growing part of nonfarm personal income is nonfarm proprietors' income. This group includes small businesses and some professionals. Nonfarm proprietors' income is expected to grow 8.5 percent in 2000, 8 percent in 2001, and 7.5 percent in 2002.

Another area of relatively rapid growth is in dividends, interest, and rent. With a turnaround in interest rates from their low points in 1999, this category should grow 6.5 percent per year over the forecast period. This forecast is somewhat tempered by widespread speculation that the Federal Reserve will reduce interest rates in order to provide a soft landing for an overheated economy.

Other labor income, primarily benefits paid to employees, will advance at about 4 percent per year over the forecast period. While this rate of growth is not impressive compared to other growth rates, it does represent a moderate turnaround for the category. The growth rate of benefits has lagged the growth rate of wages and salaries since 1992.
Farm Income
Bruce Johnson

Despite adverse weather conditions over much of the state during the crop year, higher input costs, and persistently low crop prices, Nebraska’s 2000 aggregate net farm income likely will show some improvement over 1999 levels. Net farm income is forecast to be $1.9 billion for 2000, up about $275 million, or nearly 17 percent from a year earlier. Still, this forecast level is 12 percent below the 1990s annual average.

The bulk of the improvement over year-ago levels is attributed to greater farm commodity program payments, including an additional dollar transfusion of about $300 million in the fall. All told, direct government payments to the state’s farming sector are expected to be $1.4 billion for the calendar year—about 75 percent of total net farm income.

Relatively strong markets for cattle and hog producers during 2000, as well as post-harvest increases in cash grain prices that reflect recent improvement in U.S. exports, have contributed to the income situation.

The outlook for 2001 is precarious because of the scheduled phase-down of farm program payments through 2002. Net farm income for 2001 is forecast to be $1.8 billion, down about 5 percent from 2000. Income levels for grain producers likely will remain marginal through 2001, unless U.S. crop exports rebound to take up the slack. Since Nebraska remains in a moisture-deficit condition, weather related problems could impact 2001 crops. Livestock producers should continue to operate profitably amid cautious optimism for expanding meat exports in the next few years.

Looking forward to 2002, the final year of the current farm program, global economic recovery is expected to increase exports and provide some positive influence on major crop commodity prices. Under normal crop production weather patterns, 2002 market patterns should compensate for further government payment reductions, and produce a 4 percent increase in aggregate net farm income for the year.

Net Taxable Retail Sales
Franz Schwarz

Year-to-date data (January-August 2000) suggest that other net taxable retail sales grew 4.3 percent and motor vehicle net taxable retail sales grew 5.2 percent in 2000 over year-ago levels. The main factors that influence net taxable retail sales are the state of the economy, demographics, and consumer sentiment. Motor vehicle net taxable retail sales also are impacted by the increasing consumer preference to lease instead of purchase.

The Nebraska economy is expected to slow down compared to either the mid- or late-1999 periods, but will perform fairly well during the forecast period with low unemployment, expectations of reasonable wage increases, and improvements of the agricultural production sector. The negative forces affecting net taxable retail sales for the near future are Nebraska’s slow population growth, the declining wealth effect of the stock market, and the increase in on-line sales.

The 2000 total net taxable retail sales forecast is dampened by a lower than expected year-to-date figure of 4.3 percent. The annual growth in 2000 is estimated to be 4.6 percent. Total net taxable retail sales are expected to achieve growth rates of 5.4 percent in 2001 and 5.5 percent in 2002, only slightly lower than the growth rate of 5.6 percent in the 1990s (Table 3).

<table>
<thead>
<tr>
<th>Table 3</th>
<th>Net Taxable Retail Sales, Annual Totals ($ millions)</th>
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<td>20,650</td>
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<td>21,756</td>
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<td>2002</td>
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<td>1995 to 1999</td>
<td>5.6</td>
</tr>
<tr>
<td>1990 to 1999</td>
<td>5.2</td>
</tr>
</tbody>
</table>

*Leased motor vehicles sales are not included in motor vehicle net taxable retail sales, but are considered as rentals and are defined as other net taxable retail sales.
*On-line sales are not captured in the net taxable sales figures.
BBR is grateful for the help of the Nebraska Business Forecast Council. Serving this session were: Tom Doering, Department of Economic Development; Ernie Goss, Department of Economics and Finance, Creighton University; Bruce Johnson, Department of Agricultural Economics, UNL; Gene Koepke, Department of Management and Marketing, UNK; Donis Petersan, Nebraska Public Power District; Franz Schwarz, Nebraska Department of Revenue; Bryan Skalberg, Nebraska Department of Labor; Keith Turner, Department of Economics, UNO (emeritus); Charles Lamphear and John Austin, BBR.

Nebraska Stats

Total Nonfarm Wage & Salary Employment

Unemployment Rate

Note: All 1999 and 2000 monthly employment data are considered estimates until benchmarked. Data shown for 1999 and 2000 are the most current revised estimates available. Final benchmarked monthly data for 1999 are expected to be released by the Nebraska Department of Labor in mid-2000.

Cash Receipts—Crops

Cash Receipts—Livestock

Business in Nebraska (BIN) January 2001
### Net Taxable Retail Sales* for Nebraska Cities ($000)

<table>
<thead>
<tr>
<th>City</th>
<th>August 2000 ($000)</th>
<th>YTD ($000)</th>
<th>YTD % Change vs Yr. Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Statewide</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sum</td>
<td>4,131,031</td>
<td>3,966,709</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

*Does not include motor vehicle sales. Motor vehicle net taxable retail sales are reported by county only.

Source: Nebraska Department of Revenue

January 2001

Business in Nebraska (BIN)
## Net Taxable Retail Sales for Nebraska Counties ($000)

<table>
<thead>
<tr>
<th>Motor Vehicle Sales</th>
<th>Other Sales</th>
<th>Motor Vehicle Sales</th>
<th>Other Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2000 (000)</td>
<td>YTD % Chg. vs. Yr. Ago</td>
<td>August 2000 (000)</td>
<td>YTD % Chg. vs. Yr. Ago</td>
</tr>
<tr>
<td>Nebraska 238,877 1,794,902 5.3</td>
<td>1,498,334 11,483,484 4.3</td>
<td>Howard 977 7,261 13.0</td>
<td></td>
</tr>
<tr>
<td>Adams 3,962 30,716 2.5</td>
<td>22,794 174,031 2.2</td>
<td>Jefferson 1,173 9,401 9.6</td>
<td></td>
</tr>
<tr>
<td>Antelope 970 8,111 4.7</td>
<td>2,060 16,811 -2.0</td>
<td>Johnson 726 4,357 -7.5</td>
<td></td>
</tr>
<tr>
<td>Arthur 80 552 -16.2</td>
<td>(D) (D) (D)</td>
<td>Kearney 929 8,316 9.3</td>
<td></td>
</tr>
<tr>
<td>Banner 215 1,188 44.2</td>
<td>(D) (D) (D)</td>
<td>Keith 1,548 11,669 7.7</td>
<td></td>
</tr>
<tr>
<td>Blaine 153 1,127 82.1</td>
<td>(D) (D) (D)</td>
<td>Keysa Paha 37 1,307 55.6</td>
<td></td>
</tr>
<tr>
<td>Boone 857 7,330 18.1</td>
<td>2,229 16,984 -3.6</td>
<td>Kimball 480 5,436 29.2</td>
<td></td>
</tr>
<tr>
<td>Box Butte 1,571 12,628 3.3</td>
<td>6,357 48,256 -1.3</td>
<td>Knox 1,025 9,800 19.8</td>
<td></td>
</tr>
<tr>
<td>Boyd 366 2,159 8.5</td>
<td>494 4,368 1.6</td>
<td>Lancaster 33,588 235,387 4.9</td>
<td></td>
</tr>
<tr>
<td>Brown 547 4,241 19.7</td>
<td>1,992 13,257 -11.0</td>
<td>Lincoln 5,034 36,148 -1.4</td>
<td></td>
</tr>
<tr>
<td>Buffalo 5,958 45,009 11.0</td>
<td>42,800 303,504 7.0</td>
<td>Logan 101 1,210 20.6</td>
<td></td>
</tr>
<tr>
<td>Butler 1,065 8,465 7.0</td>
<td>2,520 17,957 -9.9</td>
<td>Loup 87 748 31.2</td>
<td></td>
</tr>
<tr>
<td>Butler 1,196 8,451 -9.8</td>
<td>2,254 16,084 6.9</td>
<td>McPherson 175 790 42.9</td>
<td></td>
</tr>
<tr>
<td>Cass 4,742 29,813 -2.7</td>
<td>7,666 53,449 0.8</td>
<td>Madison 4,356 34,147 1.7</td>
<td></td>
</tr>
<tr>
<td>Cedar 1,394 11,370 17.3</td>
<td>2,572 19,663 -5.6</td>
<td>Merrick 1,190 8,940 5.6</td>
<td></td>
</tr>
<tr>
<td>Chase 785 6,180 16.4</td>
<td>2,244 17,485 -6.6</td>
<td>Morrison 728 6,572 7.7</td>
<td></td>
</tr>
<tr>
<td>Cherry 1,236 7,330 8.5</td>
<td>5,115 36,418 4.4</td>
<td>Nance 601 4,391 14.5</td>
<td></td>
</tr>
<tr>
<td>Cheyenne 1,503 13,301 15.9</td>
<td>11,922 75,377 10.1</td>
<td>Nemaha 1,000 7,980 2.4</td>
<td></td>
</tr>
<tr>
<td>Clay 802 8,695 8.5</td>
<td>2,047 16,927 -1.7</td>
<td>Nemaha 1,480 14,491 12.0</td>
<td></td>
</tr>
<tr>
<td>Colfax 1,356 10,290 5.5</td>
<td>2,768 21,353 5.1</td>
<td>Nebraska 238,877 3,249 24,481</td>
<td></td>
</tr>
<tr>
<td>Cuming 1,464 12,155 22.0</td>
<td>5,078 37,896 0.9</td>
<td>Perkins 685 4,977 3.9</td>
<td></td>
</tr>
<tr>
<td>Custer 1,708 13,535 20.8</td>
<td>4,954 39,668 7.0</td>
<td>Phelps 1,458 11,802 6.3</td>
<td></td>
</tr>
<tr>
<td>Dakota 2,237 19,671 1.8</td>
<td>9,278 70,123 2.4</td>
<td>Pierce 946 8,259 7.9</td>
<td></td>
</tr>
<tr>
<td>Dawes 1,143 7,360 7.0</td>
<td>6,661 43,247 3.3</td>
<td>Platte 4,010 38,649 3.4</td>
<td></td>
</tr>
<tr>
<td>Dawson 3,069 28,243 26.1</td>
<td>14,245 108,481 6.0</td>
<td>Polk 890 7,912 21.2</td>
<td></td>
</tr>
<tr>
<td>Deuel 236 2,836 35.2</td>
<td>1,144 8,550 2.3</td>
<td>Red Willow 1,629 13,530 15.3</td>
<td></td>
</tr>
<tr>
<td>Dixon 887 6,524 1.6</td>
<td>910 5,827 -22.0</td>
<td>Richardson 973 9,122 8.6</td>
<td></td>
</tr>
<tr>
<td>Dodge 4,544 36,955 6.1</td>
<td>25,181 204,484 5.7</td>
<td>Rock 363 2,525 35.7</td>
<td></td>
</tr>
<tr>
<td>Douglas 62,324 444,395 0.0</td>
<td>526,546 4,028,116 3.4</td>
<td>Saline 1,598 13,862 11.1</td>
<td></td>
</tr>
<tr>
<td>Duffy 442 3,012 7.4</td>
<td>630 4,830 6.4</td>
<td>Sarpy 19,867 136,946 7.0</td>
<td></td>
</tr>
<tr>
<td>Fillmore 936 8,336 26.8</td>
<td>2,289 18,725 -4.5</td>
<td>Saunders 2,903 23,750 6.6</td>
<td></td>
</tr>
<tr>
<td>Franklin 473 3,945 13.0</td>
<td>741 6,316 1.0</td>
<td>Scotts Bluff 4,616 37,329 12.4</td>
<td></td>
</tr>
<tr>
<td>Frontier 511 3,960 17.1</td>
<td>732 5,208 1.5</td>
<td>Seward 2,279 16,920 2.7</td>
<td></td>
</tr>
<tr>
<td>Furnas 911 6,644 23.7</td>
<td>2,473 17,630 4.3</td>
<td>Sheridan 978 6,813 17.5</td>
<td></td>
</tr>
<tr>
<td>Gage 2,748 23,210 10.7</td>
<td>13,283 102,822 10.0</td>
<td>Sherman 428 3,275 2.5</td>
<td></td>
</tr>
<tr>
<td>Garden 379 2,476 8.5</td>
<td>640 5,048 0.7</td>
<td>Sioux 244 2,171 8.4</td>
<td></td>
</tr>
<tr>
<td>Garfield 190 1,732 -6.5</td>
<td>970 3,655 7.0</td>
<td>Stanton 789 6,011 6.1</td>
<td></td>
</tr>
<tr>
<td>Gosper 397 3,087 18.3</td>
<td>406 2,688 -32.3</td>
<td>Thayer 838 6,950 14.9</td>
<td></td>
</tr>
<tr>
<td>Grant 217 1,233 3.0</td>
<td>223 2,012 10.9</td>
<td>Thomas 130 1,166 20.6</td>
<td></td>
</tr>
<tr>
<td>Greeley 369 2,884 9.5</td>
<td>754 5,175 1.4</td>
<td>Thurston 485 3,385 3.8</td>
<td></td>
</tr>
<tr>
<td>Hall 7,953 57,031 10.6</td>
<td>58,911 442,129 7.2</td>
<td>Valley 656 5,043 18.7</td>
<td></td>
</tr>
<tr>
<td>Hamilton 1,545 11,952 9.4</td>
<td>2,691 21,182 -9.2</td>
<td>Washington 3,249 24,481 0.0</td>
<td></td>
</tr>
<tr>
<td>Harlan 684 4,056 -5.7</td>
<td>825 6,479 -10.3</td>
<td>Wayne 1,114 9,073 12.3</td>
<td></td>
</tr>
<tr>
<td>Hayes 225 1,806 15.9</td>
<td>(D) (D) (D)</td>
<td>Webster 557 4,679 21.8</td>
<td></td>
</tr>
<tr>
<td>Hitchcock 488 4,804 31.1</td>
<td>676 4,901 4.6</td>
<td>Wheeler 149 1,239 23.9</td>
<td></td>
</tr>
<tr>
<td>Holt 1,661 13,607 13.9</td>
<td>6,627 49,111 6.1</td>
<td>York 1,878 16,368 12.0</td>
<td></td>
</tr>
<tr>
<td>Hooker 109 961 4.0</td>
<td>743 3,159 13.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Totals may not add due to rounding
(D) Denotes disclosure suppression

Source: Nebraska Department of Revenue

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### Note on Net Taxable Retail Sales

Users of this series should be aware that taxable retail sales are not generated exclusively by traditional outlets such as clothing, discount, and hardware stores. While businesses classified as retail trade firms account for, on average, slightly more than half of total taxable sales, sizable portions of taxable sales are generated by service establishments, electric and gas utilities, wholesalers, telephone and cable companies, and manufacturers.

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*Business in Nebraska (BIN)*

January 2001
Regional Nonfarm Wage and Salary Employment* 1998 to August** 2000

Note to Readers
The charts on pages 8 and 9 report nonfarm employment by place of work for each region.
Regional Nonfarm Wage and Salary Employment* 1998 to August** 2000

**Note:** All 1999 and 2000 monthly employment data are considered estimates until benchmarked. Data shown for 1999 and 2000 are the most current revised estimates available. Final benchmarked monthly data for 1999 are expected to be released by the Nebraska Department of Labor in mid-2000.

Source: Nebraska Department of Labor, Labor Market Information - Kathy Copas and Tammy Johnson

*By place of work

**Current month data are preliminary and subject to revision

Business in Nebraska (BIN) January 2001
August 2000 Regional Retail Sales ($000)
YTD Change vs Yr. Ago

<table>
<thead>
<tr>
<th>Region</th>
<th>Total</th>
<th>YTD % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northwest Panhandle</td>
<td>19,792</td>
<td>1.4</td>
</tr>
<tr>
<td>North Central</td>
<td>19,214</td>
<td>5.4</td>
</tr>
<tr>
<td>South Central Panhandle</td>
<td>53,256</td>
<td>5.8</td>
</tr>
<tr>
<td>West Central</td>
<td>45,441</td>
<td>2.8</td>
</tr>
<tr>
<td>East Central</td>
<td>16,065</td>
<td>5.8</td>
</tr>
<tr>
<td>Northeast</td>
<td>141,123</td>
<td>3.9</td>
</tr>
<tr>
<td>Delta Central</td>
<td>93,152</td>
<td>2.6</td>
</tr>
<tr>
<td>Southeast MSA</td>
<td>269,438</td>
<td>5.4</td>
</tr>
<tr>
<td>Omaha MSA</td>
<td>678,466</td>
<td>3.5</td>
</tr>
<tr>
<td>Lincoln MSA</td>
<td>11,515</td>
<td>-1.5</td>
</tr>
</tbody>
</table>

State Total* 1,737,211 4.4

*Regional values may not add to state total due to unallocated sales
Source: Nebraska Department of Revenue

State Nonfarm Wage & Salary Employment by Industry*

<table>
<thead>
<tr>
<th>Industry</th>
<th>September 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>888,879</td>
</tr>
<tr>
<td>Construction &amp; Mining</td>
<td>46,682</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>116,367</td>
</tr>
<tr>
<td>Durables</td>
<td>55,850</td>
</tr>
<tr>
<td>Nondurables</td>
<td>60,517</td>
</tr>
<tr>
<td>TCU**</td>
<td>57,496</td>
</tr>
<tr>
<td>Trade</td>
<td>210,498</td>
</tr>
<tr>
<td>Wholesale</td>
<td>54,321</td>
</tr>
<tr>
<td>Retail</td>
<td>156,177</td>
</tr>
<tr>
<td>FIRE***</td>
<td>60,833</td>
</tr>
<tr>
<td>Services</td>
<td>244,317</td>
</tr>
<tr>
<td>Government</td>
<td>152,686</td>
</tr>
</tbody>
</table>

*By place of work
**Transportation, Communication, and Utilities
***Finance, Insurance, and Real Estate
Source: Nebraska Department of Labor, Labor Market Information

Consumer Price Index

<table>
<thead>
<tr>
<th>Index</th>
<th>October 2000</th>
<th>Change vs Yr. Ago</th>
<th>YTD % Change vs Yr. Ago (inflation rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Items</td>
<td>174.0</td>
<td>3.4</td>
<td>3.3</td>
</tr>
<tr>
<td>Commodities</td>
<td>150.4</td>
<td>2.7</td>
<td>3.4</td>
</tr>
<tr>
<td>Services</td>
<td>197.6</td>
<td>3.9</td>
<td>3.3</td>
</tr>
</tbody>
</table>

*U = All urban consumers
Source: U.S. Bureau of Labor Statistics

State Labor Force Summary*

<table>
<thead>
<tr>
<th>Category</th>
<th>September 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Force</td>
<td>929,344</td>
</tr>
<tr>
<td>Employment</td>
<td>907,873</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>2.3</td>
</tr>
</tbody>
</table>

*By place of residence
Source: Nebraska Department of Labor, Labor Market Information

Note: All 2000 monthly employment and labor force data are considered estimates until benchmarked. Data shown for 2000 are the most current revised estimates available. Final benchmarked monthly data for 2000 are expected to be released by the Nebraska Department of Labor in mid-2001.
County of the Month

Butler
David City—County Seat

License plate prefix number: 25
Size of county: 584 square miles, ranks 44th in the state
Population: 8,607 in 1999, a change of 0.4 percent from 1990
Per capita personal income: $21,035 in 1998, ranks 48th in the state
Net taxable retail sales ($000): $37,617 in 1999, a change of 4.7 percent from 1998 $24,535 from January through August of 2000, a change of 0.6 percent from the same period the previous year.
Unemployment rate: 3.0 percent in Butler County, 2.9 percent in Nebraska in 1999

<table>
<thead>
<tr>
<th>Nonfarm employment (1999)</th>
<th>State</th>
<th>Butler County</th>
</tr>
</thead>
<tbody>
<tr>
<td>(wage &amp; salary)</td>
<td>890,821</td>
<td>2,170</td>
</tr>
<tr>
<td>(percent of total)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction and Mining</td>
<td>5.0</td>
<td>3.3</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>13.2</td>
<td>21.0</td>
</tr>
<tr>
<td>TCU</td>
<td>6.4</td>
<td>2.9</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>6.2</td>
<td>6.4</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>18.0</td>
<td>17.9</td>
</tr>
<tr>
<td>FIRE</td>
<td>6.8</td>
<td>4.1</td>
</tr>
<tr>
<td>Services</td>
<td>27.3</td>
<td>18.6</td>
</tr>
<tr>
<td>Government</td>
<td>17.1</td>
<td>27.7</td>
</tr>
</tbody>
</table>

Agriculture:
Number of farms: 804 in 1997; 805 in 1992; 961 in 1987
Average farm size: 440 acres in 1997; 417 acres in 1992
Market value of farm products sold: $102.5 million in 1997 ($127,451 average per farm); $87.1 million in 1992 ($108,178 average per farm)

Sources: U.S. Bureau of the Census, U.S. Bureau of Economic Analysis, Nebraska Department of Labor, Nebraska Department of Revenue.

Business in Nebraska (BIN) January 2001
1999 Nebraska Population Cartogram

Cartograms are maps that have been reshaped to represent attributes of physical areas in relative proportion to an indicator. This example shows the state's 1999 population. Note that the more populous counties, such as Douglas and Lancaster, are greatly exaggerated, while counties in the Sandhills are constricted. Cartograms of this and other attributes are available at http://www.bbr.unl.edu/cartograms.